

403b /457b PLAN OVERVIEW

Thinking about saving more for retirement?

Howard County Public School System offers you two different methods to save additional funds for retirement by contributing to a supplemental retirement plan. One is through a 403(b) plan, also known as a Tax Sheltered Annuity (TSA). The other is through a 457(b) plan, also known as a Deferred Compensation Plan. Both plans permit employees to supplement their retirement benefits by purchasing tax-sheltered annuities or tax-sheltered mutual funds through payroll deductions.

Both plans are designed to:

- Help you save for retirement regularly on a tax-deferred basis
- Reduce your current taxable income
- Provide you with a choice of investment options
- Provide for your beneficiary

Why does HCPSS offer two types of supplemental retirement plans?

HCPSS offers two optional supplemental retirement plans so that eligible employees will be able to choose the plan that is best suited to their needs and their retirement goals. By using both plans, eligible employees can maximize the amount of money that they are saving for retirement. That is, employees may contribute to either the 403(b) Tax Sheltered Annuity plan AND/OR the 457(b) Deferred Compensation plan. Employees have the option of contributing to BOTH plans.

Which companies offer supplemental retirement plans to HCPSS employees?

The following vendors are authorized to enroll employees in Howard County Public Schools Systems' 403(b) tax-sheltered annuity plans:

- AXA Equitable
- AIG Retirement Services (formerly VALIC)
- VOYA (formerly ING Financial Partners)
- MetLife
- Horace Mann
- TIAA/CREF
- Symetra/Plan Member Services
- Fidelity Investments

For complete contact details, please see our [403\(b\) Tax Sheltered Annuity Vendor List](#).

The following vendor is authorized to enroll employees in Howard County Public Schools Systems' 457(b) deferred compensation plan:

- Nationwide Retirement Solutions

For complete contact details, please see our [457\(b\) Deferred Compensation Plan Vendor List](#).

What are the differences between the two plans?

There is at least one significant difference between the two plans: the withdrawal provisions are different. Because these plans are designed as “retirement plans,” access to one’s money prior to retirement is severely limited. However distributions from a 457(b) Plan are not subject to the 10% early withdrawal penalty that applies to the 403(b) Plan.

For a side by side comparison of the two types of plans, please refer to the chart below:

Question:	403(b)	457(b)
Who is eligible to participate?	All employees	All employees
Are payroll deductions for these plans taxed?	The money that is deducted is exempt from federal and MD income tax; however FICA tax is withheld.	The money that is deducted is exempt from federal and MD income tax; however FICA tax is withheld.
What is the minimum I can contribute?	\$5	\$5
What is the maximum I can contribute?	\$23,000 for calendar year 2024	\$23,000 for calendar year 2024
Are there “catch up” provisions?	Yes. Employees who will be age 50 or older in 2024 may contribute up to an additional \$7,500 for a total of \$30,500 in calendar year 2023. Contact your 403(b) provider for additional details.	Yes. The “Age 50 Catch-up” provision is a part of the 457(b) Plan. Employees age 50 or older may contribute up to an additional \$7,500 for a total of \$30,500 in calendar year 2024. The second is a Special 457 Catch-up Provision that allows eligible employees for 3 years prior to the normal retirement age to remit additional catch-up Contributions. Please contact Nationwide for additional information regarding this option.
How often may I change my contribution amount?	You may make changes as often as needed. Changes must be made directly through Workday.	You may make changes as often as needed. Changes must be made directly through Workday.
Is there a limited time of the year where I can change my contribution amount?	No, 403(b) contribution changes can be made at any time.	No, 457(b) contribution changes can be made at any time.

What are the costs to participate?	Contact your 403(b) company for details. Be sure to ask about commissions, management and administrative fees, 12b-1 fees, mortality and expense charges, and surrender charges. HCPSS does NOT receive any money for providing this retirement benefit	Contact Nationwide for a list of fees and expenses that are charged against your account. These will vary by the fund(s) you select. Be sure to ask about loans, commissions, investment fees, 12b-1 fees, and any other charges. HCPSS does not receive any money for providing this retirement benefit.
May I roll over or transfer money from one retirement plan to another?	Yes, rollovers from 401(k) plans, other 403(b) plans, 457(b) plans, and traditional IRAs are allowed.	Yes, rollovers from 401(k) plans, other 403(b) plans, 457(b) plans, and traditional IRAs are allowed.
May I withdraw money from the account while I'm still employed?	Yes, but only if you are 59 ½ or older, or qualify for a hardship withdrawal requests. There is a 10% penalty for early withdrawal.	Yes, but only if you are 59 ½ or older or qualify for an unforeseeable emergency. Requests for unforeseeable emergencies are administered by Nationwide.
When may I start to take withdrawals from my account without a penalty?	If you leave HCPSS employment at age 55 or older, or at age 59 ½ regardless of HCPSS employment status. Qualified withdrawals are taxed as ordinary income. There is a 10% penalty for early withdrawal	When you leave HCPSS employment, regardless of age. Qualified withdrawals are taxed as ordinary income.
May I change my withdrawal option, amount, or frequency once I start my payout?	Yes, excluding purchased annuities. Contact your company for more information.	Yes, excluding purchased annuities. Contact your company for more information.
Are there loan and hardship provisions?	Yes, please contact the Benefits Office for details.	Yes, please contact the Benefits Office for details.

How do I sign-up for a 403(b)?

You may sign up at any time. Visit the list of [HCPSS approved 403\(b\) vendors](#). Once you have selected a vendor and enrolled directly with that vendor, you must elect your payroll deduction with HCPSS. Please visit our [403\(b\) Workday Instructions](#) for enrolling or making changes to an existing 403(b) salary deferral amount.

How do I sign up for the 457(b)?

You may sign up at any time. Visit the list of [HCPSS approved 457\(b\) vendors](#). Once you have selected a vendor and enrolled directly with that vendor, you must elect your payroll deduction with HCPSS. Please visit our [457\(b\) Workday Instructions](#) for enrolling or making changes to an existing 403(b) salary deferral amount.

For additional information, please visit Howard457.com.

Can I sign up for both a 403(b) and a 457(b)?

You may sign up for either or both plans at any time. The only limitation in contribution is the annual maximum for each plan. There is no “open enrollment period” for participating in these plans, and there is no waiting period beyond what is required to process the paperwork to set up your account and begin payroll deductions.

Can I change my investments?

Yes. Contact your selected 403(b) Company or Nationwide Retirement Solutions. You should review your investment choices at least once a year.