Comparison of a 403(b) plan and the Texa$aver 457 Plan

	403(b) Plan	457 Plan
Eligibility	Part-time and full-time state employees, upon date of hire or anytime thereafter. *Excludes higher education employees.*	Part-time and full-time state and higher education employees, upon date of hire or anytime thereafter.
Maximum annual Deferral	100% of 403(b) eligible compensation or $18,000* per year, whichever is less.	100% of 457 eligible compensation or $18,000* per year, whichever is less.
	If you have both plans, you may defer a maximum of $18,000* in 2015 to each plan as either before-tax or Roth contributions or both.	
Saver's tax Credit	Eligible participants will receive a non-refundable tax credit of up to 50% on an annual contribution of $2,000 in elective deferrals, in addition to the tax deferral. This generally applies to joint filers with an adjustable gross income (AGI) of up to $59,000 and single filers with an AGI of $28,750. To submit, complete federal Form 1040.	
Transfer of funds to Purchase Service	You may purchase military service, Additional Service Credit, refunded, or other eligible ERS service by transferring funds from your Texa$aver account, while employed. TRS service may be purchased when distribution eligibility is met. This is not a taxable distribution.	You may purchase military service, Additional Service Credit, refunded, or other eligible ERS/TRS service by transferring funds from your Texa$aver account, while employed. This is not a taxable distribution.
Rollovers in	If eligible, you may roll funds into the Texa$aver Program from another eligible retirement plan.	
Age 50 and over catch-up Provisions	If you are age 50 or older, you may contribute an additional $6,000* in 2015. You may not use this provision in a 457 Plan while using the 457 Three-Year Catch-up Provision.	
3-year 457 catch-up Provision *Cannot be used with the Age 50 and Over Catch-up in the 457 Plan.*	Not available in the 403(b) Plan.	Subject to eligibility if you have unused deferrals, the 457 Catch-up limit is $36,000* in 2015. You may participate only in the three years before the taxable year in which you attain normal retirement age.
Loans	Loans may be approved for $1,000 to $50,000 (subject to Plan	

	provisions). You must have an account balance of at least $1,050, as there is a $50 loan application fee. There is a $2.08 monthly maintenance fee.	
Financial hardship withdrawals *Only allowed when you have no other resources including Plan loans, by approval.*	Reasons for hardship include purchase of primary residence, prevention of eviction or foreclosure from your primary residence, tuition expenses, non-reimbursed medical expenses, funeral expenses, or repairs of damages to employee's principle residence.	Reasons for 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.
Distributions while employed	You may take a distribution from your 403(b) Plan after age 59½ while still employed without 10% penalty; 20% will be withheld for federal income taxes unless the funds are rolled to a qualified plan.	If your 457 Plan has less than $5,000 and has been inactive for two years, you may take it as a de minimis distribution; 20% may be withheld for federal income tax purposes.
Distribution after Separation from Employment	After separation from state employment, at age 59½, or at age 70½. 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. To avoid the 20% withholding, you may do a direct rollover to an eligible retirement plan, IRAs, or other eligible options.	After separation from state employment or at age 70½. 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. To avoid the 20% withholding, you may do a direct rollover to an eligible retirement plan, IRAs, or other eligible options.
Tax Penalties	A 10% federal penalty tax applies to distributions made before age 59½. 50% federal tax penalty applies if required minimum distributions are not taken at age 70½.	No 10% federal penalty tax applies to distributions made before age 59½. 50% federal tax penalty applies if required minimum distributions are not taken at age 70½.

***Ceiling is adjusted each year per cost-of-living index. Amount shown is for 2015. Community College employees may enroll in the 457 Program if their community college offers the Plan. Both plans are governed by the provisions of the Internal Revenue Code. The State of Texas 403(b) Plan began in 1985 and the 457 Plan began in 1974. For more information on each Plan, call Texa$aver at (800) 634-5091.**