

# 2023 PLAN COMPARISON

## 403(b) and 457(b)

Features	457(b) Governmental Plans	403(b) Plans
Contribution Limits & Coordination of Contribution Limits	<ul style="list-style-type: none"> <li>• \$22,500 maximum contribution plus catch-up options</li> <li>• 457(b) limits no longer reduced by 403(b) contributions</li> </ul>	<ul style="list-style-type: none"> <li>• \$22,500 maximum contribution plus catch-up options</li> <li>• 403(b) limits no longer reduced by 457(b) contributions<sup>1</sup></li> </ul>
Early Withdrawal Penalty Tax	None (normal income tax only)	10% early withdrawal federal penalty tax may apply for distributions prior to age 59½. Waived if age 55 and separated from service (normal income tax only). <sup>2</sup>
Employer Control	Employer responsible for administration	Employer responsible for administration
Eligibility Rules	No discrimination rules apply - employer defines and limits eligibility.	Deferrals available to all eligible employees receiving W-2 wages.
Age 50 Catch-Up Option	\$7,500 annual limit (not available if special catch-up option utilized).	\$7,500 annual limit. Special catch-up option may also be utilized.
Special Catch-Up Option (If Permitted By Plan)	Three years prior to normal retirement age allows the lesser of: <ul style="list-style-type: none"> <li>• Two times current year's normal contribution limit; or</li> <li>• Underutilized limits from past years with the same employer.</li> </ul>	Fifteen years of service option increases limit by the lesser of: <ul style="list-style-type: none"> <li>• \$3,000;</li> <li>• \$15,000 less additional limit used in past years; or</li> <li>• Excess of \$5,000 times years of service, less past elective deferrals.</li> </ul>
Transfer to Purchase Service Credits	Available	Available
Distribution Restrictions	Funds cannot be distributed until: <ul style="list-style-type: none"> <li>• Age 59½;<sup>3</sup></li> <li>• Severance from employment;</li> <li>• Disability;</li> <li>• Death; or</li> <li>• Unforeseeable emergency.</li> </ul>	Funds cannot be distributed until: <ul style="list-style-type: none"> <li>• Age 59½;</li> <li>• Age 55 and/or severance from employment;</li> <li>• Disability;</li> <li>• Death; or</li> <li>• Financial hardship.</li> </ul>
Portability of Plan Funds After Qualifying Event (Plan Restrictions May Apply)	Funds may be rolled over to: <ul style="list-style-type: none"> <li>• Another 457(b)</li> <li>• 401(a) Plan (Pension, Governmental Plan, Profit Sharing, 401(k), STRS)</li> <li>• 403(b) TSA</li> <li>• IRA (Traditional, SEP)</li> </ul>	Funds may be rolled over to: <ul style="list-style-type: none"> <li>• Another 403(b)</li> <li>• 457(b) Governmental Plan</li> <li>• IRA (Traditional, SEP)</li> <li>• 401(a) Plan (Pension, Profit Sharing, 401(k), STRS)</li> </ul>
Financial Need Distribution (Hardship/Unforeseeable Emergency Withdrawals)	Contribution and earnings may be distributed to the extent required for an unforeseeable emergency (sudden and unforeseen) beyond control of participant, such as: <ul style="list-style-type: none"> <li>• Medical care</li> <li>• Casualty loss</li> </ul>	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>• Medical care;</li> <li>• Payments needed to prevent eviction from or foreclosure on home;</li> <li>• Payment of tuition; or</li> <li>• Purchase of a home.</li> </ul>
Loans	If permitted by Plan and Investment Provider, loans from all qualified plans are limited to the lesser of: <ul style="list-style-type: none"> <li>• \$50,000 or</li> <li>• One half of vested benefits (or \$10,000, if greater)</li> </ul>	If permitted by Plan and Investment Provider, loans from all qualified plans are limited to the lesser of: <ul style="list-style-type: none"> <li>• \$50,000 or</li> <li>• One half of vested benefits (or \$10,000, if greater)</li> </ul>
Required Minimum Distributions	RMD rules apply at age 72 or later, severance from service, and also after death.	RMD rules apply at age 72 or later, severance from service, and also after death.

Figures reflect 2023 contribution limits.

<sup>1</sup>Reduced by elective deferrals to 401(k) plans, SEP plans or SIMPLE plans. <sup>2</sup>Unless attributable to rollover from another type of retirement plan.

<sup>3</sup>For Plans that adopted Sec. 104 of the Bipartisan American Miners Act of 2019. Otherwise, Age 70 ½.