

403(b)(7) Voluntary

FACT SHEET

403(b)(7) Voluntary Plan Overview

Tax Advantages

- Employee Traditional 403(b) deferrals are pre-tax
- Employee Roth 403(b) contributions are after-tax
- Employees pay no income taxes on contributions or earnings until they are distributed
- Tax-deferral maximizes the compounding value and increases the participant's ultimate retirement income
- Withdrawals are subject to ordinary income tax and, if made prior to age 59½, may be subject to a 10% IRS penalty tax
- Flexible distributions are available through Employee-controlled periodic payments from a "rollover" IRA and/or Roth IRA
- Roth 403(b) contributions and earnings are totally tax-free at the time of distribution if certain requirements are met

403(b)(7) Voluntary Features

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

Tax Year	403(b)(7) Voluntary IRS Maximum Contribution	Age 50-59 or 64 and Older Contributions	Age 60-63 Catch-up Contributions
2025	\$23,500	\$7,500	\$11,250

- An additional "catch-up" option may be available for certain individuals, with at least 15 years of service
- Salary reductions make employee deferrals/contributions convenient and easy
- Employee Traditional 403(b) pre-tax deferrals reduce Federal, State and Local income taxes but are subject to Social Security (FICA) tax*
- Employee Roth 403(b) after tax contributions are subject to State, Federal and Social Security (FICA) taxes
- Employee deferrals are always 100% vested
- All of the participant's account balance is payable upon retirement, disability or death, and is payable with any other severance from employment
- Taxable distributions for reason of disability, death or after age 55 and severance from employment avoid the IRS 10% early withdrawal penalty
- 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

Plan Suitability

403(b)(7) Voluntary Plans are favored when the Employer:

- Wants to give Employees the opportunity to enhance their own retirement benefits
- Wants to provide a retirement plan benefit for employees but needs a cost-effective option for the employer

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

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

Talk to your financial professional to see whether a 403(b)(7) Voluntary Account can complement your retirement portfolio or contact us at 800.747.5164, Option 3.

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