



457(b) Plans

A Tax-Deferred Way to Help

It's likely you will not be able to depend solely on Social Security to deliver all of the money you'll need for retirement; consequently, the onus is on you to help supplement your retirement income. The good news is that if you work for a state or local government you have an excellent opportunity to set aside money for your retirement by contributing to your employer's 457(b) retirement plan.

A 457(b) plan (named for the section of the Internal Revenue Code that authorized these plans) gives you the opportunity to grow your retirement nest egg faster by offering significant tax advantages on both your contributions and earnings.

Features and Benefits of a 457(b) Plan

Contributions

Contributions to a 457(b) plan are made with pre-tax income. As a result, these contributions are excluded from your current federal taxable income, which means you'll pay less in federal income taxes and most states' income tax.

In addition, you do not pay taxes on the earnings from the investments in your 457(b) plan until you retire or withdraw them, providing the potential for faster growth.

Withdrawals

Unlike most retirement plans, you will not have to pay a 10% penalty if you withdraw money from your 457(b) plan before you reach age 59½, but you will be taxed on the amount you withdraw from the plan. You are required to start making minimum withdrawals when you turn age 73 unless you are still employed.

Rollovers

To maintain the tax deferral of your 457(b) plan assets when you retire or leave your job for another employer, you can roll the assets over to another defined contribution plan, such as a 401(k), 403(b) or IRA.

Your 457(b) assets will then become subject to the rules of the new plan. For example, if you roll over your 457(b) assets into a 401(k) plan and you make withdrawals before you turn age 59½, you will incur the 10 percent early withdrawal penalty that applies to 401(k) plans.

Year	Maximum annual contribution if under age 50	Over 50 Catch-up Limits (may not be offered in all plans)
2023	\$22,500	\$7,500
2024	\$23,000	\$7,500

Effective January 1, 2023, the required minimum age for mandatory distributions was increased to age 73 up from age 72.

457(b) Plans

A Tax-Deferred Way to Help

Setting up a 457(b) Plan

Participating in your employer's 457(b) plan is one of the smartest financial decisions you can make today to help achieve the retirement you envision tomorrow. Your financial professional can help you set up a 457(b) plan account that offers:

- » **Personalized Investment Counseling Services** — Your financial professional will work with you to define your financial situation and objectives, make investment and contribution recommendations and answer any questions you may have.
- » **Asset Allocation Strategies** — We offer Asset Management programs from investment strategists to diversify* your assets among different classes (stocks/bonds/cash) and help reduce your investment risk.
- » **Broad Range of Investment Options** — As an independent, full-service broker-dealer, we offer a large selection of mutual funds appropriate for 457(b) plans.
- » **Consolidated Investment Program** — Our consolidated investment program, Retirement Solutions Premier, provides access to more than 3,000 mutual funds and several Asset Management strategists. In addition, your accounts, account activity and performance all appear on one consolidated, easy-to-understand statement for ease of recordkeeping.

We can help

Our specialized retirement planning knowledge can help you decide whether a 457(b) plan is right for you. We will be happy to explore this opportunity with you and help provide the financial roadmap you need to live the retirement of your dreams.

*There is no assurance that a diversified portfolio will produce better results than an undiversified portfolio, nor does diversification assure against market loss. A 457(b) plan is not subject to the age 59½ withdrawal rule. This means there is no 10% penalty for early withdrawal at retirement or upon termination of employment. Note: This benefit applies only to public (governmental) plans. Private plan participants generally will pay federal income taxes when funds are made available to them. They may, however, defer receiving funds and instead be taxed when they actually take a distribution.

Prior to rolling over assets from an employer-sponsored retirement plan into an IRA, it's important that you understand your options and do a full comparison on the differences in the guarantees and protections offered by each respective type of account as well as the differences in liquidity/loans, types of investments, fees and any potential penalties.