

2021 Comparison

RETIREMENT PLANS

Traditional 403(b), Roth 403(b), 457(b) and Roth 457(b) Plans



Understand Your Retirement Plan Choices

	Traditional 403(b)	Roth 403(b)	457(b)	Roth 457(b)
Basic Contribution Limit	\$19,500	Same amount as traditional; employees can direct their entire annual contribution to their traditional 403(b), a Roth 403(b) or split their annual contribution between both accounts; the sum of all contributions cannot exceed the annual limit.	\$19,500; in addition to any 403(b) contributions.	\$19,500; employees can direct their entire annual contribution to their 457(b), a Roth 457(b) or split their annual contribution between both accounts; the sum of all contributions cannot exceed the annual limit.
Taxability	Contributions are made pre-tax; contributions and earnings are tax-deferred until withdrawn.	Contributions are made after-tax; earnings can be withdrawn tax-free as long as withdrawals are made after age 59½ and after the account has been in existence for at least five years.	Contributions are made pre-tax; contributions and earnings are tax-deferred until withdrawn.	Contributions are made after-tax; earnings can be withdrawn tax-free as long as withdrawals are made after age 59½ and after the account has been in existence for at least five years.
Age 50 Catch-up Contributions	\$6,500	Same as traditional, subject to combined limit discussed above.	\$6,500, in addition to any 403(b) contributions.	\$6,500
Distribution Restrictions	Distributions are available due to death, disability, separation from service. In-service distributions may be available at attainment of age 59½ or hardship.	Same as traditional 403(b).	Distributions are available due to death, disability, separation from service. In-service distributions may be available at attainment of age 59½ or hardship.	Same as 457(b).

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Traditional 403(b), Roth 403(b), 457(b) and Roth 457(b) Plans (continued)

	Traditional 403(b)	Roth 403(b)	457(b)	Roth 457(b)
Early Withdrawal Penalties	Distributions prior to age 59½ are subject to a 10% penalty, unless the distribution was the result of death, disability or the participant separated from service in a calendar year that he/she attained the age of 55 or older.	The earnings portion of the account is subject to the same rules as a traditional 403(b).	None <i>The lack of a 10% premature distribution penalty is a major advantage of a 457(b) plan. The ability to receive in-service distributions is more restrictive than a 403(b).</i>	The earnings portion of the account is subject to the same rules as a traditional 457(b).
Additional Contributions Based on Years of Service	402(g)(7) catch-up (employee must have 15 years of service): limited to lesser of \$3,000, \$15,000 less previously excluded special catch-up OR \$5,000 multiplied by years of service minus previously excluded deferrals.	Same as traditional, subject to combined limit discussed above.	Special 457(b) catch-up: three years prior to the year of normal retirement age; limited to lesser of twice the basic annual limit (i.e., \$39,000) OR basic annual limit plus underutilized basic annual limit in prior years.	Same as traditional, subject to combined limit discussed above.
Employer Contributions	Up to \$58,000, taking into account the sum of employer and employee elective deferrals; employer contributions may be made for up to five years after a participant separates from service.	Not permitted.	Permitted up to the annual \$19,500 limit; note that employer 457(b) contributions are subject to FICA withholding; post-employment contributions are not generally permitted.	Not permitted.
Plan Document	A plan document is required.	Same as traditional 403(b).	A plan document is required; if you do not have an existing plan document, Lincoln Investment will recommend a third party administrator who can provide one.	Same as 457(b).

This plan comparison is intended for use as a general guideline and should not be construed as rendering legal or tax advice or a substitute for consulting legal counsel. Guidelines are based on 2021 IRS Contribution Limits.

