

# CMU Retirement Program

## 403(b) and 457(b) plan comparison—2020

Features	403(b) plan	457(b) plan
Eligibility and participation	Benefits-eligible employees generally able to participate. Review employee contract or handbook for rules on eligibility and enrollment.	Benefits-eligible employees (half time or greater) generally able to participate. Review employee contract or handbook for rules on eligibility and enrollment.
Employee salary reduction (pretax) contributions	<ul style="list-style-type: none"> <li>Permitted. Limited to \$19,500 in 2020.</li> <li>Contributions must be aggregated with Roth contributions when applying limits.</li> <li>Governed by Sections 415 and 402(g) limits.</li> </ul>	<ul style="list-style-type: none"> <li>Permitted. Limited to \$19,500 in 2020.</li> <li>Contributions must be aggregated with Roth contributions when applying limits.</li> <li>Governed by Section 457(e)15.</li> </ul>
Employee Roth (after-tax) contributions	<ul style="list-style-type: none"> <li>Permitted. Generally limited to the lesser of \$19,500 or 100% of compensation in 2020.</li> <li>Contributions must be aggregated with salary reduction contributions when applying limits.</li> <li>Governed by Sections 415 and 402(g) limits.</li> </ul>	<ul style="list-style-type: none"> <li>Permitted. Generally limited to the lesser of \$19,500 or 100% of compensation in 2020.</li> <li>Contributions must be aggregated with salary reduction contributions when applying limits.</li> <li>Governed by Section 457(e)15.</li> </ul>
Age 50 catch-up amounts—Section 414(v)	<ul style="list-style-type: none"> <li>An additional \$6,500 elective salary deferral may be permitted in 2020.</li> <li>Age 50 catch-up contributions can be made to both 403(b) and 457(b) plans in the same year.</li> </ul>	<ul style="list-style-type: none"> <li>An additional \$6,500 elective salary deferral may be permitted in 2020.</li> <li>Age 50 catch-up contributions can be made to both 403(b) and 457(b) plans in the same year.</li> </ul>
Loans	Permitted. Availability subject to plan rules.	Not allowed in the CMU 457(b) Plan.
Triggering events	<ul style="list-style-type: none"> <li>Severance from employment, age 59½, disability or death.</li> <li>Hardship distributions may be available subject to certain restrictions relating to employer contributions. Review Plan Document for specific rules.</li> </ul>	<ul style="list-style-type: none"> <li>Severance from employment, retirement, age 70½ or death.</li> <li>Unforeseeable emergency or small-sum withdrawal may be available. Review Plan Document for specific rules.</li> </ul>
Early withdrawal penalty	None for employees who separate from service at or after age 55. Otherwise, 10% on withdrawals generally before age 59½. Exceptions include death and disability.	No early withdrawal penalties.
Rollovers	<ul style="list-style-type: none"> <li>Permitted to IRA, 401(a), 401(k), 403(a), 403(b) or 457(b) governmental plans that accept rollovers.</li> <li>Rollovers are NOT permitted to 457(b) plans of a tax-exempt employer, Roth 403(b) or Roth 401(k). Roth elective contributions are permitted to roll over to a qualified trust 401(a) or a 403(b) annuity contract that includes a Roth IRA.</li> </ul>	<ul style="list-style-type: none"> <li>Permitted to IRA, 401(a), 401(k), 403(a), 403(b) or 457(b) governmental plans that accept rollovers.</li> <li>Rollovers are NOT permitted to 457(b) plans of a tax-exempt employer. Roth elective contributions are permitted to roll over to a qualified trust 401(a) or 403(b) annuity contract that includes a Roth provision.</li> </ul>



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Direct transfers and rollovers in	<ul style="list-style-type: none"> <li>▪ Rollovers accepted from IRA, 401(a), 401(k), 403(a), 457(b) public and other 403(b) plans. CMU Basic Plan does not accept rollover contributions.</li> <li>▪ Distribution of rollover account permitted if plan allows.</li> <li>▪ Not permitted from 457(b) private plans. Plan-to-plan transfers allowed for current and former employees if new plan permits.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Accepted, if new plan permits, from IRA, 403(b), 401(a), 403(a) and 401(k) plans—10% penalty on early withdrawal still applies. CMU 457(b) Plan does not accept rollovers of after-tax contributions.</li> <li>▪ Direct transfers from other 457(b) public plans permitted if plan allows.</li> <li>▪ Not permitted from 457(b) private plans.</li> </ul>
TIAA distribution options*	<ul style="list-style-type: none"> <li>▪ Lifetime annuities.</li> <li>▪ Required minimum distribution option.</li> <li>▪ Retirement transition benefit (RTB).</li> <li>▪ Interest-only (IO), systematic cash withdrawals.</li> <li>▪ Transfer payout annuity (for TIAA Traditional Retirement and Group Retirement Annuity contracts).</li> <li>▪ Fixed-period annuities.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Lump sums.</li> <li>▪ Fixed-period annuities (5-30 years).</li> <li>▪ Lifetime annuities.</li> <li>▪ Minimum distribution option.</li> <li>▪ Institutionally owned fixed-period annuities (2-30 years).</li> <li>▪ Required minimum distribution option.</li> </ul>
Minimum distribution requirements	Applicable to entire accumulation at age 70½ (age 75 for pre-1987 accumulations) or retirement, if later.	Applicable to entire accumulation at age 70½ or retirement, if later.
Tax reporting	1099-R issued by TIAA.	1099-R issued by TIAA.
Taxability	Pretax contributions will be taxed in the year you take the distribution. Roth distributions are tax free if first contribution was made at least five years earlier and the owner is at least 59½, disabled or deceased.	Pretax contributions will be taxed in the year you take the distribution. Roth distributions are tax free if first contribution was made at least five years earlier and the owner is at least 59½, disabled or deceased.

\* These are descriptions of distribution methods that are typically available. Note that specific distribution options differ by contract type.



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