

Differences between the 403(b) and 457(b) Plans Reference Chart for Portland Public Schools

	403(b)	457(b)
10% Early Withdrawal Penalty	Yes , if distributed before Age 59.5 unless an exception applies.	No .
Special Catch-ups*	Yes, the 15 Years of Service Catch-up is designed for long-term employees with only modest prior contributions to the plan and is subject to eligibility verification. Catch-up Amount: up to \$3000.	Yes, the 3 Year Catch-up . In the 3 years <u>proceeding</u> your retirement year you may be eligible to defer up to twice the basic limit. This is subject to eligibility verification.
Hardship Distributions*	Yes , under very specific circumstances and rules that apply: Post-Secondary Education, Funeral Expenses, Purchase of Primary Residence, Prevention of Eviction or Foreclosure, certain uncovered Medical Expenses, and Casualty Losses.	No , there is instead an Unforeseen Emergency Withdrawal for <u>unplanned</u> heavy financial need (based on facts and circumstances, the circumstances are not as specific as they are under Hardship)
Age 59.5 In Service Distributions*	Available in most 403(b) Plans and this is allowed the Portland Public School 403(b) Plan	Only recently available for 457(b) plans (2019 under the Secure Act) and is only available where a Plan Document has been updated for this feature. Note this is allowed the Portland Public School 457(b) Plan
Number of Vendors and Plan Design	Robust. In the K14 Sector these plans generally have a robust list of Investment Providers (vendors), and each of those providers are generally eligible to market all investment products they make available for 403(b) plans. Lots of choices.	Streamlined. Often the vendor list and the investment choices are often fewer and offer a more narrowly curated list of investment options.
Treatment of Employer Contributions	The Annual Additions Limit applies to the combinations of all elective deferrals and employer contributions to the plan. For 2026, this limit is the lesser of \$72,000 or 100% compensation. Not subject to FICA	There is not a higher limit that applies to Employer Contributions. All deferrals and employer contributions under the 457(b) plan must be aggregated for compliance with the basic elective deferral limit for the year (plus any eligible catch-ups), for 2026 this limit is \$24,500. Subject to FICA
W2 Reporting	403(b) Pretax deferral: Box 12 Code E 403(b) Roth deferrals: Box 12 Code BB - Employer contributions: No assigned box, best practice is to use the "Other" Box 14 with a description and amount	457(b) Pretax deferral and Employer contributions are combined: Box 12 Code G 457(b) Roth deferrals: Box 12 Code EE