



Plan Comparisons

	403(b)	Governmental 457(b)
Plan Sponsor	§501(c)(3) tax-exempt organizations; Public education employers	State and local governments
Plan Funding	Employee deferrals permitted; Employer match or base contributions permitted	Employee deferrals permitted; Employer match or base contributions permitted
Eligible Employees	Employee deferrals -- all employees (may only exclude those working less than 20 hours per week or contributing less than \$200 per year); Employer contributions: Employees 21 years old with 1 year of service	Employees <u>and</u> independent contractors
Contribution Limit	Employee deferral limit in 2010 (coordinate with other 403(b), 401(k), SEP and SIMPLE deferrals); Annual contribution limit (for employee and employer contributions): lesser of \$49,000 or 100% of includible compensation	Total annual employee and vested employer contributions limited to lesser of: \$16,500 in 2010 or 100% of includible compensation (no coordination with any other plan required)
Catch-up Contributions	Employee deferral catch-up: after 15 years of service, can defer additional \$3,000/year, up to \$15,000 maximum; Age 50 catch-up \$5,500 in 2010 (coordination with 401(k) and SIMPLE plans)	Higher of: Age catch-up (\$5,500 in 2010) (no coordination with any other plan required); OR Special 457(b) catch-up permitted up to \$16,500 in 2010 for 3 years prior to normal retirement age stated in plan
Source of Deferral Funds	Deferrals generally made from regular compensation and bonus payments	Deferrals generally made from regular compensation and bonus payments
Maximum Annual Contribution an Employee Can make if in 403(b) and 457(b) Plan and All Catch-up Options are Available	For 2010: (1) \$16,500 employee elective deferral to 403(b) plan; (2) \$5,500 catch-up elective deferral to 403(b) plan; (3) \$16,500 total contributions to 457(b) plan; (4) \$16,500 additional special 457(b) catch-up contribution (in 3 years before normal retirement age) --Total: \$55,000	Same as listed under 403(b) plan



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Distribution Restrictions	<p>Employee deferral contributions and amounts held in custodial accounts may not be distributed before employee's attainment of age 59½, severance from employment, death, disability or financial hardship;</p> <p>Involuntary cash-outs of \$5,500 permitted (any amount over \$1,000 subject to deposit in default IRA);</p> <p>Distribution must be made by date that is later of date: employee actions age 70½ or retires</p>	<p>Contributions may not be distributed before employee's attainment of age 70½, severance from employment, or unforeseeable emergency;</p> <p>Involuntary or elective one-time cash-outs up to plan balance of \$5,500 permitted (any amount over \$1,000 subject to deposit in default IRA);</p> <p>Distributions must be made by date that is later of date: employee attains age 70½ or retires</p>
Loans	Allowed	Allowed
In-service transfer to governmental defined benefit plan to purchase permissive service credits	Permitted if allowed under annuity contract or custodial account and governmental defined benefit plan allows receipt of such transfers	Permitted
Rollovers	<p>Rollovers permitted from and to another qualified plan, 401(k), 401(a), 403(b) and governmental 457(b) plans and IRAs</p> <p>Must have distributable event under 403(b) plan in order to rollover funds to another type of plan</p>	<p>Rollovers permitted from and to another qualified plan, 401(k), 401(a), 403(b) and governmental 457(b) plans and IRAs</p> <p>Rollover funds must be kept in separate account as amounts subject to § 72(t) additional 10% tax; 457(b) rollover amounts subject to 457(b) distribution restrictions</p> <p>Transfers between governmental 457(b) plans permitted</p>
§ 72(t) Additional 10% Tax	403(b) contributions and rollover funds subject to § 72(t) additional tax when distributed	<p>457(b) contributions <u>not subject</u> to § 72(t) additional tax when distributed;</p> <p>Rollover funds subject to § 72(t) tax when distributed</p>
Trust Requirement	No trust required; Funds must be held in form of individual or group annuity contracts or mutual fund custodial accounts	Trust fund is required