



Community Unit School District #200

Saving for your future?

Consider a 403(b) or 457(b) Account

What are the advantages of saving for retirement by participating in a 403(b) and/or 457(b) Plan?

- Your contributions and any earnings are tax-deferred.
- Contributions to a 403(b) or 457(b) retirement plan are pre-tax contributions. That means, you do not pay income tax on the allowable contributions you make until you begin making withdrawals from the plan which is usually after you retire and are at a lower income tax bracket.
- Your money has the chance to potentially grow with time and compounding. Remember, earnings and gains on amounts in your 403(b) or 457(b) account are not taxed until you withdraw them.
- You may be eligible to receive a tax credit (Saver's Credit) for contributions to your account
- You may be able to take withdrawals at age 59½, without penalty
- You may be able to take a hardship withdrawal, if your situation meets certain qualifications
- Many vendors allow loans from a 403(b) plan account

Can I participate in both a 457(b) and a 403(b) plan?

In most cases, yes.

You may be able to contribute up the maximum amount allowed by the Internal Revenue Code for both plans. There are certain conditions to meet, which can be explained by your Investment Provider.

Example

You are in a 403(b) and a 457(b) plan, and each plan allows the maximum deferrals for 2022. You may be able to defer:

- If you're under age 50: \$20,500 to each plan in 2022 (Total \$41,000)
- If you're age 50 or older \$27,000 to each plan in 2022 (\$6,500 additional to each Total \$54,000)
- If you've worked for a qualified organization at least 15 years: you may be eligible to contribute up to an additional \$3,000 to the 403(b) plan account (n/a for the 457(b))