



# Facts about a 457(b) plan

Preparing for a comfortable retirement

## Understanding your 457(b) plan

One of the advantages of working in the public sector is knowing you will have a pension, which can help cover basic retirement expenses, like housing and healthcare. A 457(b) retirement savings plan can supplement your pension and provide extra income to enjoy the kind of retirement you want and deserve.

## How a 457(b) plan can help

### It's automatic

Your savings are deducted right from your paycheck, making it easier to save. You can contribute with pretax dollars and, if your plan permits, Roth after-tax dollars.

### You're in control

You can set your own goals and start saving an amount that works best for you. Increase your contributions up to the federal maximum at any time.

### Taxes are deferred

You won't pay taxes until you make a withdrawal, typically when you're retired and in a lower tax bracket. All your money stays invested, allowing your savings to potentially grow faster than taxable accounts.

## Save more with pretax contributions

Pretax contributions allow you to save more without seeing a difference in your paycheck.

Here's how it works. Let's say you are in a 24% tax bracket and can afford a \$100 monthly contribution to your 457(b) plan. Since you do not pay taxes on contributions, you could actually contribute \$131.57 while reducing your take-home pay only by \$100.

The tax savings are even greater with higher contributions.

If you can budget:	\$100	\$250	\$500	\$750	\$1,000
The pretax equivalent would be:	\$131.57	\$328.94	\$657.89	\$986.84	\$1,315.78

## Frequently asked questions

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### **Q Can I roll over a 457(b) from my previous job?**

**A** Yes, if your employer's 457(b) plan accepts rollovers, you can roll over funds from other retirement plans, including 401(k), 401(a), 457(b), IRA or SEP into your 457(b), but the rollover will be a segregated balance in your 457(b) plan and any applicable IRS 10% early withdrawal penalty will continue to apply to those funds. You may also roll funds from your 457(b) into other retirement plans if you are eligible for a 457(b) withdrawal and that plan accepts rollovers.

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### **Q How much can I contribute?**

**A** The IRS sets limits on how much you can contribute each tax year. Additional catch-up contributions are permitted for those age 50 and older. Your financial professional can provide specific details or you can refer to [irs.gov](https://www.irs.gov) for more information.

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### **Q Once I start, do I have to keep contributing at the same rate?**

**A** No, you can stop or change contributions at any time, if allowed by your employer's plan.

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### **Q When can I access my money?**

**A** Withdrawals are permitted from your 457(b) plan, but the rules depend on age and employment status. Note the IRS 10% early withdrawal penalty does not apply to 457(b) plan contributions and related earnings:

- You are eligible to make withdrawals after you separate from service.
  - If your employer's 457(b) plan allows, in-service withdrawals may occur after a plan-specified age between age 59½ and 70½, for an unforeseen emergency or other plan-specified instances that meet IRS requirements.
  - You are generally required by regulation to take distributions starting at age 72 (or 73 if you reached age 72 after December 31, 2022).
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### **Q Can I borrow from my account sooner?**

**A** You can borrow a percentage of your account value if your employer's plan allows. You must repay the loan within 5 years, or within 10 years if the loan was used to buy your primary residence.

## Putting it all together

### Look for flexible investment options

A 457(b) is a long-term investment strategy. As your goals change over time, your retirement plan should evolve as well. Look for a well-rounded mix of investment options that allows you to make choices that match your own goals, needs and tolerance for risk at every stage of life.

### Take advantage of a guiding hand

A common trait among top savers is they get help from a financial professional and educational resources to guide smart choices and keep their plan on track as life evolves. It can lead to higher account balances and more confidence in your future. So take advantage of the personal attention, digital tools and 24-hour account access that your employer's plan offers.

### Get smart about costs

Costs can have a big impact on your account value over time. Here are some questions you should ask your plan provider to make sure you understand how different fees and expenses are structured: What sales charges or administrative fees does the plan provider charge? Are they ever waived? Are fees subtracted from the rate of returns shown on performance reports for the investment options?

**For more information about enrolling in your 457(b) plan,  
please contact your financial professional.**

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