

Top 10 Reasons To Participate In A 457(b) Governmental Plan

1. Savings potential for as little as \$50

Easy savings for retirement with as little as \$50 per month, deferred on a pre-tax basis.

2. Reduce taxes

Defer up to \$19,500¹ pre-tax in 2020 to a 457(b) Governmental plan.

3. Play "catch up" with contributions

Contribute an additional \$6,500 to your 457(b) as a pre-tax² catch-up contribution, if you are age 50 or older.

4. Special contributions close to retirement

Take advantage of a special catch-up rule that permits you to defer up to twice the annual limit (in 2020, \$19,500 x 2 = \$39,000) during the three years prior to normal retirement age.²

5. Additional benefit offering

Use your 457(b) Governmental assets to buy permissive service credits or to buy back forfeited years of service credits in State Defined Benefit Plans. The purchase of service credits is by a direct trustee-to-trustee transfer without taxes or IRS penalties. This direct transfer can occur without a qualifying event.

6. No early withdrawal penalty tax

Withdrawals from your plan are available at any time after severance from employment and are taxable when made but are exempt from the 10% early withdrawal federal penalty tax.³

7. 457(b) is portable

Eligible rollover distributions from a 457(b) Governmental plan can be rolled into a traditional IRA, a 401(a), 401(k) or a 403(b) plan, or another 457(b) Governmental plan.

8. Rollovers to 457(b) plans

Eligible rollover distributions from a 401(a), 401(k) or 403(b) plan, another 457 Governmental plan, or a taxable distribution from a traditional or SEP IRA may be rolled into a 457(b) Governmental plan.

9. Loans and emergency distributions

Loans may be available from a 457(b) Governmental plan. Additionally, distributions may be available for unforeseeable emergencies.

10. Benefits available for independent contractors

457(b) Governmental plans are not limited to employees of the employer. Your employer's plan may include independent contractors.

¹Figures reflect 2020 contribution limits and may increase annually based on inflation. Additional amounts may be contributed under the "catch-up" rules that apply to the plans.

²Employees may choose the "three-year" option OR the Catch-up option (both are not permitted in the same year). The "three-year" option cannot exceed the current limit plus that portion of the normal limit not used in prior years.

³Unless attributable to rollover from another type of retirement plan.

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