Great American Insurance Group

Uncomplicate Retirement®

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 $19,500[1] 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-tax[2] 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.

[1]Figures 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.

[2]Employees 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.

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

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