

**Tax Sheltered Annuity 403(b) \ Deferred Compensation 457
2025 Plan Comparison**



| | Tax Sheltered Annuity 403(b) | Deferred Compensation 457 |
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| General Description | A retirement income vehicle, which allows eligible employees to defer taxation savings to future years. Available to nonprofit and tax exempt organizations eligible under Internal Revenue Code sec. 501.c.3, including churches, public schools and colleges. | A retirement income vehicle, which allows eligible employees to defer taxation savings to future years. Tax-deferred plan available to government units, and tax-exempt organizations, but not churches. |
| Asset Ownership | Individual | Employer until distribution |
| Contribution | Voluntary; payroll deduction; no employer match | |
| Contribution Taxation | Pre-tax option and/or after-tax Roth Account available | |
| Contribution Tax Deferred Status | Deferred until tax year in which amounts are distributed | |
| Maximum Annual Deferral | Governed by Sections 415 and 402(g) of the Internal Revenue Code; \$23,500 for 2025. | Governed by Section 457 of the Internal Revenue Code; Lesser of \$23,500 or 100% of compensation for 2025. |
| Age 50 “Catch-up” Provision | An additional \$7,500 elective salary deferral is permitted for those turning ages 50-59 and ages 64 and older; and \$11,250 for participants turning age 60, 61, 62, or 63. Can use age 50 catch-up for 403(b) and 457(b) in the same year. | An additional \$7,500 elective salary deferral is permitted for those turning ages 50-59 and ages 64 and older; and \$11,250 for participants turning age 60, 61, 62, or 63. Can use age 50 catch-up for 403(b) and 457(b) in the same year. If within 3 years of plan’s normal retirement age, employee is eligible for the greater of age 50 catch-up or enhanced limit (not both). |
| Other “Catch-up” Provisions | | For those within three years of plan’s normal retirement age, additional amount up to twice the applicable limit or unused amounts from prior years, whichever is less, up to maximum of \$47,000. Employees are eligible for greater enhanced limit or age 50 catch-up contributions, but not both. |
| Deferral Coordination | None; employees can contribute maximum to both a 403(b) and 457 plan | |
| Rollovers To/From Other Plans | <p>To: Permitted to IRA, 401(a), 401(k), 457(b) <u>public</u>, and other 403(b) plans – 10% penalty on early withdrawal. Not permitted to 457(b) <u>private</u> plans.</p> <p>From: Permitted from IRA, 401(a), 401(k), 457(b) public and other 403(b) plans subject to the rules of the new plan – 10% penalty on early withdrawals. Not permitted from 457(b) <u>private</u> plans.</p> | <p>To: Permitted to IRA, 403(b), 401(a), 401(k) and other 457 <u>public</u> plans subject to the rules of the new plan– possible 10% penalty on early withdrawals. Not permitted to 457(b) <u>private</u> plans.</p> <p>From: Permitted from IRA, 403 (b), 401(a) and 401(k) plans - 10% penalty on early withdrawal. Direct transfers from other 457(b) public plans permitted. Not permitted from 457 (b) <u>private</u> plans.</p> |
| Availability of Benefits | Attainment of age 59 ½, separation from service, death or disability. Hardship withdrawals not allowed under current plan document. | Separation from service, death, disability, or “unforeseeable emergency” |
| Early Withdrawal Penalty | 10% penalty for distributions made prior to age 59 ½ | None |
| Loan Provision | Allowed under current plan document. | None |
| Leave Payout | Yes, can be used to defer leave payout | Yes, can be used to defer leave payout |