

# Contributing Through Two Plans

S A V E M O N E Y A N D R E T I R E T O M O R R O W

## CONTRIBUTING THROUGH TWO PLANS CAN BENEFIT YOU!

### Now You Can Save More for Tomorrow

Did you know that you can save and invest through your 403(b) Plan and the Massachusetts Deferred Compensation SMART Plan (457 Plan) at the same time, giving yourself a powerful opportunity to double your before-tax contributions in 2015? Consider these reasons to contribute to your 457 Plan and 403(b) Plan simultaneously.

#### Greater Retirement Savings Power

- With time and the power of compounding on your side, participating in two plans can provide an incredible boost to your retirement strategy.
- In 2015, if you are under age 50 you may contribute \$18,000 to each Plan, for a total of \$36,000.
- In 2015, if you are age 50 or older you may contribute \$24,000 to each Plan, for a total of \$48,000.
- In 2015, if you are within three years of normal retirement age and have not contributed your maximum in previous years, you may be able to utilize Standard 457 Catch-Up, which allows you to contribute up to twice the regular dollar limit to your 457 Plan—\$36,000.<sup>1</sup>

#### Valuable 457 Plan Features

- As an employee, you can contribute to one of the most attractive savings and investment vehicles available today: the SMART Plan.
- There is no 10% early withdrawal penalty for 457 Plan money. The penalty may apply to IRAs and 401(a), 401(k) and 403(b) plans or money rolled into a 457 plan from IRAs and 401(a), 401(k) and 403(b) plans.
- You get the most generous contribution limits the three years prior to your normal retirement age if you have under-contributed in prior years. The 457 Plan now allows for a flexible payout similar to your 403(b) Plan.
- You can contribute up to the maximum contribution limit to both the 457 and 403(b) Plans.

#### Increased Tax Benefits

While tax-deferred growth is important regardless of your income tax bracket, it becomes more powerful as your marginal income tax bracket increases. Maximizing your contributions to both the 457 and 403(b) Plans may double your tax benefit each year.

#### Expanded Investment Options

Having access to more investment options through both Plans allows you to stay diversified—especially during the inevitable cycles of market volatility.<sup>2</sup>

Highlights for 457 and 403(b) Plans in 2015		
Feature	457	403(b)
Maximum Contribution (Under Age 50)	\$18,000	\$18,000
Maximum Contribution (Age 50 or Older)	\$24,000	\$24,000
Standard Catch-Up Allowed	\$18,000 <sup>1</sup>	No
15 Years of Service Catch-Up Allowed	No	Yes*
Potential Eligibility for Tax Credit	Yes	Yes
Roll Over to Other Eligible Plans <sup>3</sup>	Yes	Yes
Distributions Before 59½ Without 10% Early Withdrawal Penalty	Yes	No <sup>4</sup>
Payout Flexibility	Yes	Yes

\* Contact your Plan Administrator to confirm availability.

Get started today! Contact your local representative to set up an enrollment meeting convenient for you. Call (877) 457-1900 or go to [www.mass-smart.com](http://www.mass-smart.com).<sup>5</sup>

<sup>1</sup> You may not use both Standard 457 Catch-Up and Age 50+ Catch-Up in the same year. If you need help calculating your maximum contribution limit, please contact your local registered representative.

<sup>2</sup> Diversification does not ensure a profit and does not protect against loss in declining markets.

<sup>3</sup> If the new plan accepts rollovers.

<sup>4</sup> Some exceptions may apply, but typically there is a 10% federal penalty on distributions taken prior to age 59½. Withdrawals from all plans are subject to ordinary income taxes. The 10% early withdrawal penalty does not apply to withdrawals of 457 plan money.

<sup>5</sup> Access to the voice response system and/or any website may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance or other reasons.



# Contributing Through Two Plans (continued)

## Putting the Pieces Together

As you review your options and establish your long-term savings goals, look at how saving and investing through your 457 and 403(b) Plans simultaneously can impact your retirement planning efforts. If you have not been able to save aggressively until now, this is a savings and investment opportunity you don't want to overlook.

## For Participants Under Age 50

You may contribute \$18,000 to each of the two Plans, for a total of \$36,000. The hypothetical examples below show the benefit of contributing to both Plans versus just one. The examples assume you make the maximum contribution during each of the next 10 years and a hypothetical annual return of 6% compounded monthly.

### Contributing to Just One Plan

Year	Annual Maximum Contribution	Total Cumulative Contribution	Account Value
1	\$18,000	\$18,000	\$18,503
3	\$18,000 <sup>6</sup>	\$54,000	\$59,004
5	\$18,000 <sup>6</sup>	\$90,000	\$104,655
7	\$18,000 <sup>6</sup>	\$126,000	\$156,111
10	\$18,000 <sup>6</sup>	\$180,000	\$245,819

### Contributing to the 457 and 403(b) Plans

Year	Annual Maximum Contribution	Total Cumulative Contribution	Account Value
1	\$36,000	\$36,000	\$37,007
3	\$36,000 <sup>6</sup>	\$108,000	\$118,008
5	\$36,000 <sup>6</sup>	\$180,000	\$209,310
7	\$36,000 <sup>6</sup>	\$252,000	\$312,222
10	\$36,000 <sup>6</sup>	\$360,000	\$491,638

FOR ILLUSTRATIVE PURPOSES ONLY. This hypothetical illustration is not intended as a projection or prediction of future investment results, nor is it intended as financial planning or investment advice. It assumes a 6% annual rate of return and reinvestment of earnings with no withdrawals. Rates of return may vary. The illustration does not reflect any associated charges, expenses or fees. The tax-deferred accumulation shown would be reduced if these fees had been deducted.

To increase your contributions to the SMART Plan, call the SMART Plan Service Center at (877) 457-1900 or go to [www.mass-smart.com](http://www.mass-smart.com).<sup>5</sup>

<sup>6</sup> May be indexed for inflation in no less than \$500 increments in future years. Limits in these years may be higher.

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