VALIC®

403(b) vs. 457(b): Which is better for you?

SAVING : INVESTING : PLANNING

403(b)

It's easier to access the funds while you are with the employer.

457(b)

You're not subject to the 10% federal early withdrawal penalty once you leave the employer.

"How do the plans differ?"

403(b)	457(b)
Less stringent withdrawal restrictions while you are employed, but a 10% federal early withdrawal penalty might apply.	More stringent withdrawal restrictions while you are employed, but no 10% federal early withdrawal penalty after severance from employment [except in the case of rollovers from non-457(b) plans, including IRAs].
Generally withdrawals made prior to severance from employment or the year you attain age 59½ can only be made due to financial hardship.	Generally withdrawals made prior to severance from employment or the year in which you reach age 70½ can only be made for an unforeseeable emergency.
A financial hardship withdrawal is considered less restrictive — while you are employed — than a 457(b) unforeseeable emergency. Examples of financial hardship include: > Unreimbursed medical expenses > Payments to purchase a principal residence > Higher education expenses > Payments to prevent eviction or foreclosure of a mortgage.	An unforeseeable emergency is more restrictive — while you are employed — than a 403(b) hardship. Some examples: > A sudden and unexpected illness or accident for you or a dependent > Loss of your 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.
Withdrawals can be subject to a 10% federal early withdrawal penalty prior to age 59½.	The 10% federal early withdrawal penalty, generally applicable to distributions prior to age 59½ from a 403(b) plan, does not apply to distributions from 457(b) plans except on amounts rolled into the plan from non-457(b) plans (including IRAs).

Talk to your VALIC financial advisor about which is a better fit for your particular situation.

Brian Bain
Financial Planner

(916) 261.4069
brian.bain@valic.com
CA License 0F30381

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