

457 Plan Roth Contributions

Roth contributions give you another tax-advantaged savings option, allowing you to benefit from tax-free withdrawals in retirement.

How It Works

- A percentage of your pay, or a specified dollar amount, can be contributed to your 457 plan as a Roth contribution.
- Roth contributions are made on an after-tax basis and won't reduce your income taxes for the year (unlike pre-tax contributions).
- Roth contributions and associated earnings can be withdrawn tax-free, if the requirements for a qualified distribution are met.

Contribution Limits

457 plan contribution limits apply to the combination of pre-tax and Roth contributions. You can continue making pre-tax contributions only or designate a portion (or all) of your contributions as Roth contributions.

Qualified Tax-free Distributions

Distributions of Roth assets will be tax-free if:

- A period of five years has passed since January 1 of the year of your first Roth contribution
- You're at least age 59½ (or disabled or deceased)

You're eligible for distributions upon separation from service with your employer. In-service withdrawal options, such as emergency withdrawals, may also be available.

Benefits

In addition to potentially tax-free withdrawals in retirement, Roth contributions allow for:

- **Higher contribution limits than Roth IRAs** – 457 plans allow for greater after-tax savings.
- **Eligibility at all income levels** – Unlike Roth IRAs, your ability to make Roth contributions to a 457 plan doesn't depend on your income.
- **Tax planning** – Having both pre-tax assets and Roth assets allows you to choose the source of funds most advantageous to your situation.

More Information

The chart on the following pages compares Roth and other retirement plan contributions.

The Roth Analyzer (www.missionsq.org/rothanalyzer) can also help you compare Roth and pre-tax contributions, given your present and anticipated future financial situations. Making both types of contributions may make sense.

Set up Roth contributions – it's easy!

If your plan permits online contribution changes, simply log into your account at www.missionsq.org and select **Contributions**. Otherwise, contact your MissionSquare Retirement Plans Specialist.

Plan Features Overview

Feature	457 Plan		Roth IRA
	Pre-tax	Roth	Roth
Contributions			
Maximum Contribution 2023	Normal limit (above \$22,500) \$22,500 Age 50 catch-up: \$7,500* (\$30,000 total) Or Pre-retirement catch-up: \$22,500 (\$45,000 total) All contribution limits apply to the combination of pre-tax and Roth contributions to the plan. Catch-up provisions cannot be combined in the same plan year. For each of the three years prior to the year you reach your normal retirement age, as defined in the plan and based on the extent to which maximum contributions were not made in previous years.	Same as 457 plan pre-tax	\$6,500 Age 50 catch-up: \$1,000 (\$7,500 total) Pre-retirement catch-up: N/A
Contributions Reduce Taxable Income	Yes	No	No
Income Limits 2023	None. Participation is not limited by your annual income.	Same as 457 plan pre-tax	Modified adjusted gross income must be less than \$214,000 (married filing jointly) or \$144,000 (single or head of household)**

* If you make over \$145,000 in 2023, your age-based catch-up contributions in 2024 will need to be made as Roth contributions.

** For more information, view IRS Publication 590 or visit www.missionsq.org/ira. MissionSquare Retirement does not provide specific tax advice.

Plan Features Overview (continued)

Feature	457 Plan		Roth IRA
	Pre-tax	Roth	Roth
Withdrawals			
Taxation of Withdrawals	Withdrawals are subject to federal and, in most cases, state income taxes.	Withdrawals are tax-free if the requirements for a qualified distribution are met. Distributions of Roth assets are qualified if a period of five years has passed since January 1 of the year of your first Roth contribution (including roll-ins), and you're at least age 59½ (or disabled or deceased).	Same as 457 plan Roth, except Roth IRAs also permit qualified distributions for a first-time home purchase.
Withdrawal Eligibility	Upon separation from service with the plan sponsor. In-service withdrawal options (e.g., after age 70½, emergency withdrawals) may also be available.	Same as 457 plan pre-tax	Withdrawals can be taken at any time. Contributions are always withdrawn first, tax- and penalty-free.
Required Minimum Distributions	At least age 73* or separation from service, whichever is later.	Same as 457 plan pre-tax Starting for RMDs due after 12/31/2023. In plan Roth amounts will be exempt from the RMD calculation.	None
10% Early Withdrawal Penalty Tax	457 plan contributions and associated earnings are not subject to the early withdrawal penalty tax. However, if you roll assets into your 457 plan from another type of account, the rolled-in assets are subject to the 10% early withdrawal penalty tax if withdrawn prior to age 59½, unless an exception to the penalty applies.	Same as 457 plan pre-tax	Yes, the penalty may apply to the earnings portion of the withdrawal unless certain criteria are met.

* 70½ (if you were born before July 1, 1949), age 72 (if you were born after June 30, 1949, and before January 1, 1951), or age 73 (if you were born after December 31, 1950). Modification to the 10% early withdrawal penalty expanded to PSO over age 50 or 25 years of service under the plan.