

Features	457 Plan	403(b) Plan
Basic Plan Contribution Limits 2023	\$22,500 basic maximum contribution limit 457 limits not coordinated with 403(b) plan	\$22,500 basic maximum contribution limit 403(b) limits not coordinated with 457 plan
Early Withdrawal IRS Penalty Tax	None – (normal income tax only)	10% early withdrawal penalty tax may apply under age 59 ½ plus normal income tax
Eligibility Rules	Non-discrimination rules do not apply	Universal Availability Rule non-discrimination rules apply
Small Balance Distribution	Account balance \$5,000 or less. No contributions in the past 24 months.	Not applicable
Age 50 Catch-Up Option	Total of \$7,500 annual limit – not permitted if special catch-up option used	Total of \$7,500 annual limit
Special Catch-Up Option	As permitted in the Plan Document, three years prior to Normal Retirement Age stated in the Plan, allows contribution of the lesser of: <ul style="list-style-type: none"> • Twice the annual limit (\$45,000 in 2023), or • The basic annual limit plus the amount of the basic limit not used in prior years (only allowed if not using age 50 or over catch-up contributions) 	As permitted in the Plan Document, 15 years of service option increases limit by the lesser of: <ul style="list-style-type: none"> • \$3,000 • \$15,000 reduced by the amount of additional elective deferrals made in prior years because of this rule, or • \$5,000 times the number of the employee’s years of service for the organization, minus the total elective deferrals made for earlier years
Purchase Service Credit State Retirement Systems	Permitted	Permitted
Distribution Restrictions	<ul style="list-style-type: none"> • Severance from employment • Age 70 ½ while employed • Disability or Death • Small Account Balance • Unforeseeable Emergency 	<ul style="list-style-type: none"> • Age 59 ½ • Disability or Death • Financial Hardship
Permitted Portability of Plan Funds After Qualifying Event	Funds can be rolled over to: <ul style="list-style-type: none"> • Governmental 457 Plan of another Employer • Another 403(b)-provider approved in the Plan • IRA (Traditional, SEP, SAR-SEP) • Pension, Profit Sharing, 401(k) 	Funds can be rolled over to: <ul style="list-style-type: none"> • 403(b) TSA approved in the Plan • Governmental 457 Plan of another Employer • IRA (Traditional, SEP, SAR-SEP) • Pension, Profit Sharing, 401(k)

Hardship/Unforeseeable Emergency Distributions	Contributions may be distributed to the extent required for an unforeseeable emergency defined by the IRS as a severe financial hardship to you resulting from events such as a sudden and unexpected illness; an accident you or a dependent experience; loss of your property because of casualty; or other similar extraordinary and unforeseen circumstances arising as a result of events beyond your control. Withdrawals are only permitted for limited financial circumstances that must be substantiated.	Contributions may be distributed to the extent required for a financial hardship defined by the IRS as expenses deemed to be immediate and heavy, including: (1) certain medical expenses; (2) purchase of a principal residence; (3) tuition and related educational fees and expenses; (4) prevent eviction from, or foreclosure on, a principal residence; (5) burial or funeral expenses; and (6) certain expenses for the repair of damage to the employee’s principal residence. Withdrawals are only permitted for limited financial circumstances that must be substantiated.
Loans	Applies to all accounts and all Plans (403(b) &457) of the Employer; limited to the lesser of: <ul style="list-style-type: none"> • \$50,000; or • One half of vested account balance 	Applies to all accounts and all Plans (403(b) &457) of the Employer; limited to the lesser of: <ul style="list-style-type: none"> • \$50,000; or • One half of vested account balance
Required Minimum Distribution	RMD rules apply at age 72 or later, severance from service, and also after death	RMD rules apply at age 72 or later, severance from service, and also after death

Santa Clara County Office of Education uses third party administrator Employee Benefits Services Group (EBSG), Alta Montclair, for our Tax Shelter Annuity (TSA) accounts. Additional TSA information and services through EBSG is available at www.ebenefitsservices.net. To learn more about setting up a TSA, please contact EBSG-Alta Montclair at (408) 978-1000 or info@ebenefitsservices.com.

Santa Clara County Office of Education employees can setup a 403(b) account directly with our approved vendors. A list of approved vendors can be found at www.403bcompare.com.