

General Comparison of the 403(b) and 457(b) Plans

Page 1 of 2

	<b>University of Massachusetts 403(b) Elective Deferral Savings Plan</b>	<b>Commonwealth of Massachusetts Deferred Compensation SMART Plan</b>
<b>General Description</b>	A retirement income vehicle, which allows eligible employees to defer taxation savings to future years and make ROTH contributions. Operates under Internal Revenue Code Section 403(b). Often referred to as Tax Deferred Annuity (TDA) Plan or a Tax-Sheltered Annuity (TSA) Plan.	A retirement income vehicle, which allows eligible employees to defer taxation savings to future years and make ROTH contributions. Operates under Internal Revenue Code Section 457. Also referred to as a Deferred Compensation Plan (DCP).
<b>Contributions</b>	Voluntary; made through payroll deduction with pre-tax or after-tax (ROTH) dollars; <b>no employer match.</b>	
<b>Maximum Annual Deferral</b>	Governed by Sections 415 and 402(g) of the Internal Revenue Code; basic contribution limit of \$23,000 for 2024.	Governed by Section 457 of the Internal Revenue Code; basic contribution limit of \$23,000 for 2024.
<b>Age 50 “Catch-Up” Provision</b>	In 2024, an additional \$7,500 elective salary deferral is permitted for those employees aged 50 and over.	In 2024, an additional \$7,500 elective salary deferral is permitted for those employees aged 50 and over.
<b>Other “Catch-up” Provisions</b>	N/A	For those employees within 3 years of the plan’s normal retirement age, an additional amount may be available, subject to eligibility. For eligible employees, the “enhanced” maximum annual contribution amount would be up to the lesser of twice the applicable limit or the applicable limit plus unused deferral amounts from prior years. For example, in 2024 an eligible employee could have a maximum annual deferral of as much as \$46,000 (\$23,000 x 2).  Employees are only eligible for the greater of the enhanced limit or the age 50 catch-up limit, but <b>not</b> both.
<b>Deferral Coordination Between the Two Plans</b>	None; employees can contribute maximum to both the 403(b) plan and the 457(b) plan.	

<b>Availability of Benefits/ “Triggering Events”</b>	The earlier of the attainment of age 59 ½, separation from service, death, disability, or hardship.	The earlier attainment of age 73, separation from service, death, disability, or unforeseeable emergency.
<b>Required Minimum Distributions (RMD)</b>	The Income Tax Regulations provide that the Required Beginning Date (RBD) for minimum distribution payments is the later of the April 1st of the year after the year the employee turns age 73, or the April 1st of the year after the year in which the employee retires from the employer sponsoring the plan.	
<b>Loan Provision</b>	Yes	No
<b>Tax Penalties</b>	A 10% Federal penalty tax applies to distributions made prior to age 59 ½ (the “Early Withdrawal Penalty”).  Failure to withdraw a Required Minimum Distribution (RMD) will subject you to a 25% excess accumulation penalty on the amount that should have been withdrawn.	No Early Withdrawal Penalty.  Failure to withdraw a Required Minimum Distribution (RMD) will subject you to a 25% excess accumulation penalty on the amount that should have been withdrawn.
<b>Additional Information</b>	For additional information about the <b>University’s 403(b) plan</b> , please visit the <a href="#">Voluntary Benefits</a> page on the HR website or contact Benefits in the University Human Resources Office at (774) 528-0369.	For specific information about the <b>Commonwealth of Massachusetts Deferred Compensation 457(b) Plan</b> (also referred to as the “SMART Plan”), please visit the <a href="#">MA SMART Plan</a> website or contact Benefits in the University Human Resources Office at (774) 528-0369.