457(b) Plan Overview

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Overview

The 457(b) Deferred Compensation Plan

Your Employer offers this 457(b) Deferred Compensation Plan (the “Plan”) to help you save for your retirement. While these questions and answers describe certain provisions of the Plan, they do not include every detail or limitation. Unless otherwise provided in this overview, words that are capitalized in this document are defined terms, which have the same meaning as used in the official Plan document. If, however, there is a disagreement between this overview and the official Plan document, the Plan document will control.

What are some differences between a 403(b) plan and a 457(b) plan?

There are many similarities in the way 457(b) and 403(b) plans operate. In both, employees and Employers can make contributions to the Plan. Upon a Distribution Event, the Participant can take a distribution of the funds or can elect to defer receipt of funds. Some key differences of a 457(b) plan are:

- The total of employee elective deferrals and Employer contributions are combined for contribution limit purposes and cannot exceed the lesser of the dollar amount of: (1) general limit on elective deferrals 402(g) limit (i.e., $18,000 for 2015) or (2) 100% of taxable compensation.
- The total employee and Employer contributions made to a 457(b) plan are subject to FICA taxation, generally at the time of contribution to the Plan. (SECA taxation is more complicated and should be discussed with the Employer’s payroll department or benefit counsel.)
- The contributions to a 457(b) plan are pretax. The Plan does not allow for after-tax or Roth contributions. The contributions to the Plan are always 100% vested.
- Employees may be eligible to make catch-up contributions within three years of their normal retirement age (typically age 65, unless the Participant completes an appropriate form designating a different normal retirement age between 65 and 70 ½) to make up for periods where contributions were not made up to the limit.
- A 457(b) plan is not subject to nondiscrimination rules.
- Loans are not available in a 457(b) plan.

Are distributions from a 457(b) plan any different from 403(b) plan rules?

There are a few noteworthy differences in the distribution rules of the two plans:

- Upon a Distribution Event in a 457(b) plan, the Participant must make an election within 60 days to establish a systematic withdrawal and/or defer payment. If no election is made within this 60-day period, the Plan will distribute all funds in a lump-sum payment. Regardless of election, no payments will be made until 60 days after the Distribution Event.
- The 10% penalty for early withdrawal does not apply.

The unforeseeable emergency distribution provisions in a 457(b) plan are very different from the hardship distribution provisions in a 403(b) plan. In order to receive an unforeseeable emergency distribution, the reason for the emergency must be completely outside of the Participant’s control.

Who can participate in the 457(b) Plan?

Your Employer determines eligibility for the Plan. Check with your Human Resources Department for details.
What is a Distribution Event?

Distribution Events under the Plan include one of the following:

• The Participant’s severance from employment
• The Participant’s death

In-service distributions are available at age 70 ½ or in the event of unforeseeable emergencies. Military service members may have additional options. (Note that 457(b) plans are subject to required minimum distribution rules requiring distributions to begin at the later of age 70 ½ or retirement.)

Are 457(b) plans subject to creditors?

Assets in a 457(b) plan are held in a rabbi trust and are considered Employer assets. Therefore, any funds invested in the Plan (employee or Employer) could potentially be subject to the Employer’s creditors in the event the Employer becomes insolvent or subject to bankruptcy proceedings.

Whom do I contact for more information?

Should you have any questions regarding your Plan, please contact your Employer or GuideStone.

This Plan Overview provides a synopsis of your Plan. The 457(b) Deferred Compensation Plan is composed of both a Basic Plan Document and an Adoption Agreement, as adopted by your Employer. In the event of a conflict or ambiguity, the Plan documents will always have precedence and control over the Plan Overview.