Double your tax-deferred retirement savings

Contribute to both: 403(b) plan and 457(b) deferred compensation plan

Take advantage of this powerful way to save

Your employer offers you the opportunity to save in a 403(b), a 457(b) deferred compensation plan or both. Because you can choose to contribute to one or both, you can select the plan with features that best suit your situation.

What is the most you can contribute?

If you are eligible for certain catch-up contributions, you can save as much as $66,000 in 2019. Check the table below to see how much you can save.

In a 403(b) plan		In a 457(b) plan		Side-by-side plans		
$19,000	basic contribution	$19,000	basic contribution	$28,000	or	$28,000
+3,000	eligible employees with 15 or more years of service	+19,000	eligible employees within the last three taxable years ending in the year before normal retirement age under their plan	+ 38,000		+25,000
+6,000	employees who are age 50 or older			**$66,000**		**$53,000**
$28,000	**Total**	**$38,000**	**Total**			
	If you are eligible for both catch-up contributions, you must exhaust the 15-year catch-up first.	or				
		$19,000	basic contribution			
		+ 6,000	governmental employees age 50 or older			
		$25,000	**Total**			
Potential maximum combined contribution — $38,000 + $28,000 = $66,000						

How do the plans differ?

There are some significant differences between the plans, especially when it comes to withdrawals. Consider these differences when deciding which plan will suit you best.

403(b)	457(b)
Withdrawals prior to age 59½ may be subject to a 10% federal early withdrawal tax penalty, unless an exception applies.	Unlike the 403(b) plan, the 10% federal early withdrawal tax penalty for withdrawals prior to age 59½ does not apply to distributions from 457(b) plans except on amounts rolled into the plan from non-457(b) plans — including IRAs.
Less stringent hardship withdrawal restrictions while you are employed.	More stringent unforeseeable emergency withdrawal restrictions while you are employed.
Examples of financial hardship include: • Certain unreimbursed medical expenses • Payments to purchase a principal residence • Qualifying expenses for higher education • Payments to prevent eviction from or foreclosure of a mortgage on a principal residence	Examples of unforeseeable emergency include: • You or a dependent suffer an accident or unexpected illness • Loss of property due to casualty • Other similar extraordinary circumstances arising as a result of events beyond your control Sending a child to college or purchasing a home, two common reasons for 403(b) hardship withdrawals, generally are not considered unforeseeable emergencies.

If this sounds complicated, don't be dismayed. You don't have to make the decision by yourself!
The information in this flyer can help you get started, and then you can talk it over with your local financial advisor.

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