

Comparison of Key Features: 403b vs. 457b Supplemental Savings Plans

The Commonwealth offers employees of education-related departments two distinct supplemental savings plans to which voluntary, tax-deferred and after-tax contributions may be made.

Participants can participate in both plans up to the maximum for **each** plan. There is no employer match for these voluntary plans. Employees must determine which plan better suits their needs. To help with your decision about which plan may be best for you, a brief comparison is provided in the chart below.

403b Plan: Department of Higher Education web site at <https://www.mass.edu/forfacstaff/otherretirement/home.asp>

457 Smart Plan: The Office of the State Treasurer manages the Commonwealth's 457 Deferred Compensation SMART Plan. Empower is currently the third-party administrator for the SMART Plan. For more information, visit <https://www.mass.gov/smart-plan-for-public-employees>.

| Feature | 403(b) Voluntary Savings Plan | 457 Deferred Compensation Plan |
|--|--|--|
| Eligibility | Employees of education-related departments: colleges and state universities | Employees of the Commonwealth and participating governmental entities (i.e., cities, towns, etc.) |
| Governing IRS Code | Section 403(b) | Section 457 |
| Plan Entry | Immediately upon employment or any time thereafter | Immediately upon employment or any time thereafter |
| Providers | Choice of 3: Fidelity, TIAA-CREF, Colebridge/AIG, | Empower Retirement – SMART Plan |
| Investment Decisions | Participants direct their own investments among funds offered by their Provider | Contributions will be invested, per participant instructions, in the investment options offered under the SMART Plan |
| Maximum Contributions | Younger than age 50: \$24,500 Age 50 and older: \$32,500 | Younger than age 50: \$24,500 Age 50 and older: \$32,500 Special "Catch- Up" provision may be available 3 years prior to retirement |
| Loan Provision | Allows loans from contract providers when approved by Plan Administrator | Loans not permitted |
| Emergency Access to YourFunds | Hardship withdrawals from providers when approved by Plan Administrator | Emergency access available in unforeseen emergencies as defined by the IRS. |
| Trigger Events for Distributions from the Plan | Funds may be paid from the Plan upon termination of employment; attaining age 59 ½; becoming disabled; upon death of the participant | Funds may be paid from the Plan upon separation from service; death; unforeseen emergencies; \$5000 in-service distribution available in limited circumstances |
| Early Withdrawal Penalty | Yes; 10% before age 59 ½ | No |