

COMPARISON OF: TRADITIONAL 403(b), ROTH 403(b), AND 457(b)

Understanding Your Retirement Plan Choices Compare...

	Traditional 403(b)	Roth 403(b)	457(b)
Basic Contribution Limit	\$15,500	Same amount as Traditional; Employees can choose to direct their entire annual contribution to their Traditional 403(b), or to a Roth 403(b), or they can split their annual contribution between both accounts. The sum of both types of contributions cannot exceed the annual limit.	\$15,500 In addition to any 403(b) contributions
Age 50 Catch-up Contributions	\$5,000	Same as Traditional, subject to combined limit discussed above.	\$5,000 In addition to any 403(b) catch-up
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 catch-up: 3 years prior to the year of normal retirement age. Limited to lesser of: Twice the basic annual limit (i.e. \$31,000); or - Basic annual limit plus under-utilized basic annual limit in prior years
Employer Contributions	Up to \$45,000 (2007) 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 \$15,500 limit. Note that employer 457(b) contributions are subject to FICA withholding. Post-employment contributions are not generally permitted.
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 Contributions and earnings are tax-deferred until withdrawn.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 Earnings can be withdrawn tax-free as long as withdrawals are made after age 59½ and after the account has been in existence for at least 5 years.	Contributions are made pre-tax. Contributions and earnings are tax-deferred until withdrawn.

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Distribution Restrictions	Distributions are available due to death, disability, separation from service, attainment of age 59½ or hardship.	Same as Traditional 403(b).	Distributions are available due to death, disability, separation from service, attainment of age 59½ or the occurrence of an unforeseeable emergency.
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 or she attained the age of 55 or older.	The earnings portion of the account are subject to the same rules as a Traditional 403(b).	None. Comment: 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).
Plan Document	Not currently required for plans not subject to ERISA; may be required under final 403(b) regulations.	Same as Traditional 403(b).	A plan document is required Lincoln Investment Planning, Inc. can provide you with a plan document.

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.



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