Plan Comparison Chart

	457(b) Pre-Tax Contributions	Traditional 401(k) Pre-Tax Contributions
Eligibility	Any employee of the Commonwealth of Kentucky as well as all public schools and universities. Other public employers are eligible under state statute and may elect to participate by submitting a Joinder Agreement to the Authority.	Any employee of the Commonwealth of Kentucky as well as all public schools and universities. Other public employers are eligible under state statute and may elect to participate by submitting a Joinder Agreement to the Authority.
Maximum Annual Contribution	$16,500 in 2011 and indexed in annual $500 increments based on IRS cost of living adjustments thereafter. KDC requires a minimum monthly payroll contribution of $30 in pre-tax 457 contributions.	$16,500 total in 2011 for all 401(k) plans and indexed in $500 increments based on IRS cost of living adjustments thereafter. 401(k) and Roth 401(k) combined contributions may total no more than $16,500. KDC requires a minimum monthly payroll contribution of $30 in contributions to the 401(k) Plan. This minimum applies to the combined total of your 401(k) pre-tax and after-tax contributions.
Contribution Method	Payroll deduction	Payroll deduction
Rollovers In	Yes	Yes
Catch-up Contribution	*Age 50 catch-up* $5,500 in 2011 for Age 50 catch-up.* *Special catch-up* Up to twice the annual maximum ($33,000 in 2011) for three-year special catch-up.* *Cannot use both catch-up provisions in same year.* *Limits are increased in $500 annual increments for the Age 50 catch-up ($1,000 annual increments for the special catch-up) based on IRS cost of living adjustments.	*Age 50 catch-up* $5,500 in 2011 and indexed in $500 annual increments based on IRS cost of living adjustments thereafter.
Deductibility of Contributions	No	No
Earnings	Grow tax-deferred while in account	Grow tax-deferred while in account
Kentucky Employer Match	Not applicable	Available subject to employer participation
Distributions	Available upon severance from employment, regardless of age.	Available upon severance from employment, retirement, or in the year age 59½ is attained.
Taxes on Distributions	Withdrawals taxed as ordinary income. Not subject to the IRS 10% early withdrawal penalty.	Withdrawals are taxed as ordinary income. If withdrawn before age 59½ an IRS 10% penalty tax will apply unless an IRS exemption is met.
Required Minimum Distributions (RMD)	Required at age 70½	Required at age 70½
Loans	Allowed	Allowed
Unforeseeable Emergency / Hardship Withdrawals	Allowed (unforeseeable emergency standard)	Allowed (hardship standard)

457 Supplemental Retirement Plan

The 457 Plan, offered since 1975, is a deferred compensation plan authorized by Section 457 of the U.S. Internal Revenue Code for Kentucky State Government, schools and universities, and local governments.

457 Plan Features

- Generally, you may defer up to 100% of your includible compensation, after deducting contributions to the state retirement plan(s) up to the maximum dollar amount in effect for the year. You must, however, also allow for the withholding of FICA, local, and similar taxes which do not recognize pre-tax contributions as well as any other required payroll deductions such as health insurance, etc. The annual dollar limit for 2011 is $16,500.[1]
- Deferrals are contributed to the plan as soon as practicable after clearing the State Treasury. Deferrals and earnings are held in trust in your name.
- A special "catch-up" provision (up to twice the annual maximum in deferrals per year) may be available in the three calendar years prior to the year you reach your normal retirement age. A separate catch-up provision is available for participants age 50 and over. This age 50+ catch-up amount is $5,500 in 2011 and increases the total annual deferral limit to $22,000 for participants who are age 50 or older in 2011. The special catch-up and age 50+ catch-up **cannot** be used during the same calendar year.
- Benefits must begin by April 1 of the calendar year following the calendar year in which you reach age 70½.
- There is no IRS 10% penalty tax for early distributions.
- "Rollovers" of eligible distributions are permitted[2], upon the occurrence of a benefit event, to a 401(a), 401(k), 403(b) plan, 457(b) plan, or IRA, and assets may be "transferred" to or from another 457 Plan. 457 Plan assets may be transferred to KRS, KTRS, or Judicial/Legislative Form to purchase service credits[3] (including "air time").
- Cafeteria Plan (or benefits) money cannot be invested in this Plan.
- Loans are available. The minimum loan amount is $1,000 (and the account balance must be at least $2,100). The maximum loan amount is 50% of your eligible account balance (not to exceed $50,000 for all outstanding loans).
- Withdrawals are permitted for an approved unforeseeable emergency while still employed and may be subject to a service fee (see page 5).

Both the 457 and 401(k) Plans offer you:

Pre-tax deferrals.

Easy investing through payroll reductions.

Flexibility in changing the amount or percentage of your future deferrals.

Diversified investment options and the ease of transfers among them with no exchange fee. Redemption fees and purchase blocks may apply to certain options. Additional trading restrictions may also apply.

A variety of benefit payment options.

Ability to rollover assets from prior plans into the 401(k) or complete a plan-to-plan transfer into the 457 Plan.

457 Benefit Events

Benefits are available after the occurrence of a benefit event. For the 457 Plan, benefit events are listed below:

1) Severance from employment
(not working for a participating employer in any capacity).

2) Age 70½ *(regardless of whether or not you are still working).*
Benefits must begin by April 1 of the calendar year following the calendar year in which you reach age 70½ .

