

# Texa\$aver Plan Comparison

	457 Plan	403(b) Plan
Eligibility	Part-time and full-time state and higher education employees, upon date of hire or anytime thereafter. <sup>1</sup>	Depends on institution.
Contribution Options	You have the flexibility to designate all or a portion of your contributions as either traditional before-tax or Roth after-tax contributions.	Contact your 403(b) administrator to see what it allows.
Maximum Annual Deferral	The 2014 annual contribution limit is \$17,500 <sup>2</sup> per year. The limit is \$23,000 if you are 50 or older. You may put money in the 401(k), 457, or both as either before-tax or Roth contributions or both. Employees of higher education agencies that have elected to offer Roth can participate in the Roth option.	99% of 403(b) eligible compensation or \$17,500 <sup>2</sup> per year, whichever is less. The 2014 annual contribution limit is \$23,000 if you are 50 or older.
Transfer of Funds to Purchase Service	You may purchase military service, additional service credit, or refunded or other eligible ERS/TRS service by transferring funds from your Texa\$aver account while employed. This is not a taxable distribution.	Contact your 403(b) administrator to see what it allows.
Rollovers In <sup>3</sup>	If eligible, you may roll funds into the Texa\$aver 457 Program from another eligible retirement plan or individual retirement account (IRA). Roth IRAs are not accepted. Only designated Roth accounts from another eligible retirement plan can be rolled over into your Texa\$aver 457 Plans.	Contact your 403(b) administrator to see what it allows.
Age 50 and Over Catch-up	If you are age 50 or older, you may contribute an additional \$5,500 <sup>2</sup> in 2014 for a total of \$23,000 to each Plan. This includes before- and after-tax contributions combined. You may not use this provision in the 457 Plan while using the Special 457 Catch-up Provision.	
Special 457 Catch-up Provision <i>Cannot be used with the Age 50 and Over Catch-up in the 457 Plan</i>	Subject to eligibility. If you have unused deferrals, the Special 457 Catch-up limit is \$35,000 in 2014. You may participate only during the three years before the taxable year in which you attain normal retirement age.	Not available in the 403(b) plan.
Loans	Loans may be approved for \$1,000 to \$50,000 (subject to Plan and IRS provisions). You must have an account balance of at least \$1,050, as there is a \$50 loan application fee that is deducted from the loan proceeds. There is a \$2.08 monthly maintenance fee assessed to your account until your loan is paid in full. Loans are prorated from before-tax and Roth contributions. Repayments are prorated back to each money type accordingly.	Loans may be available to the extent provided by the annuity contract or custodial account. Contact your 403(b) administrator to see what it allows.
Financial Hardship/ Emergency Withdrawals <sup>4</sup> <i>Only allowed through approval when you have no other resources, including Plan loans</i>	Reasons for financial hardship include prevention of eviction or foreclosure from your primary residence, non-reimbursed medical expenses, funeral expenses, casualty loss, or similar extraordinary and unforeseeable circumstances.	Reasons for hardship may include purchase of a primary residence, prevention of eviction or foreclosure from your primary residence, tuition expenses, funeral expenses, or non-reimbursed medical expenses. Contact your 403(b) administrator to see what it allows.
Distributions While Employed for Before-Tax Contributions	If your 457 Plan account has less than \$5,000 and has been inactive for two years, you may take a <i>de minimis</i> distribution; 20% may be withheld for federal income tax purposes. You can take a distribution if you are 70½ and still employed.	You may be eligible to take a distribution from your 403(b) plan after age 59½ while still employed without a 10% early withdrawal penalty; 20% is withheld for federal income taxes unless funds are rolled to a qualified plan.
Distributions After Separation from Employer for Before-Tax Contributions	You can start taking distributions after separation from state or higher education employment. You may roll over funds into other types of employer-sponsored plans, IRAs, or other eligible options. Lump-sum distributions have 20% automatically withheld for federal taxes. Periodic distributions are allowed.	You may be eligible to take a distribution from your 403(b) plan after age 59½ without a 10% early withdrawal penalty; 20% is withheld for federal income taxes unless funds are rolled to a qualified plan.
Distributions from Roth Contributions	Roth money may be withdrawn tax-free no earlier than five taxable years after your first Roth contribution <b>AND</b> when you a) reach age 59½ and separate from service with your employer, b) become disabled, or c) die. Otherwise, earnings on Roth contributions may be taxed as ordinary income when you take a distribution.	Contact your 403(b) administrator to see what it allows.
Required Minimum Distributions (RMDs)	Must begin no later than April 1 following the year in which you turn 70½, unless you are still employed.	
Tax Penalties	No 10% federal penalty tax applies to distributions of 457 money before age 59½. A 50% federal tax penalty applies if RMDs are not taken at age 70½, unless you are still employed by the State. <b>This applies to both before-tax and Roth money types.</b>	A 10% federal penalty tax may apply to distributions made before age 59½. A 50% federal tax penalty applies if RMDs are not taken at age 70½, unless you are still employed with the employer sponsoring the plan.

<sup>1</sup> Community college employees may enroll in the 457 Plan if their community college offers the Plan.

<sup>2</sup> Ceiling is adjusted each year per cost-of-living index. Amount shown is for 2014.

<sup>3</sup> You are encouraged to discuss rolling money from one account to another with your financial advisor/planner, considering any potential fees and/or limitation of investment options.

<sup>4</sup> Representatives of GWFS Equities, Inc. are not registered investment advisers and cannot offer financial, legal or tax advice. Please consult with your financial planner, attorney and/or tax adviser as needed.

Both Plans are governed by the provisions of the Internal Revenue Code. The State of Texas 401(k) Plan began in 1985 and the 457 Plan began in 1974.

**Core securities, when offered, are offered by Texa\$aver Program through GWFS Equities, Inc.**

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