457(b) Plan Highlights

Cedar Hill Independent School District

Visit NBSbenefits.com/457b for additional information



Congratulations! You are eligible to participate in the 457 retirement plan provided by the **Cedar Hill Independent School District 457(b).** Contributing to a 457 plan will give you peace of mind through financial security during your retirement. A 457 plan allows you to contribute a portion of your compensation as a pre-tax or post-tax (Roth) contribution (if allowed by your Employer) in order to save for retirement. Participation in the 457 plan is completely voluntary. If you are already contributing to the 457 plan, now is a perfect time to increase your contributions.

What is a 457 Plan?

A 457 plan is a tax-deferred compensation plan provided for employees of certain tax-exempt, governmental organizations or public education institutions.

What are the benefits of contributing to a 457 Plan?

LOWER TAXES
The 457 contributions you make can be on a pre-tax basis. This means that the money used to invest in the 457 plan is not taxed until the funds are withdrawn. For example, if your federal marginal income tax rate is 25%, and you contribute $100 a month to a 457 plan, you have reduced your federal income taxes by nearly $25. In effect, your $100 contribution costs you only $75. The tax savings grow with the size of your 457 contribution.

TAX-DEFERRED GROWTH
In your 457 plan, interest and earnings grow tax-deferred. This means that your interest will grow tax-free until the time of your withdrawal. The compounding interest on your 457 plan allows your account to grow more quickly than money saved in a taxable account where interest and earnings are taxed each year.

TAKING THE INITIATIVE
Contributing to a 457 plan helps you take control of your future retirement needs. Other sources of retirement income, including state pension plans and Social Security, often do not adequately replace a person's salary upon retirement. A 457 plan can be a great way to supplement your income at retirement.

POSSIBLE TAX CREDITS
Pre-tax contributions may put you in a lower tax bracket reducing your overall tax rate.

TRANSFERS
As a participant in the 457 plan, you have the option to move funds, or "transfer" tax-free between different vendors within the same plan.

ROLLOVERS
You also have the option of rolling retirement funds from previous employers to your current employer's plan thus simplifying retirement management.

DISTRIBUTIONS FROM THE PLAN
You or your beneficiary will be able to withdraw your vested balance when one of the following occurs:

1. Retirement
2. Termination of Employment
3. Attainment of Age 59 1/2
4. Total Disability
5. Death

The vendors may require additional paperwork.

HIGHER LIMITS
Annual contribution limits are much higher than those of an IRA.

How much can you contribute to a 457 Plan?

You may elect to save:

- 100% of your income up to $23,500.00 in 2025
- Extra $7500 if age 50+
- Limits are completely separate from those made to 403(b) or 401(k) accounts

REQUIRED MINIMUM DISTRIBUTIONS (RMD)
Distributions are required at age 73. Exceptions may apply.

457 SPECIAL CATCH-UP PROVISION
This provision allows you to makeup, or "catchup" for prior years in which you may not have contributed the maximum amount to your employer's plan. Contact National Benefit Services (NBS) for more information.

HOW TO ENROLL IN THE PLAN

Your employer has provided investment option(s) for you. A list of approved vendor(s) and the Salary Reduction Agreement ("SRA") can be found by visiting the National Benefit Services website at http://www.nbsbenefits.com/non-erisa-403b-forms/ or by contacting NBS (contact information below).

Once you have chosen an approved vendor, please open a 457 account directly with them. To begin investing, send the completed SRA form to NBS who will work with your employer to begin contributions.

INVESTMENT CHOICES
Annuity contracts made available through insurance companies or custodial accounts through a retirement account custodian are allowed in 457 plans. You will need to contact the vendor for a comprehensive listing and information regarding the available investment options.

UNFORESEEABLE EMERGENCY
An in-service unforeseeable emergency distribution may be allowed if you satisfy certain criteria. Contact NBS for more information about the requirements.

LOANS
You may borrow up to 50% of your vested balance up to $50,000 (whichever is less). Contact your current vendor about their specific loan provisions.

ROTH
You may also choose to invest part of your income on an after-tax (Roth) basis. Roth contributions are taxed at the time of the investment though contributions *and* earnings grow tax-free until withdrawn. Qualified distributions will allow you to withdraw your money tax-free.

NBS Retirement Service Center
PO BOX 219006

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Contact NBS if you have questions about the retirement plan

nbs national benefit services

Cedar Hill Independent School District

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