

Roth 457 Savings

Another Way to Save for Retirement



Retirement Savings, Simplified

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Roth 457 retirement savings is funded with after-tax contributions, allowing you to benefit from tax-free withdrawals in retirement, if the requirements for a qualified distribution are met.

The features overview chart below highlights some of the similarities and differences between Roth 457 savings and other retirement savings options.

	457 Plan Pre-Tax	Roth 457	Roth IRA
Maximum Contribution	Visit www.modeferredcomp.org to determine this year's annual IRS limits. All contribution limits apply to the combination of pre-tax and Roth contributions to the plan.	Same as 457 Plan Pre-Tax Higher contribution limits than Roth IRAs — 457 plans allow for greater after-tax savings.	Visit the IRS website to determine this year's annual IRS limits. Pre-Retirement Catch-Up: N/A
Contributions Reduce Taxable Income	Yes	No	No
Income Limits	None. Participation is not limited by your annual income.	None. Participation is not limited by your annual income.	Visit www.irs.gov to determine this year's annual IRS limits.
Taxation of Withdrawals	Withdrawals are subject to federal and, in most cases, state income taxes.	Withdrawals are tax-free if the requirements for a qualified distribution are met. Distributions of Roth assets are qualified if you are retired or separated from service, a period of five years has passed since January 1 of the year of your first Roth contribution (including rollovers), and you are at least 59½ years old (or disabled or deceased).	Same as 457 Plan Roth, except Roth IRAs also permit qualified distributions for a "first time" home purchase.
Withdrawal Eligibility	Upon separation from service with the plan sponsor.	Same as 457 Plan Pre-Tax	Withdrawals can be taken at any time.
Required Minimum Distributions (RMDs)	After age 70½ or separation from service, whichever is later.	Same as 457 Plan Pre-Tax	None
10% Early Withdrawal Penalty Tax	457 plan contributions and associated earnings are not subject to the early withdrawal penalty tax.*	Same as 457 Plan Pre-Tax	Yes, the penalty may apply to the earnings portion of the withdrawal unless certain criteria are met.
Eligible Rollovers	Ability to roll pre-tax employer sponsored plans to your 457. You may also request an <i>in-plan Roth conversion to convert pre-tax assets to Roth assets. Converted amounts are subject to taxes.</i>	Roth assets can be rolled to and from other retirement plans that allow Roth deferrals, and provide the required recordkeeping for Roth assets.	Pre-tax and Roth assets can be rolled directly to a Roth IRA. Pre-tax assets will be taxed at ordinary income tax rates. You cannot roll a Roth IRA to a 457 plan.
Purchasing of Service Credit	Can be used to purchase service with MOSERS and MPERS.	Cannot be used to purchase service with MOSERS and MPERS.	Cannot be used to purchase service with MOSERS and MPERS.

*If you roll assets into your 457 plan from another type of account, the rolled-in assets are subject to the 10% early withdrawal penalty tax if withdrawn prior to age 59½, unless an exception to the penalty applies.