

Grand Valley State University

403(b) Tax Deferred Annuity and 457(b) Deferred Compensation Plan Comparison

Feature	403(b) Tax-Deferred Annuity Plan	457(b) Deferred Compensation Plan
1. Eligibility and Participation Requirements	All full-time and part-time faculty & staff of Grand Valley State University	All full-time and part-time faculty & staff of Grand Valley State University
2. Faculty and Staff Salary Reduction (before-tax) Contributions	Contributions are withheld from salary on a <u>before-tax</u> basis under the terms of a salary reduction agreement between the faculty or staff member and GVSU.	Contributions are withheld from salary on a <u>before-tax</u> basis under the terms of a salary reduction agreement between the faculty or staff member and GVSU.
3. Faculty and Staff Salary Reduction (after-tax) Roth Contributions	Contributions are withheld from salary on an <u>after-tax</u> basis under the terms of a salary reduction agreement between the faculty or staff member and GVSU.	Contributions are withheld from salary on an <u>after-tax</u> basis under the terms of a salary reduction agreement between the faculty or staff member and GVSU.
4. Contribution Limits	2019 contributions for those under age 50 cannot exceed \$19,000 or 100% of gross compensation, if less. The limit will be adjusted for inflation in \$500 increments.	2019 contributions for those under age 50 cannot exceed \$19,000 or 100% of gross compensation, if less. The limit will be adjusted for inflation in \$500 increments.
5. Annual Additions Limit	Total contributions of <u>both</u> GVSU and faculty & staff contributions cannot exceed the lesser of \$56,000 or 100% of gross compensation. <i>403(b) contributions are not aggregated with 457(b) contributions.</i>	
6. Age 50 “Catch-up” amounts	The 2019 catch-up amount is \$6,000. The catch up amount will be adjusted for inflation in \$500 increments. <i>Faculty and staff may use the age 50 catch up for 403(b) and 457(b) plans in the same year.</i>	The 2019 catch-up amount is \$6,000. The catch up amount will be adjusted for inflation in \$500 increments. <i>Faculty and staff may use the age 50 catch up for 403(b) and 457(b) plans in the same year.</i>
7. Other “Catch-up” Amounts	For those with 15 years or more of service at GVSU, up to an additional \$3,000 elective salary deferral per year (\$15,000 lifetime maximum). Prior year contributions may limit this amount. <i>Faculty & staff are eligible for both age 50 and 15 year catch-up.</i>	Faculty and staff within three years of normal retirement age may contribute an additional amount up to the lesser of twice the applicable annual limit, or the annual limit plus unused contributions from prior years. <i>Faculty & staff may not use the age 50 catch-up amount in the same year.</i>

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8. Investment Carriers	TIAA-CREF, Fidelity Investments	TIAA-CREF, Fidelity Investments
9. Vesting	Immediate	Immediate
10. Loans	Available	Available
11. Triggering Events for Withdrawal	Age 59½, severance from service, retirement, or death. Hardship withdrawals may also be available.	Severance from service, retirement, or death. Unforeseeable emergency withdrawal may also be available.
12. Early Withdrawal Penalty	Yes, 10% excise tax before age 59½.	Not applicable.
13. Rollovers Out of an Eligible Plan	Permitted to IRA, 401(a), 401(k), 457(b) <u>public</u> and other 403(b) plans - 10% penalty on early withdrawal still applies. Not permitted to 457(b) <u>private</u> plans.	Permitted to IRA, 401(a), 401(k), 403(b) and other 457(b) <u>public</u> plans - subject to the rules of the new plan, including possible 10% penalty on early withdrawals. Not permitted to 457(b) <u>private</u> plans.
14. Rollovers Into an Eligible Plan	Permitted from IRA, 401(a), 401(k), 457(b) <u>public</u> and other 403(b) plans – subject to the rules of the new plan, including 10% penalty on early withdrawals. Not permitted from 457(b) <u>private</u> plans.	Permitted from IRA, 401(a), 401(k), and 403(b) plans - 10% penalty on early withdrawal still applies. Direct transfers from other 457(b) public plans permitted, if plan allows. Not permitted from 457(b) <u>private</u> plan.
15. Minimum Distribution Requirements	Applicable to 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.
16. Taxability	Contributions and earnings are not subject to federal, state and local income taxes until the money is distributed.	Contributions and earnings are not subject to federal, state and local income taxes until the money is distributed.