

457(b) Plan Services

Additional Retirement Savings Opportunity



MetLife®

Increased Potential Retirement Savings

If you are like most public school employers, you make available a 403(b) plan to give your employees an opportunity to save for retirement. But did you know that a public school employer may also sponsor a 457(b) plan? Adding a 457(b) plan can help your employees save even more. Even better, 403(b) contributions don't count against a 457(b) plan's deferral limit. So, your employees can save more for retirement.

Sponsoring a 457(b) plan provides an additional benefit to help retain talented educators and administrators.

How it Works

Below is a simple example of how a public school employee can use the separate 403(b) and 457(b) deferral limits to maximize his or her retirement savings.

Pat's school district makes available both a 403(b) program and a 457(b) plan. Pat is 50 years old, has at least 15 years of service, and did not contribute in the past.

403(b) Contributions	
Basic deferral limit	\$16,500
Age 50 or older catch-up	+ \$5,500
15 Years of service catch-up	+ \$3,000 *
Total	\$25,000

457(b) Contributions	
Basic Deferral Limit	\$16,500
Age 50 or older catch-up	+ \$5,500
Total	\$22,000

Total 2009 Tax-deferred Contributions	\$25,000
	+ \$22,000
	Total \$47,000

Pat may defer (in 2009) \$25,000 to a 403(b) contract and another \$22,000 under a 457(b) plan, for a combined retirement savings of \$47,000.¹

Although not all employees can afford to save this much, a higher-paid employee, an employee with a highly-paid spouse, or even an employee who's paid off his or her mortgage and now wants to focus on building retirement savings might welcome an opportunity to save more.

In addition, an employee who's thinking about retiring before age 59½ might want to consider a plan that allows him or her to take money at retirement or severance without a 10 percent penalty tax against "early" payments².

Setting Up A 457(b) Plan

MetLife can provide funding vehicles and services for your plan as well as help you provide the plan and trust documents that you'll need to meet Internal Revenue Code rules. You'll need to set up a separate payroll slot for your 457(b) plan. You'll separate 403(b) elective deferrals and 457(b) deferrals on the employee's W-2 Form.

Unforeseeable-emergency distributions, minimum distributions, domestic-relations orders, beneficiary claims, and other plan administration matters do not have to burden you. Most of our customers prefer not being involved in these situations, and so instruct MetLife to handle these processes under a standard procedure.

*\$15,000 maximum per lifetime applies.

¹ The Internal Revenue Code limits deferrals to 100 percent of compensation. Further, some employers limit deferrals to considerably less so that there's enough left over to withhold FICA taxes and other payroll deductions.

² Withdrawals from 403(b) annuity contracts prior to age 59½ are prohibited unless certain conditions are met. Where permitted, withdrawals are subject to a 10% tax penalty and ordinary income tax.

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