



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	<ul style="list-style-type: none">Employee deferrals are pre-taxEmployee Roth 457 contributions are after-taxEmployees pay no income taxes on contributions or earnings until they are received by the participant or their beneficiaryTax-deferral maximizes the compounding value and increases the participant’s ultimate retirement incomeFlexible distributions are available through employee-controlled lump sum or periodic distributions following severance from employmentDistributions prior to 59½ after severance from employment are not subject to IRS 10% early withdrawal penalty taxRoth 457 contributions and earnings are totally tax free at the time of distribution if certain requirements are met				
	<ul style="list-style-type: none">Employees can elect to contribute from 0 up to 100% of their income, up to the IRS maximum of:<table><tr><td>Tax Year: 2024</td><td>\$23,000</td></tr></table>Catch-up contributions for age 50 and older:<table><tr><td>Tax Year: 2024</td><td>\$7,500</td></tr></table>A special catch up provision for the final three years before retirement may also allow for deferrals higher than the regular deferral rateSalary reductions make deferrals convenient and easyEmployee pre-tax deferrals reduce the Federal, State* and Local* income taxes but are subject to Social Security (FICA) taxEmployee Roth 457 after-tax contributions are subject to Local, State, Federal and Social Security (FICA) taxFlexibility for employees to change their deferral/contribution rates as desiredLoans can be permitted under the planEmployee deferrals are always 100% vestedThe participant’s account balance is eligible for distribution upon retirement, severance from employment, disability or death. Withdrawals generally are taxable as ordinary incomeUnforeseeable emergency distributions may be permittedAge 59½ in-service withdrawals may be permitted		Tax Year: 2024	\$23,000	Tax Year: 2024
Tax Year: 2024	\$23,000				
Tax Year: 2024	\$7,500				
Basic plan Features	<ul style="list-style-type: none">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 retirementYounger and long-term employees benefit the most because they have more contribution opportunities and a longer period of tax-deferred earningsAt severance from employment, you have several choices<ol style="list-style-type: none">You can leave your money in the planYou may transfer your 457 account to another retirement planYou can transfer it into an IRA, or a Roth IRAYou can withdraw your money				

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

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.

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