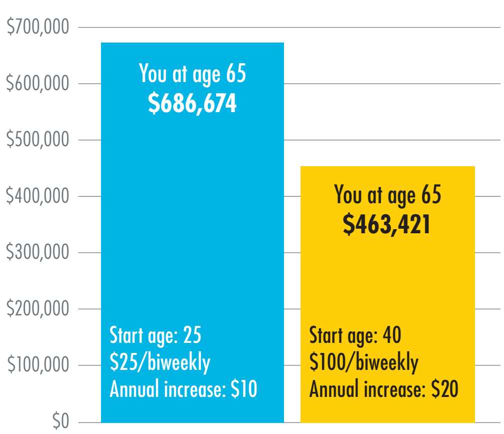
Get to Know Your 457 Deferred Compensation Plan

Your **457 Deferred Compensation Plan** is designed to supplement your retirement income. While a pension and/or Social Security may go a long way, they are unlikely to be enough. Saving to your 457 plan can help you maintain your desired standard of living.

Don't delay — start saving now

The earlier you start saving, the less pressure you may face later to catch up. And, starting early can give you a huge advantage due to compounding, in which your investments produce earnings from previous earnings.



For illustrative purposes only. Assumes an effective annual rate of 6%, compounded biweekly.

A Tax-Advantaged Retirement Plan

A **457 plan** is a retirement savings plan and investment vehicle with tax advantages.

- Contributions are made to your account during your employment. You can generally change, stop, and restart contributions at any time.
- Your account's value is based on those contributions and subsequent investment returns.
- Earnings are not subject to tax until withdrawn.
- You have significant control over:
  - How your money in the account is invested.
  - How funds are withdrawn following your separation from service.
  - Who receives any remaining assets upon your death.

Contribute what you can

For 2021, you can contribute up to $19,500, or $26,000 if age 50 or over. (Participants nearing retirement may also be eligible to contribute additional amounts — up to $39,000 total.) But, even small savings add up over time. In fact, starting out small and then increasing how much you save by just a little each year may be all you need.

ICMA-RC can help you decide how much to save and how to invest through **Guided Pathways®**. Find more information at: www.icmarc.org/guidedpathways

457 plans are unique

Unlike other retirement accounts, you do not have to qualify for an exception to avoid the 10% IRS penalty tax on withdrawals of your contributions and associated earnings before age 59½. Just remember that your 457 plan is designed to help you meet your retirement goals. Any withdrawals prior to retirement may reduce your future retirement security.

Contributions

Pre-tax contributions you make reduce your taxable income for the year. These contributions and all associated earnings are not subject to tax until you withdraw them — boosting the ability of your account to grow.

You also may be able to make after-tax **Roth contributions** if offered by your employer. While they do not reduce your taxable income for the year, future withdrawals may be tax-free. Alternatively, you may contribute to a Roth IRA. For more information, visit: **www.icmarc.org/ira**

Investment Control

A wide range of investment options are available to help you build a diversified portfolio. You control all investment decisions, choosing from among the available options. You decide:

- How your contributions are invested.
- How to manage your investments on an ongoing basis.

Access to Your Money

Under certain conditions, based on your employer's plan rules, withdrawals may also be allowed while you're still working.

When you leave your employer, you can withdraw assets regardless of the reason and or your years of service.

You have the following flexible withdrawal options for vested assets:

- You can withdraw your entire balance.
- Choose periodic, partial withdrawals as you see fit.
- You can make installment payments of a certain dollar amount and frequency, such as monthly or quarterly, and you can change your scheduled withdrawals at any time.
- You can choose lifetime income payments.

After you reach age 72 or separate from service, whichever is later, you will be required to withdraw at least a minimum amount from your account each year, per Internal Revenue Service (IRS) rules.

If plan rules and/or IRS rules allow, you may also borrow against your vested assets through a loan.

Survivor Benefits

You designate a beneficiary, or beneficiaries, to receive any remaining assets upon your death. If you don't designate beneficiaries, your estate is the default beneficiary, in which case:

- Assets may not be distributed per your wishes.
- Assets are subject to probate costs, potential delays, and creditor claims.
- Non-spouse heirs may receive fewer tax benefits.

Beneficiaries control investment decisions, receive the most flexible withdrawal options allowed by law, and are not subject to any additional fees.

Serving the Public Sector Since 1972

Founded in 1972, ICMA-RC is a non-profit independent financial services corporation focused on providing retirement plans and related services for 1.5 million public sector participant accounts and 9,000+ retirement plans. ICMA-RC's mission is to help build retirement security for local and state government employees. All of ICMA-RC's retirement programs, administrative services, and educational tools have been developed specifically for public sector retirement plan administrators and participants.

For more information, visit: **www.icmarc.org**

Learn More

- See more about your 457 plan and contact your ICMA-RC representative at: **www.icmarc.org/457**
- Log into your account and manage your savings online at: **www.icmarc.org**
- For tips and tools to help you save, invest, and retire, visit: **www.icmarc.org/learn**

ICMA-RC
BUILDING PUBLIC SECTOR RETIREMENT SECURITY

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