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SUBJECT: DEFERRED COMPENSATION

EFFECTIVE DATE: April 11, 2007

PAGE 1 OF 1

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Deferred Compensation, under Internal Revenue Code Section 457, is a tax deferred supplemental retirement program that allows public employees to contribute a portion of their salary before taxes to a retirement account.

It is a voluntary program for standard employees and handled as a payroll deduction from gross monthly salary. Deferral amounts allowed change frequently. Check with the Personnel Office for current deferral minimums and maximums.

The deferral allows employees to enjoy a tax savings by reducing his/her taxable income, and therefore, his/her tax liability in the year of the deferral. Deferred income is taxable only upon receipt of the benefits.