3) Death

4) Unforeseeable financial emergency[4]
An emergency withdrawal is a severe financial hardship resulting from:

- An illness or accident involving you, your spouse, your dependent (as defined by the IRS);
- The loss of your property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by homeowner's insurance, such as a result of a natural disaster); or
- Other similar extraordinary and unforeseeable circumstances arising as a result of events beyond your control.

Withdrawals are permitted only to the extent the unforeseeable emergency cannot be relieved: (1) through reimbursement or compensation by insurance or otherwise; (2) by liquidating your assets (to the extent this would not itself cause severe financial hardship); or (3) by stopping deferrals under the Plan.

Situations that may constitute unforeseeable circumstances include: a) The imminent foreclosure of or eviction from your primary residence; b) The need to pay for medical expenses, including non-refundable deductibles, as well as the cost of prescription drug medication; or c) The need to pay for the funeral expenses of your spouse or your dependent (as defined by the IRS).

Only the amount reasonably necessary to meet the emergency need is available for withdrawal. When an unforeseeable financial emergency withdrawal occurs, the participant's deferrals must be suspended for the following six months.

5) Minimum (De Minimis) account payout
Available for accounts that do not exceed $5,000 to which no contributions have been made within the preceding 24 months. You may only elect this type of payout once under the Plan.

Footnote references are featured at the end of page 7.

401(k) Supplemental Retirement Plan

401(k) Plan Features

- Generally, you may defer up to 100% of your includible compensation, after deducting contributions to the state retirement plan(s) up to the maximum dollar amount in effect for the year. You must, however, allow for the withholding of FICA, local, and similar taxes which do not recognize pre-tax contributions as well as any other required payroll deductions such as health insurance, etc. The annual dollar limit for 2011 is $16,500.[1] Any contributions to a 403(b) plan must be included in determining the annual dollar limit.
- Deferrals are contributed to the plan as soon as practicable after clearing the State Treasury. Deferrals and earnings are held in trust in your name.

Belle of Louisville

- A catch-up provision is available beginning in the year you turn age 50. The catch-up amount for 2011 is $5,500 and increases the annual deferral limit to $22,000 for participants who are age 50 or older in 2011.
- Loans are available. The minimum loan amount is $1,000 (provided your account balance is $2,100). The maximum loan amount is 50% of your eligible account balance (not to exceed $50,000 for all outstanding loans). Participants may borrow only against their before-tax account balance. You cannot borrow from any vested employer matching, employer supplemental contributions account (if applicable), benefits money account (if applicable), or Roth 401(k) or Deemed IRA account balance(s).
- Withdrawals in the event of a financial hardship are available.
- Benefits must begin by April 1 of the calendar year after the calendar year in which you reach age 70½ .
- Lump sum distributions may be eligible for favorable tax treatment.
- "Rollovers" are permitted to a 401(a), 401(k), 457(b), 403(b) Plan or IRA[2]. 401(k) Plan assets may be transferred to KRS, KTRS or Judicial/Legislative Form to purchase service credits.[3]
- Both Roth 401(k) (for after-tax contributions) and Deemed IRA (Roth and Traditional) accounts are available through the 401(k) Plan. See pages 8-9 for details about the Roth 401(k) option and Deemed IRA accounts available through the 401(k) Plan.
- Certain employers may offer a matching employer contribution, excluding IRA contributions , as well as an employer supplemental contribution.

401(k) Benefit Events

Benefits are available after the occurrence of a benefit event.
For the 401(k) Plan, benefit events are listed below:

1) **Severance from employment** (not working for a participating employer in any capacity).
   Payments prior to age 59½ may be subject to an IRS 10% penalty tax.
2) **Age 59½**
   (regardless of whether or not you are still working)
3) **Death or total disability**
4) **Financial hardship distribution[4]**
   After exhausting all other financial resources, you may withdraw only your cumulative deferrals (excluding any earnings, employer matching contributions, Roth 401(k) contributions, and supplemental contributions or cafeteria plan/benefits money) and your rollover account, if applicable, for an immediate and heavy financial need which includes:
   - Uninsured medical cost to you or your legal dependents
   - Prevention of eviction from or foreclosure on your principal residence
   - Uninsured property damage to your primary residence due to unforeseeable circumstances beyond your control
   - Unforeseeable loss of family income
   - Tuition, related education fees and room and board for the next 12 months of post-secondary education for you, your spouse, or dependent
   - Purchase of your principal residence
5) **Benefits must begin by April 1 of the calendar year following the calendar year in which you reach age 70½ , even if you continue to work.**

Note: Current deferrals to another tax deferred plan such as a 403(b) plan could reduce the annual dollar limit under the KDC 401(k) Plan (but not the 457 Plan). Roth 401(k) contributions also coordinate with traditional pre-tax 401(k) contributions.

1) May be subject to IRS cost of living adjustments every January 1. Jan. 1, 2011 = $16,500, and indexed thereafter.

2) 457 Plan assets rolled to a plan other than another 457(b) plan will become subject to the IRS 10% penalty tax if distributed prior to 59½ from that other plan (unless an IRS exception applies).

3) A $100 fee is assessed to all KRS, KTRS and Legislative /Judicial Form Systems transfers.

4) A 10% penalty tax may apply on a financial hardship withdrawal, unless an IRS exception applies. You must also suspend contributions to the 457 and 401(k) plan for 6 months after an unforeseeable emergency withdrawal or a hardship withdrawal.