SECURITY BENEFIT

A Deferred Compensation Plan for Executives of 501(c) Organizations

FACT SHEET

Deferred Compensation 457(b) Tax Exempt Plan Overview	
What is a 457(b) Tax Exempt Plan?	A 457 Tax Exempt plan is a deferred compensation program that is established and maintained for a select group of management or highly compensated employees (key employees) of a tax-exempt 501(c) organization under Internal Revenue Code 457(b). It benefits employers by allowing them to fund a retirement vehicle for key employees in addition to a 401(k) or 403(b). The tax-exempt organization may also make deposits on the employee's behalf. This is an excellent benefit to help attract and keep key employees. One unique feature for this type of plan is that it must cover only a select group of management or highly compensated employees to avoid ERISA guidelines.
What are the Advantages of a 457(b) Tax Exempt Plan?	The Economic Growth Tax Relief Reconciliation Act of 2001 (EGTRRA) repealed the requirement that all salary reduction contributions to a 401(k) or 403(b) be aggregated with a 457(b) Tax Exempt plan. Designated key employees may now contribute to a 401(k) or 403(b) and to a 457(b) Tax Exempt plan at the same time. The annual limit for contributing to a 457 tax exempt plan is $24,500. This same limit applies to 403(b) and 457 plans, which also offer two categories of catch-up contributions: $8,000 for ages 50+ and $11,250 for ages 60-63. By leveraging two plan types, designated employees can maximize savings. **Tax Year: 2026** | $24,500 A 457(b) Tax Exempt plan provides numerous benefits to both employees and employers. It aids in attracting and maintaining key employees within the organization by providing a lucrative retirement benefit. Additionally, all employee and employer contributions are made on a pre-tax basis, benefiting from tax deferral until the money is withdrawn from the account. Other advantages of the plan include no 10% IRS premature distribution penalty if the employee decides to take out their money at separation from service prior to retirement. The plan can also be made available to independent contractors that work for the organization.
How is a 457(b) Tax Exempt Plan Different from a Qualified Plan?	Account balances in a 457(b) Tax Exempt deferred compensation plan are "unsecured," which means that contributions made to the plan are subject to the tax-exempt organization's creditors. Another difference is that loans are not available from plan accounts. Furthermore, 457(b) Tax Exempt plans cannot be rolled into a qualified plan or IRA upon severance from employment. It may, however, be moved to another 457(b) Tax Exempt plan. There are also no age 50 catch-up provisions such as are often found in 403(b), 457 and 401(k) plans.
Why did your Employer Choose Security Benefit as your 457(b) Tax Exempt Provider?	• Security Benefit has been a leader in the retirement plans business for over 40 years and offers a flexible 457(b) Tax Exempt program. • Security Benefit's core competency is our service. We value the needs of our customers and provide many tools to give our customers what they need. The key to our service proposition is the one-on-one consultations performed by independent financial professionals that work with organizations to provide retirement planning solutions based on years to retirement and risk tolerance. This includes a paycheck analysis, tax-deferred growth illustrations and distribution counseling upon retirement.

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Why did your Employer Choose Security Benefit as your 457(b) Tax Exempt Provider?	• Our customer service line is available for participants to speak with a Security Benefit representative on the phone for account inquiries and transactions. We have a 24-hour voice response unit that allows participants to call in at any time for access to their account. The Security Benefit website (www.SecurityBenefit.com) allows participants to make changes to their account at any time. The website also allows allocation changes, review of account balances, downloading prospectuses and review of fund information. • Our state-of-the-art recordkeeping system provides daily account valuations and transfers between investment options. We offer same-day processing on all fund transfers and provide an easy-to-read quarterly statement that is sent to a participant's home address. Security Benefit will also take care of all tax reporting for distributions.

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

Talk to your financial professional to learn how this plan can complement your retirement portfolio or contact us at 800.888.2461.

Neither Security Benefit nor its affiliates are fiduciaries. This information is general in nature and intended for use with the general public. For additional information, including any specific advice or recommendations, please visit with your financial professional.

The Security Benefit 457(b) Tax Exempt program is a deferred compensation program established and maintained for key employees of a tax-exempt 501(c) organization under Internal Revenue Code 457(b), which is made available by Security Distributors.

Services are offered through **Security Distributors**, an indirect subsidiary of SBL Holdings, Inc. (Security Benefit).

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TO AND THROUGH RETIREMENT

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41-09788-01 | 2026/08/06