

# 403(b) vs. 457(b)... What's the difference?

Your employer may offer you the option of contributing both to a 403(b) and a 457(b) plan. Although the plans are very similar, there are a few differences worth noting:

## Similarities:

- Both plans were designed for government and non-profit workers.
- The tax advantages for both 403(b) and 457(b) are similar in that all contributions are deducted from your taxable income and interest and investment earnings are tax deferred until withdrawal.
- Age based contribution limits are the same. As a reminder, 2021 limits can be found on our website at [www.omni403b.com](http://www.omni403b.com). Catch-up provisions differ and 457(b) plans do not recognize non-elective contributions.
- If permitted by the plan, both plans may allow for "hardship" (in a 403(b) plan) or "unforeseeable emergency" (in a 457(b) plan) withdrawals. Although these transactions are similar, "unforeseeable emergency" withdrawals have stricter criteria for qualification.

## Differences:

- Once you turn age 59 ½ you may withdraw from your 403(b) plan, even if still employed. In a 457(b) plan, however, you cannot withdraw funds without penalty until you are 70 ½ if you are still employed. Disability withdrawals are also not available in a 457(b) plan.
- Once separated from employment, a participant may withdraw from his/her 403(b) or 457(b) plan. Although subject to ordinary federal and state income tax, withdrawing from a 457(b) does not result in additional IRS tax penalty regardless of age. Withdrawing from a 403(b), however, may result in such penalty if done before the age of 59 ½.



If you'd like to learn more, visit your Employer Plan Page through our website:

[www.omni403b.com](http://www.omni403b.com).

Our website was built for you, and our Customer Care Team is available to assist you  
Monday – Friday 7:30 am to 8:00 pm. EST. 1.877.544.6664

The team operates directly out of our headquarters in Rochester, New York. OMNI is staffed to provide assistance with all questions on your 403(b) and 457(b) accounts, or questions you may have about establishing a new account with your employer's plan.

In addition to our expert Customer Service Team, OMNI's website allows 403(b) participants to accomplish an array of plan actions – including researching their investment options, and executing common plan transactions – all at a substantially reduced turn-around time, in comparison to faxing/mailing paperwork.

