

# Deferred Compensation voluntary 403(b) vs 457(b) public/governmental chart

Features	403(b) plan	457(b) plan
Eligibility and participation	Benefits-eligible employees generally able to participate Consult plan document for rules on eligibility and enrollment	Benefits-eligible employees generally able to participate Consult plan document for rules on eligibility and enrollment
Employee salary reduction (pretax) contributions	<ul style="list-style-type: none"> <li>Permitted. Generally limited to the lesser of \$22,500 or 100% of compensation in 2023</li> <li>Governed by Sections 415 and 402(g) limits</li> </ul>	<ul style="list-style-type: none"> <li>Permitted. Generally limited to the lesser of \$22,500 or 100% of compensation in 2023</li> <li>Governed by Section 457(e)15</li> </ul>
Employee Roth (after-tax) contributions	<ul style="list-style-type: none"> <li>Permitted. Generally limited to the lesser of \$22,500 or 100% of compensation in 2023</li> <li>Contributions must be aggregated with salary reduction contributions when applying limits</li> <li>Governed by Sections 415 and 402(g) limits</li> </ul>	<ul style="list-style-type: none"> <li>Permitted. Generally limited to the lesser of \$22,500 or 100% of compensation in 2023</li> <li>Contributions must be aggregated with salary reduction contributions when applying limits</li> <li>Governed by Section 457(e)15</li> </ul>
Age 50 catch-up amounts—Section 414(v)	<ul style="list-style-type: none"> <li>An additional \$7,500 elective salary deferral may be permitted in 2023</li> <li>Age 50 catch-up contributions can be made to both 403(b) and 457(b) plans in the same year</li> </ul>	<ul style="list-style-type: none"> <li>An additional \$7,500 elective salary deferral may be permitted in 2023</li> <li>Age 50 catch-up contributions can be made to both 403(b) and 457(b) plans in the same year</li> </ul>
Other catch-up amounts	<ul style="list-style-type: none"> <li>Those with 15 or more years of service at the same qualifying employer may be able to make up to an additional \$3,000 elective salary deferral and/or Roth contribution per year (\$15,000 max lifetime)</li> <li>Prior-year contributions may limit this amount</li> <li>Employee may make both age 50 and 15-year catch-up contributions in the same year. Ordering rule applies excess contributions to 15-year catch-up first</li> </ul>	<ul style="list-style-type: none"> <li>Those within three years prior to the plan's normal retirement age are eligible for an enhanced limit and may make additional contributions up to the lesser of twice the applicable annual limit or the annual limit plus any unused amounts from prior years</li> <li>Employee may make the greater of the enhanced contribution limit or the age 50 catch-up (not both)</li> </ul>
Loans	Permitted. Availability subject to plan rules	Permitted. Availability subject to plan rules
Triggering events	<ul style="list-style-type: none"> <li>Severance from employment, age 59½ (if your plan allows), disability or death</li> <li>Hardship distributions may be available. Consult plan document for specific rules</li> </ul>	<ul style="list-style-type: none"> <li>Severance from employment, retirement, age 59½ (if your plan allows) or death</li> <li>Unforeseeable emergency or small-sum withdrawal may also be available. Consult plan document for specific rules</li> </ul>
Early withdrawal penalty	None for employees who separate from service at or after age 55. Otherwise, 10% on withdrawals generally before age 59½. Exceptions include death and disability	No early withdrawal penalties
Rollovers	<ul style="list-style-type: none"> <li>Permitted to IRA, 401(a), 401(k), 403(b) or 457(b) governmental plans</li> <li>Roth 403(b) or Roth 401(k) rollovers may be permitted if plan allows Roth contributions</li> <li>Rollovers are NOT permitted to 457(b) plans of a tax-exempt employer</li> </ul>	<ul style="list-style-type: none"> <li>Permitted to IRA, 401(a), 401(k), 403(b) or 457(b) governmental plans</li> <li>Roth 403(b) or Roth 401(k) rollovers may be permitted if plan allows Roth contributions</li> <li>Rollovers are NOT permitted to 457(b) plans of a tax-exempt employer</li> </ul>

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Features	403(b) plan	457(b) plan
Direct transfers and rollovers in	<ul style="list-style-type: none"> <li>▪ Rollovers accepted from IRA, 401(a), 401(k), 457(b) public and other 403(b) plans—subject to the rules of the new plan</li> <li>▪ Distribution of rollover account permitted at any time, if plan allows</li> <li>▪ Not permitted from 457(b) private plans</li> </ul>	<ul style="list-style-type: none"> <li>▪ Accepted, if new plan permits, from IRA, 403(b), 401(a) and 401(k) plans—10% penalty on early withdrawal still applies</li> <li>▪ Direct transfers from other 457(b) public/governmental plans permitted, if plan allows</li> <li>▪ Not permitted from 457(b) private plans</li> </ul>
TIAA distribution options <sup>1</sup>	<ul style="list-style-type: none"> <li>▪ Lifetime annuities</li> <li>▪ Required minimum distribution option</li> <li>▪ Retirement transition benefit (RTB)</li> <li>▪ Interest-only (IO), systematic cash withdrawals</li> <li>▪ Transfer payout annuity (for TIAA Traditional Retirement and Group Retirement Annuity contracts)</li> <li>▪ Fixed-period annuities</li> </ul>	<ul style="list-style-type: none"> <li>▪ Lump sum</li> <li>▪ Fixed-period annuities (2-30 years)</li> <li>▪ Lifetime annuities</li> <li>▪ Systematic cash withdrawals</li> <li>▪ Required minimum distribution</li> </ul>
Minimum distribution requirements	Applicable to entire accumulation at your RMD applicable age <sup>2</sup> (age 75 for pre-1987 accumulations) or retirement, if later	Applicable to entire accumulation at your RMD applicable age <sup>2</sup> or retirement, if later
Tax reporting	1099-R issued by TIAA	1099-R issued by TIAA
Taxability	Pretax contributions will be taxed in the year you take the distribution. Roth distributions are tax free if first contribution was made at least five years earlier and the owner is at least 59½, disabled or deceased	Pretax contributions will be taxed in the year you take the distribution. Roth distributions are tax free if first contribution was made at least five years earlier and the owner is at least 59½, disabled or deceased

<sup>1</sup> These are descriptions of distribution methods that are typically available. Note that specific distribution options differ by contract type.

<sup>2</sup> A participant's RMD applicable age is:

- 70½ if born before 7/1/1949
- 72 if born on or after 7/1/1949 or in 1950
- 73 if born between 1951 and 1958 (if born in 1959, federal guidance is needed to determine if age 73 or 75 applies)
- 75 if born in 1960 or later



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