



Comparison of 457(b) Governmental Plans to 403(b) Plans

Features	457(b) Governmental Plans	403(b) Plans
Contribution Limits & Coordination of Contribution Limits	<ul style="list-style-type: none"> ★ \$16,500 maximum contribution plus catch-up options ★ 457 limits no longer reduced by 403(b) contributions 	<ul style="list-style-type: none"> ★ \$16,500 maximum contribution plus catch-up options ★ 403(b) limits no longer reduced by 457 contributions¹
Early Withdrawal Penalty Tax	None - (normal income tax only) ²	10% early withdrawal federal penalty tax may apply under age 59½, plus normal income tax
Employer Control	Employer responsible for administration	Employer control is limited and most administration handled by issuers and custodians
Eligibility Rules	No discrimination rules apply - employer defines and limits eligibility	Discrimination rules apply - deferrals available to all eligible employees (contributing > \$200/year)
Age 50 Catch-Up Option	Total of \$5,500 for all 457 plans of same employer (not available if special catch-up option used)	Total of \$5,500 for all retirement plans of same employer (other than 457), even if special catch-up option used
Special Catch-Up Option	Three years prior to normal retirement age allows the lesser of: <ul style="list-style-type: none"> <li style="width: 50%;">★ Two times current year's normal contribution limit; or <li style="width: 50%;">★ Underutilized limits from past years. 	Fifteen years of service option increases limit by the lesser of: <ul style="list-style-type: none"> <li style="width: 50%;">★ \$3,000; <li style="width: 50%;">★ Excess of \$5,000 times years of service less past elective deferrals. <li style="width: 50%;">★ \$15,000 less additional limit used in past years; or
Purchase Transfer to SRS Service	Available	Available
Distribution Restrictions	Funds cannot be distributed until: <ul style="list-style-type: none"> <li style="width: 50%;">★ Age 70½; <li style="width: 50%;">★ Disability; <li style="width: 50%;">★ Severance from employment; <li style="width: 50%;">★ Death; or <li style="width: 50%;">★ Unforeseeable emergency. 	Funds cannot be distributed until: <ul style="list-style-type: none"> <li style="width: 50%;">★ Age 59½; <li style="width: 50%;">★ Disability; <li style="width: 50%;">★ Severance from employment; <li style="width: 50%;">★ Death; or <li style="width: 50%;">★ Financial hardship.
Portability of Plan Funds After Qualifying Event	Funds can be rolled over to: <ul style="list-style-type: none"> <li style="width: 50%;">★ Another 457(b) Governmental; <li style="width: 50%;">★ 401(a) Plan (Pension, Profit Sharing, 401(k), STRS). <li style="width: 50%;">★ 403(b) TSA; <li style="width: 50%;">★ IRA (Traditional, SEP, and 	Funds can be rolled over to: <ul style="list-style-type: none"> <li style="width: 50%;">★ Another 403(b); <li style="width: 50%;">★ 401(a) Plan (Pension, Profit Sharing, 401(k), STRS). <li style="width: 50%;">★ 457(b) Governmental; <li style="width: 50%;">★ IRA (Traditional, SEP, and
Hardship Distributions	Contributions and earnings may be distributed to the extent required for an unforeseeable emergency beyond control of participant, such as: <ul style="list-style-type: none"> <li style="width: 50%;">★ Medical care; <li style="width: 50%;">★ Payments needed to prevent eviction from foreclosure on home. <li style="width: 50%;">★ Casualty loss; or 	Contributions (but not earnings) may be distributed to extent required for a financial hardship even if foreseeable and voluntary, such as: <ul style="list-style-type: none"> <li style="width: 50%;">★ Medical care; <li style="width: 50%;">★ Payment of tuition; or <li style="width: 50%;">★ Payments needed to prevent eviction from or foreclosure on home; <li style="width: 50%;">★ Purchase of a home.
Loans	Permitted, with loans from all qualified plans limited to the lesser of: <ul style="list-style-type: none"> ★ \$50,000; or ★ One half of vested benefits (or \$10,000, if greater). 	Permitted, with loans from all qualified plans limited to the lesser of: <ul style="list-style-type: none"> ★ \$50,000; or ★ One half of vested benefits (or \$10,000, if greater).
Required Minimum Distribution	RMD rules apply at age 70½ or later, severance from service, and also after death	RMD rules apply at age 70½ or later, severance from service, and also after death

¹ Reduced by elective deferrals to 401(k) plans, SEP plans or SIMPLE plans. ² Unless attributable to rollover from another type of retirement plan. Annuities issued by Annuity Investors Life Insurance Company*, Cincinnati, OH.

Tax deferral is available through a qualified plan without the use of an annuity. An annuity does not provide additional tax deferral. Annuities should be used in a tax deferred plan for features and benefits other than tax deferral such as death benefit and life income option.