SECURITY BENEFIT

457 Governmental Plan

FACT SHEET

457 Programs (also called deferred compensation programs) are retirement programs available to employees of state and local governments and political sub-divisions. A 457 Program allows participants to save for retirement by deferring a portion of their income now and paying taxes on it at withdrawal. There are no early distribution penalties that apply to 457 withdrawals.

457 Governmental Plan Overview

Tax Advantages

- Employee deferrals are pre-tax
- Employee Roth 457 contributions are after-tax
- Employees pay no income taxes on contributions or earnings until they are received by the participant or their beneficiary
- Tax-deferral maximizes the compounding value and increases the participant's ultimate retirement income
- Flexible distributions are available through employee-controlled lump sum or periodic distributions following severance from employment
- Distributions prior to 59½ after severance from employment are not subject to IRS 10% early withdrawal penalty tax
- Roth 457 contributions and earnings are totally tax free at the time of distribution if certain requirements are met

457 Features

- Employees can elect to contribute from 0 up to 100% of their income, up to the IRS maximum of:

Tax Year	457 IRS Maximum Contribution	Age 50 Catch-up Contribution	Age 60-63 Catch-up Contribution
2025	$23,500	$7,500	$11,250

- A special catch-up provision for the final three years before retirement may also allow for deferrals higher than the regular deferral rate
- Salary reductions make deferrals convenient and easy
- Employee pre-tax deferrals reduce the Federal, State* and Local* income taxes but are subject to Social Security (FICA) tax
- Employee Roth 457 after-tax contributions are subject to Local, State, Federal and Social Security (FICA) tax
- Flexibility for employees to change their deferral/contribution rates as desired
- Loans can be permitted under the plan
- Employee deferrals are always 100% vested
- The participant's account balance is eligible for distribution upon retirement, severance from employment, disability or death. Withdrawals generally are taxable as ordinary income
- Unforeseeable emergency distributions may be permitted
- Age 59½ in-service withdrawals may be permitted

Basic plan Features

- Employees can defer any or all distributions until they are subject to IRS minimum distribution rules at the later of the IRS RMD age or retirement
- Younger and long-term employees benefit the most because they have more contribution opportunities and a longer period of tax-deferred earnings
- At severance from employment, you have several choices
  1. You can leave your money in the plan
  2. You may transfer your 457 account to another retirement plan
  3. You can transfer it into an IRA, or a Roth IRA
  4. You can withdraw your money

*Check with your tax advisor for your state and local income tax treatment.

Security Benefit®

457 Governmental Plan Overview	
Plan Suitability	**457 Plans are favored when the employer:** • Wants to give employees the opportunity to enhance their own retirement benefits • Wants employees to make all or part of their contributions • Wants a plan with contribution flexibility • Wants an inexpensive and easy-to-understand plan • Wants to attract and retain key employees

Your path *To and Through Retirement®* begins here.

Talk to your financial professional to see whether a 457 Governmental Plan can complement your retirement portfolio or contact us at 800.747.5164, Option 3.

Security Benefit®
TO AND THROUGH RETIREMENT

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