GOVERNMENTAL 457(b) DEFERRED COMPENSATION PLAN

A powerful way to save.

Governmental 457(b) deferred compensation plans, also referred to as 457(b) public plans, like the one offered by your employer, Central Michigan University, provide an opportunity to increase the tax-deferred contributions you set aside annually for retirement. Take advantage of the features offered by these plans, including:

Pretax advantages

You can have contributions deducted from your pay before taxes, meaning every dollar you contribute to the deferred compensation plan reduces your current taxable income. You won't pay any taxes on these contributions or the investment earnings until you begin taking withdrawals from the plan.

Roth after-tax contributions

A designated Roth contribution is a type of elective deferral that is made on an after-tax basis. Distributions of Roth contributions and their earnings are generally tax-free if the requirements are met.

Flexible contributions

You can contribute up to the amount permitted by the plan, but not in excess of the annual IRS limits. The IRS limit is the lesser of 100% of your compensation or up to the annual contribution limit. If Central Michigan University allows,* you may also make enhanced catch-up contributions to the plan if you're so eligible. See the chart on the next page for more information.

Saving even small amounts can make a big difference over time, so consider contributing an amount to help you stay on track toward your goals, while leaving enough take-home pay to cover living expenses and other obligations. If you've maximized contributions to your 403(b) plan, the 457(b) allows additional pretax savings.

Keep in mind that contributions to a 457(b) plan are not required to be aggregated with contributions to a 403(b) or 401(k) plan. Therefore, if you contribute to a 403(b) and a 457(b), you can defer the maximum amounts to both plans, plus any catch-up contributions available under each plan type. It should also be noted the annual IRS contribution limit for a 457(b) plan is a combined limit for both employee and employer contributions.
Learn more: visit IRS Retirement Plan Contribution Limits and Catch-Up Contributions.

Investment options

Based on your retirement goals, you can allocate your contributions among the different investment options offered under the plan. To view the investment options for your plan, go to **www.tiaa.org/cmich**.

Ability to consolidate

You may be eligible to transfer your money directly from a previous public employer's 457(b) plan to the Central Michigan University plan, if both plans allow. Consolidating multiple plan accounts may make it easier to track your progress toward your retirement savings goal.**[1]

Compare the 403(b) and 457(b)

	403(b) retirement plans	Government 457(b) deferred compensation plans
Eligibility & participation	For both 403(b) plans and public 457(b) plans, all employees, including independent contractors, may be eligible to participate. However, an employer isn't required to offer the plan to all employees and may exclude specific classes of employees. Consult plan document for rules on eligibility and enrollment.	
Taxability	Pretax contributions will be taxed in the year you take the distribution. Roth (after-tax) contributions are taxed at the time you make the contribution.[2]	
Contribution limits*	Deferrals limited to the lesser of 100% of compensation or annual IRS contribution limits. Additional age-based contributions may be available as defined by the plan—consult with your employer to learn more. Roth contributions must be combined with pretax contributions when applying limits. Governed by IRC Sections 415 and 402(g). **Learn more:** IRS Retirement Plan Contribution Limits and Catch-Up Contributions.	Deferrals limited to the lesser of 100% of compensation or annual IRS contribution limits. Additional age-based contribution may be available as defined by the plan—consult with your employer to learn more. Note: The limit for a 457(b) plan is a combined limit for employee (pretax and Roth) and employer contributions. Governed by IRC Section 457(e)(15).
Contribution coordination	You may be eligible to contribute the maximum to both 403(b) and 457(b) plans.	
Age 50+ catch-up amounts	An additional elective salary deferral may be permitted if you're age 50 and over. An enhanced catch-up amount may be available if you're age 60, 61, 62 or 63. Age-based catch-up contributions must be designated as Roth (after-tax) contributions for participants whose wages from the employer sponsoring the plan for the prior year exceeded $150,000. **Learn more:** IRS Retirement Plan Contribution Limits and Catch-Up Contributions.	
Other catch-up amounts	If you have 15 or more years of service (with the same eligible employer), you may also be eligible to contribute up to an additional $3,000 per year ($15,000 lifetime maximum), depending on prior year contributions. **Note:** Annual contribution limits are subject to change. **Learn more:** IRS Retirement Plan Contribution Limits and Catch-Up Contributions.	If available under the plan, catch-up provisions allow individuals within three years of the year in which they attain their plan's normal retirement age to make contributions equal to the lesser of twice the applicable annual limit or the annual limit plus any unused amounts from prior years. Note: The age-50 catch-up limit can't be used in any year in which the three-year catch-up limit applies if that limit is higher.
Triggering events & plan distribution	Severance from employment, age 59 ½, disability or death. Hardship distributions may be available, subject to certain restrictions relating to employer contributions. Consult plan document for specific rules.	Severance from employment, age 59 ½ (if your plan allows) or death. Distributions due to an unforeseeable emergency may be available. Consult plan document for specific rules.
Early withdrawal penalty	None for employees who separate from service at or after age 55. Otherwise, 10% on withdrawals generally before age 59 ½. Exceptions include death and disability.	None.

	403(b) retirement plans	Government 457(b) deferred compensation plans
Rollovers in or out	Permitted to/from IRA, 401(a), 401(k), 403(b) or 457(b) public plans. Roth 403(b) or Roth 401(k) rollovers may be permitted if the plan allows Roth contributions. Rollovers are NOT permitted to/from 457(b) plans of a tax-exempt employer.	Permitted to/from IRA, 401(a), 401(k), 403(b) or 457(b) public plans.** Roth 403(b) or Roth 401(k) rollovers may be permitted if the plan allows Roth contributions. Rollovers are NOT permitted to/from 457(b) plans of a tax-exempt employer.
Loans	Available subject to plan rules.	

We're here to help.

If you have any questions about your plan, call **800-732-8353** to talk with a TIAA financial consultant about your options. They're available weekdays, 8 a.m. to 8 p.m. (ET).

TIAA

*For more information, contact your employer directly.

**10% early withdrawal penalty not applicable to governmental 457(b) assets. However, rollovers from other plan types may be subject to 10% early withdrawal penalty.

1. Prior to rolling over, consider your other options. You may be able to leave money in your current plan, withdraw cash or roll over the assets to a new employer's plan, if one is available and rollovers are permitted. Compare the differences in investment options, services, fees and expenses, withdrawal options, required minimum distributions, other plan features and tax treatment. Speak with a TIAA consultant and your tax advisor regarding your situation. Learn more at tiaa.org/reviewyouroptions.
2. Withdrawals of earnings prior to age 59 ½ are subject to ordinary income tax, and a 10% penalty may apply in 403(b) plans (in 457(b)public/governmental plans, the 10% penalty is not applicable). Earnings can be distributed tax-free if distribution is no earlier than five years after contributions were first made and you meet at least one of the following conditions: age 59 ½ or older or permanently disabled. Beneficiaries may receive a distribution in the event of your death.

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