

WHAT IS THE DIFFERENCE BETWEEN 403(b) and 457(b) PLANS?

2018		
FEATURES	403(b)	457(b)
Type of plan	Voluntary Defined Contribution Plan	Voluntary Defined Contribution Plan
Elective deferral limits* These limits are not combined with each other. If you contribute to both plans that means you can contribute up to \$37,000.	\$18,500; or 100% of compensation <i>(whichever is less)</i>	\$18,500; or 100% of compensation <i>(whichever is less)</i>
Age 50+ catch-up	\$6,000	\$6,000
'Special catch-up provisions' <i>(please consult a financial services professional)</i>	Yes; 15 year catch up \$3,000 Requires calculation for eligibility (Employee may not qualify)	Yes; Final 3 year catch up \$18,000 Requires calculation for eligibility determination (Employee may not qualify)
Roth (after-tax) Contributions	Yes, if adopted by Plan Sponsor	Yes, if adopted by Plan Sponsor
Loans**	Yes; up to 50% of account balance and no more than \$50,000 per calendar year	Yes; up to 50% of account balance and no more than \$50,000 per calendar year
Required Minimum Distribution rules apply	Yes	Yes
Rollovers from other qualified plan	Yes	Yes***
Rollovers from 403(b) plan	Yes	Yes***
Rollover from governmental 457(b) plan	Yes	Yes
Eligible Distribution without IRS Penalty	Age 55 with severance from employment; or Age 59 ½ if still in service	Any age with severance from employment; or 70 ½ if still in service
Hardship Withdrawal Requirements*	<u>Safe Harbor Rules:</u> <ul style="list-style-type: none"> ▪ Eviction/foreclosure ▪ Medical ▪ Purchase primary residence ▪ Post-secondary education ▪ Burial/funeral ▪ Repair of casualty damage to principal residence 	<u>Unforeseeable Emergency:</u> <ul style="list-style-type: none"> ▪ Illness or accident of participant, spouse or dependent ▪ Loss of property due to casualty ▪ Other extraordinary events beyond participant control

This chart reflects what is permissible by the Internal Revenue Service as well as within plans administered by Schools First FCU. Please note that all plans may differ and each listed option may not be allowable in your Employer's 403(b) or 457(b) Plan.

**The limits on contributions to a 457(b) plan are not combined with the limits allowed to be contributed to the same employee's 403(b) account. The 403(b) limits are aggregated with 401(k) and/or 401(a) limits. Roth account and traditional account limits are aggregated.*

***Some investment providers may not permit for all options such as loans or hardship withdrawals. Please contact your investment provider for details on your account's loan/hardship availability. Contact Schools First for obtaining transaction authorization at (800) 462-8328*

**** Vendor must confirm ability to track funds separately in accordance with IRS requirements.*