

## COMPARISON OF 403(b) AND 457(b) PLANS

Percentage Limit	403(b)		457(b)	
Contribution Limits	<u>Year</u> 2002 2003 2004 2005 2006	<u>Contribution Limits</u> \$11,000 \$12,000 \$13,000 \$14,000 \$15,000	<u>Year</u> 2002 2003 2004 2005 2006	<u>Contribution Limits</u> \$11,000 \$12,000 \$13,000 \$14,000 \$15,000
Catch-Up Contributions (General)	Employees with 15 or more years of full-time service may be eligible to contribute up to an additional \$3,000 for 5 years, for a max. catch-up of \$15,000. Requires a calculation, not all employees will be eligible.		A 457(b)-plan participant is eligible to defer up to twice the contribution limit in effect for the final 3 years of service before the normal retirement age of 62.	
Catch-Up Contributions (Age 50 or Older)	Participants who are 50 or older are now allowed to make catch-up contributions.		Participants who are 50 or older are now allowed to make catch-up contributions	
Portability	Participants in 403(b) plans are allowed to roll over eligible distributions from these plans into 401(k), 401(a), 403(b) and 457(b) plans and into IRA's.		Participants in 457(b) plans are allowed to roll over eligible distributions from these plans into 401(k), 401(a), 403(b) and 457(b) plans and into IRA's.	
Service Credits	TRS participants may transfer assets from their 457 or 403(b) plan to purchase service credits in the plan or repay amounts of refunded service credit.		TRS participants may transfer assets from their 457 or 403(b) plan to purchase service credits in the plan or repay amounts of refunded service credit.	
Tax Credit for Plan Contributions	Beginning in 2002 and expiring in 2006, a tax credit is available to low-income individuals who make pretax contributions. The credit is calculated as percentage of the first \$2,000 contributed, and the percentage is based upon the adjusted gross income.		Beginning in 2002 and expiring in 2006, a tax credit is available to low-income individuals who make pretax contributions. The credit is calculated as percentage of the first \$2,000 contributed, and the percentage is based upon the adjusted gross income.	
	<u>Joint Filers</u> \$0 - \$30,000 \$30,000 - \$32,500 \$32,500 - \$50,000 \$50,000 -	<u>Head of Household</u> \$0 - \$22,500 \$22,500 - \$24,375 \$24,375 - \$37,500 \$37,500 -	<u>All Other Filers</u> \$0 - \$15,000 \$15,000 - \$16,250 \$16,250 - \$25,000 \$25,000 -	<u>Applicable Percentage</u> 50% 20% 10% 0%

FEATURE	403(b) SUPPLEMENTAL RETIREMENT PLAN	457(b) DEFERRED COMPENSATION PLAN
<b>Eligibility and Participation Requirements</b>	All employees except any individual who does not, at any given time, hold regular employment in a job.	All employees except any individual who does not, at any given time, hold regular employment in a job.
<b>Vesting Period</b>	Immediately	Immediately
<b>Type of Contract</b>  Employee needs to complete a separate application for each type of account.	Group or Individual Contracts directly with investment sponsor	Funded public plan. Assets are held in one or more group annuity contracts with the investment sponsor for the exclusive benefit of participants and their beneficiaries.
<b>Salary Reduction Agreement for Changes or Enrollment</b>	May be submitted any month, but must be received the month prior to the effective date.	May be submitted any month, but must be received the month prior to the effective date.
<b>Investment Sponsors</b>	American Express Financial Advisors, American Fidelity Assurance Co., Fidelity Management Trust, Hartford Life & Accident, Metropolitan Life Ins. Co., Northern Life Ins. Co., OTRS, TIAA/CREF	TIAA/CREF
<b>Employee Salary Reduction (pre-tax) Contributions</b>  Limits for plans are separate; Employees may participate in both plans.	Governed by Sections 415 and 402(g)  Generally limited to \$13,000 in 2004 (higher limits in future years).	Governed by Section 457  Lesser of \$13,000 or 100% of compensation (higher limits in future years).



FEATURE	403(b) SUPPLEMENTAL RETIREMENT PLAN	457(b) DEFERRED COMPENSATION PLAN
<p><b>Early Federal Withdrawal Penalty</b></p>	<p>Yes – 10% penalty applies if income received before age 59 ½* *Some exceptions may apply</p> <p>A 403(b) account which is rolled into a 457(b) account will be subject to an early withdrawal penalty.</p>	<p>No</p> <p>A 457(b) account which is rolled over to a non-457(b) account will be subject to an early withdrawal penalty</p>
<p><b>Minimum Distribution Requirements</b></p> <p>403(b) plans have a grandfathered provision</p>	<p>Yes – applicable to accumulation at age 70 ½ (age 75 for pre-1987 accumulations) or retirement, if later.</p>	<p>Yes – applicable to entire accumulation at age 70 ½ or retirement, if later.</p>
<p><b>Investment Sponsors Accept Rollovers</b></p>	<p>Yes</p> <p>A 403(b) account which is rolled into a 457(b) account will be subject to an early withdrawal penalty.</p>	<p>Yes</p> <p>A 457(b) account which is rolled over to a non-457(b) account will be subject to an early withdrawal penalty</p>