



Why enroll?

- Pre-tax contributions reduce federal income taxes
- Contributions, interest, and earnings are all tax-deferred until withdrawn
- Convenient payroll deductions
- Affordability – Minimum monthly contribution is \$20

The TexaSaver 457 Plan is a voluntary retirement plan that allows state and higher education employees to contribute a portion of their salary toward retirement savings and pay taxes later on the contributions and earnings. Employees decide how to invest their contributions among the wide array of investment choices offered in the Plan. The TexaSaver 457 Plan offers you an excellent opportunity to enhance your financial future.

The added value of the TexaSaver 457 Plan

Access to professional advice – CitiStreet Advisor Service provides guidance to help you establish retirement goals and then stay on track.

Broader catch-up provisions for those nearing retirement – for those within three years of retirement, you can increase your retirement savings contribution amounts – up to \$31,000 for 2007.

No federal 10% tax penalty – for distributions made after separation from service.

Portability – if you leave employment or retire, you can stay invested in the Plan and take advantage of the benefits of TexaSaver. Or, choose one of the many flexible distribution options, including periodic payments and partial withdrawals.

TexaSaver offers a wide range of investments

INVESTMENT OPTIONS (FROM LOW RISK ASSESSMENT TO HIGH)	ASSET CLASS
Fidelity Retirement Money Market Fund	Money Market / Short Term
ING Stable Value Account	Stable Value / Bond, High Quality
Fidelity U.S. Bond Index Fund	Intermediate-Term Bond / High Quality
Vanguard Wellington Fund	Domestic Balanced / Domestic Stock and Bond
Davis New York Venture Fund	Domestic Stock / Large Cap Value
Vanguard Institutional Index Fund Institutional Plus Shares	Domestic Stock / Large Cap Blend
Vanguard Growth Index Fund Institutional Shares	Domestic Stock / Large Cap Growth
First Eagle Fund of America	Domestic Stock / Mid Cap Blend
Munder Mid-Cap Core Growth Fund	Domestic Stock / Mid Cap Growth
Lord Abbett Small Cap Value Fund	Domestic Stock / Small Cap
Fidelity Diversified International Fund	Foreign Stock / Large Cap Blend
Schwab Personal Choice Retirement Account® (PCRA)	Self-Directed Brokerage

If you need help selecting your investment options, CitiStreet Advisor Service can provide you with personalized, professional and objective investment advice. Simply call (800) 634-5091, option 5.

Three ways to enroll...it couldn't be easier!

 Online at www.texasaver.com

 Call the TexaSaver Information Line at (800) 634-5091, option 3

 Complete an enrollment form and mail it to:

CitiStreet
Attn: State of Texas
P.O. Box 55223
Boston, MA 02205-5223

Comparison of the Texa\$aver 457 Plan and a 403(b) Plan

	457 PLAN	403(b) PLAN
ELIGIBILITY	Part-time and full-time state and higher education employees, upon date of hire or anytime thereafter.	Part-time and full-time higher education employees, upon date of hire or anytime thereafter. <i>Excludes state employees.</i>
MAXIMUM ANNUAL DEFERRAL FOR 2007	100% of 457 eligible compensation or \$15,500* per year, whichever is less.	100% of 403(b) eligible compensation or \$15,500* per year, whichever is less.
SAVER TAX CREDIT	Eligible participants will receive a non-refundable tax credit of up to 50% on an annual contribution of \$2,000 in elective deferrals, in addition to the tax deferral. This generally applies to joint filers with an adjustable gross income (AGI) of up to \$50,000 and single filers with an AGI of \$25,000. To submit, complete federal Form 1040. This is effective through 2007.	
AGE 50 AND OVER CATCH-UP PROVISIONS	If you are age 50 or older, you may contribute an additional \$5,000* in 2007. You may not use this provision in a 457 Plan while using the 457 Three-Year Catch-up Provision. After 2007, amounts will be adjusted for inflation.	
THREE-YEAR 457 CATCH-UP PROVISION <i>Cannot be used with the Age 50 and Over Catch-Up in the 457 Plan.</i>	If you have unused deferrals, the 457 Catch-up limit (\$31,000* in 2007) is subject to eligibility. You may participate only in the three years before the taxable year in which you attain normal retirement age.	Not available in a 403(b) Plan.
LOANS	Loans may be approved for \$1,000 to \$50,000. You must have an account balance of at least \$1,050, as there is a \$50 application fee and a \$2 monthly maintenance fee.	Loans may be available to the extent provided by the annuity contract or custodial account.
FINANCIAL HARDSHIP/ EMERGENCY WITHDRAWALS** <i>Only allowed when you have no other resources, including Plan loans, by approval. Deferrals must stop for 6 months.</i>	Reasons for hardship include prevention of eviction or foreclosure from your primary residence, non-reimbursed medical expenses, funeral expenses, casualty loss, or similar extraordinary and unforeseeable circumstances.	Reasons for hardship include purchase of a primary residence, prevention of eviction or foreclosure from your primary residence, tuition expenses, or non-reimbursed medical expenses.
TRANSFER OF FUNDS TO PURCHASE SERVICE	You may purchase military service, Additional Service Credit, refunded, or other eligible ERS/TRS service by transferring funds from your Texa\$aver account, while employed. This is not a taxable distribution.	Contact your 403(b) administrator to see what they allow.
ROLLOVERS IN	If eligible, you may roll funds into the Texa\$aver 457 Plan from another eligible 457 plan.	Contact your 403(b) administrator to see what they allow.
DISTRIBUTIONS WHILE EMPLOYED	If your 457 Plan has less than \$5,000 and has been inactive for two years, you may take it as a de minimis distribution. 20% may be withheld for federal income tax purposes.	You may take a distribution from your 403(b) Plan after age 59½ while still employed without a 10% early withdrawal penalty; 20% will be withheld for federal income taxes unless funds are rolled to a qualified plan.
DISTRIBUTION AFTER SEPARATION FROM EMPLOYMENT	After separation from state employment or at age 70½. You may roll over funds into other types of employer-sponsored plans, IRAs, or other eligible options. Lump-sum distributions have 20% automatically withheld for federal taxes. Periodic distributions are allowed. To avoid the 20% withholding, you may do a direct rollover to an eligible retirement plan, IRAs, or other eligible options.	After separation from state employment, at 59½, or at age 70½. You may roll over funds into other types of employer-sponsored plans, IRAs or other eligible options. Lump-sum distributions have 20% automatically withheld for federal taxes. To avoid the 20% withholding, you may do a direct rollover to an eligible retirement plan, IRAs, or other eligible options.
REQUIRED MINIMUM DISTRIBUTIONS (RMD) MUST BEGIN	No later than April 1 following the year in which participant turns 70½, unless the participant is still employed.	
TAX PENALTIES	No 10% federal penalty tax applies to distributions made before age 59½. 50% federal tax penalty applies if required minimum distributions are not taken at age 70½.	A 10% federal penalty tax applies to distributions made before age 59½. 50% federal tax penalty applies if required minimum distributions are not taken at age 70½.

* Ceiling is adjusted each year per cost-of-living index. Amount shown is for 2007.

** Please refer to IRS website for 403(b) and 457 information on hardship withdrawals.
For more information on each Plan, call Texa\$aver at (800) 634-5091.