

## BUILDING FOR YOUR FUTURE

**Q:** What is a 457 Deferred Compensation Plan (DCP)?

**A:** It is a retirement plan provided in Section 457 of the Internal Revenue Code. Contributions are made through payroll reduction, occur on a pre-tax basis, and accumulates tax-deferred until withdrawn.<sup>1</sup>

**Q:** How does it work?

**A:** You decide how much of your salary you want to contribute and complete a Deferred Compensation Agreement with your employer to reduce your future compensation. Participation in the plan has income tax advantages for you. The amount contributed and any earnings are not subject to current federal and state income taxes (in most states) until distributed.

**Q:** How much can I contribute to a 457 Deferred Compensation Plan?

**A:** You may contribute the lesser of 100% of income or

Year	Under Age 50	Age 50 & older*
2002	\$11,000	\$12,000
2003	12,000	14,000
2004	13,000	16,000
2005	14,000	18,000
2006	15,000	20,000

(After 2006, contribution limits will be adjusted for inflation in \$500 increments.)  
Contributions to a 457 plan are not offset by employee elective deferrals to other retirement plans.

<sup>1</sup> Upon distribution, withdrawal of both contributions and earnings will be subject to ordinary income tax.

<sup>2</sup> The guarantee is based on the claims paying ability of American United Life Insurance Company®.

<sup>3</sup> The investment return and principal value of the variable accounts will fluctuate so that a participant units when redeemed may be worth more or less than their original cost. Investment return is not guaranteed and subject to market risk.

\*Additional deferral amounts for participants 50 years and older are available through a "catch up" election. Check with your employer to see if your plan allows "catch up" elections.

**Q:** How often may I change the amount of my deferral?

**A:** You may increase or decrease the amount of compensation deferred as provided by your employer's Section 457 plan. Generally, changes are allowed at least once a year.

**Q:** When may I withdraw my money?

**A:** In order to emphasize the use of a 457 plan as a long-term retirement savings vehicle, the IRS has restricted distributions from your account. As a result, you may only withdraw money in the event of: death, disability, separation from service (includes termination of employment or retirement at any age), an unforeseeable emergency (as defined by the IRS), or attained age 70<sup>1/2</sup>. A one-time withdrawal is allowed if your account value is \$5,000 or less, there have been no deferrals for the past two years and no prior withdrawals of this type have been taken.

**Q:** How are contributions invested?

**A:** You may invest your money by choosing from a variety of investment options including a Fixed Interest Account, which provides a guarantee of principal and a guaranteed<sup>2</sup> annual effective rate of interest, or a variety of variable accounts,<sup>3</sup> which have varying degrees of risk and potential return. More information about investment options are available to you through your employer.



**Q:** Will participation in a 457 plan affect what I receive in Social Security benefits?

**A:** Participating in a 457 plan will not affect what you receive from Social Security.

**Q:** When must I begin required distributions from my account?

**A:** As a DCP participant, you must receive either your entire account balance or periodic payments over your life or the joint lives of you and your beneficiary by the required beginning date. Distributions must begin by April 1st of the calendar year following the later of either (1) the calendar year in which you attained age 70 1/2 or (2) the calendar year in which you retire. The rule on when minimum distributions must begin and on how they are figured are continued in IRS Publications 575, Pension and Annuity Income.

**Q:** What options are available upon termination of employment or retirement?

**A:** When you terminate employment or retire, you may keep money in a 457 plan, transfer or roll it over to another retirement plan (such as a 403(b), 401(k) or IRA), receive the money in a lump sum, select annuity payments or a systematic withdrawal option.

**Q:** How do I obtain information about my account?

**A:** You will receive a personalized account statement and newsletter each quarter. Also, you will choose a password that allows you to access AUL's voice response system, AUL TeleServe at 1-800-249-6269, and AUL's participant Web site, NetServe/Account Services at **www.eretirement.aul.com**. These services provide up-to-date information about your account balance, contributions, investment performance and other account data.

**Q:** Why should I consider putting money in an AUL group variable annuity contract?

**A:** AUL has been providing group retirement products and services since 1963 and is currently the seventh largest provider of full service/record keeping retirement services in the nation.\* With more than 12,000 group retirement plans in place, AUL has the experience and resources to provide you with the quality of service you expect in reaching your retirement goals.

**Q:** How can I get more information or enroll?

**A:** Visit AUL's Web site at **www.eretirement.aul.com** or contact your local AUL representative.

*\* Source: Plan Sponsor, June 2000 (based on number of recordkeeping plan clients)*

*This material must be preceded or accompanied by a current prospectus which contains more complete information including charges, expenses, risk, and limitations. Please read the prospectus carefully before you invest or send money.*

*Group variable annuity contracts issued by American United Life Insurance Company® (AUL) are distributed by OneAmerica Securities, Inc., Member NASD, SIPC, a wholly owned subsidiary of AUL.*

*\*Additional deferral amounts for participants 50 years and older are available through a "catch up" election. Check with your employer to see if your plan allows "catch up" elections.*

*AUL 457 plans are funded by group variable annuity contracts. While a contract owner may benefit from tax deferral under a 457 plan without the use of a variable annuity, variable annuities may provide additional investment flexibility and annuity related benefits to contract owners.*



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