

403(b) and 457(b) plans

The District offers four voluntary deduction plans for your retirement. Those are the 403(b) and 457(b) plans. We offer both a traditional (pre-tax) and ROTH (after tax) version of those plans. These plans are in addition to your retirement benefit from PSRS/PEERS.

Comparing 403(b), ROTH 403(b), 457(b) and ROTH 457(b)

	Traditional 403(b)	ROTH 403(b)	Traditional 457(b)	ROTH 457(b)
Pre-tax contributions(1)	Yes	No	Yes	No
Tax-free distributions(2)	No	Yes	No	Yes
10% early withdrawal penalty (3)	Yes	Yes	No	No
Eligibility to receive income (4)	Attain age 59 ½, Separation of service, disability, hardship, or death	Attain age 59 ½, Separation of service, disability, hardship, or death	Separation of service, Attain age 70 ½, unforeseeable emergency, or death	Separation of service, Attain age 70 ½, unforeseeable emergency, or death
Use funds to purchase service credits with PSRS/PEERS	Yes	Yes	Yes	Yes
Loan Option	Yes	Yes	Yes	Yes
Providers	AXA Equitable, Fidelity, Horace Mann, VALIC	AXA Equitable, Fidelity, Horace Mann, VALIC	VALIC	VALIC
Vesting Period	Immediately	Immediately	Immediately	Immediately
Change contribution amount throughout the year	Yes	Yes	Yes	Yes

- (1) Pre-tax distributions means the amount put into the plans are deducted from your current year income. In other words, your taxable income will decrease by the amount of your contributions during the year.
- (2) Tax-free distributions means you will pay no tax on your withdrawals as they meet other requirements discussed in item 4 below. The benefit with this option is that your earnings grow tax free.
- (3) The 403(b) plans have a 10% federal tax penalty if you withdrawal before the age of 59 ½. The 457(b) does not have that penalty. You do need to have had the account for five years and separated from the District to withdrawal the funds.
- (4) While you are employed, it is easier to withdrawal funds from the 403(b). Those withdrawals only need to meet a financial hardship requirement and can be withdrawn for items like, payment to purchase a house and higher education expense. You may be required to pay the 10% penalty on withdraws before the age of 59 ½ on the 403(b) plan. The 457 (b) must meet the unforeseeable emergency before money can be withdrawn. That includes items like sudden and unexpected illness, loss of property due to casualty.