

# 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
<b>Maximum Contribution</b>	Visit <a href="http://www.modeferredcomp.org">www.modeferredcomp.org</a> 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
<b>Contributions Reduce Taxable Income</b>	Yes	No	No
<b>Income Limits</b>	None. Participation is not limited by your annual income.	None. Participation is not limited by your annual income.	Visit <a href="http://www.irs.gov">www.irs.gov</a> to determine this year's annual IRS limits.
<b>Taxation of Withdrawals</b>	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.
<b>Withdrawal Eligibility</b>	Upon separation from service with the plan sponsor.	Same as 457 Plan Pre-Tax	Withdrawals can be taken at any time.
<b>Required Minimum Distributions (RMDs)</b>	After age 70½ or separation from service, whichever is later.	Same as 457 Plan Pre-Tax	None
<b>10% Early Withdrawal Penalty Tax</b>	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.
<b>Eligible Rollovers</b>	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.
<b>Purchasing of Service Credit</b>	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.