



ICMA-RC is now

**MissionSquare**  
RETIREMENT

# Get to know your 457 Deferred Compensation Plan

## A retirement plan with benefits

With your 457 plan, you're in control of how much you save and where you invest those savings – all the while, enjoying tax advantages.

- Contributions are made during your employment, and you can change, stop, and restart them at any time.
- Your account's value is based on those contributions and subsequent investment returns.
- Earnings are not subject to tax until withdrawn.
- You have control over:
  - How your money in the account is invested
  - How funds are withdrawn following your separation from service
  - Who receives any remaining assets upon your death

A smart addition to any pension or Social Security benefits you may receive, your **457 Deferred Compensation Plan** offers simple and flexible ways to increase your retirement savings for a more secure and confident financial future.

## Contribute what you can.

For 2021, you can contribute up to \$19,500, or \$26,000 if age 50 or over. Participants nearing retirement may also be eligible to contribute additional amounts – up to \$39,000 total. Even small savings add up over time. In fact, starting small and increasing how much you save by a little each year may be all you need.

MissionSquare can help you decide how much to save and how to invest through **Guided Pathways**<sup>®</sup>. Learn more:  
[www.icmarc.org/guidedpathways](http://www.icmarc.org/guidedpathways)

## 457 plans are unique.

Unlike other retirement accounts, you don't have to qualify for an exception to avoid the 10% IRS penalty tax on withdrawals of your contributions and associated earnings before age 59½. Just remember that your 457 plan is designed to help you meet your retirement goals. Any withdrawals prior to retirement may reduce your future retirement security.

## Contributions

**Pre-tax contributions** you make reduce your taxable income for the year. These contributions and all associated earnings won't be taxed until you withdraw them – boosting account growth.

You also may be able to make after-tax **Roth contributions**, if offered by your employer. While they don't reduce your taxable income for the year, future withdrawals may be tax-free. Alternatively, you can contribute to a Roth IRA. For more information, visit: [www.icmarc.org/ira](http://www.icmarc.org/ira).

## Investment control

A wide range of investment options are available to help you build a diversified portfolio. You control all investment decisions, including:

- How your contributions are invested
- How to manage your investments on an ongoing basis

## Access to your money

Based on your employer's plan rules, withdrawals may be allowed while you're still working.

When you leave your employer, you can withdraw assets regardless of the reason and your years of service.

Enjoy flexible withdrawal options for vested assets like:

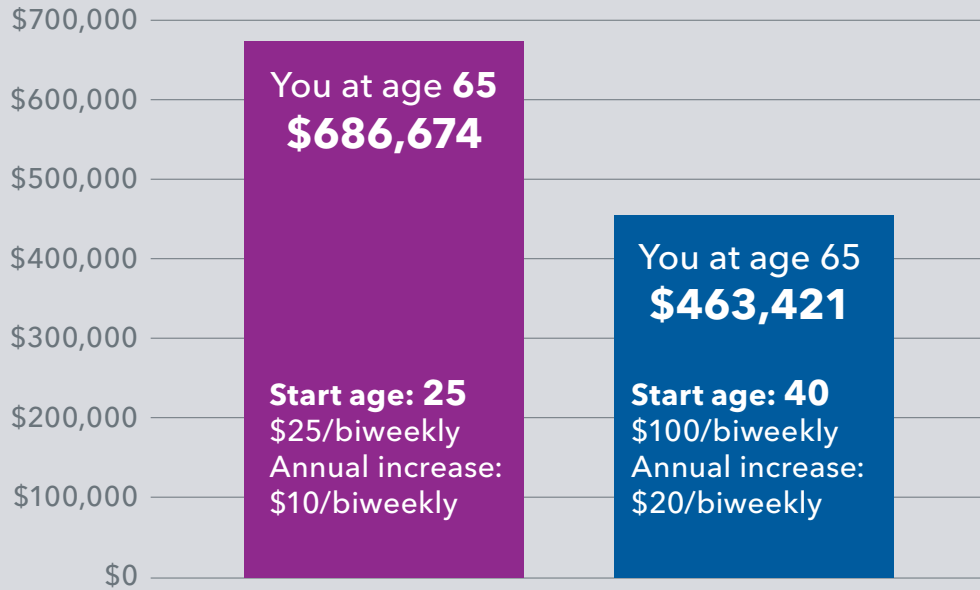
- A withdrawal of your entire balance
- Periodic, partial withdrawals as you see fit
- Installment payments of a certain dollar amount and frequency, such as monthly or quarterly, that you can change at any time
- Lifetime income payments

After you reach age 72 or separate from service, whichever is later, you'll be required to withdraw at least a minimum amount from your account each year, per IRS rules.

If plan rules and/or IRS rules allow, you can also borrow against your vested assets through a loan.

### Don't delay, start saving today!

Saving now can help alleviate the pressure to catch up later. Starting early can give you an advantage due to compounding, in which your investments produce earnings from previous earnings.



For illustrative purposes only. Assumes an effective annual rate of 6%, compounded biweekly.

### Designate beneficiaries

You designate a beneficiary, or beneficiaries, to receive any remaining assets upon your death. If you don't designate beneficiaries, your estate is the default beneficiary, in which case:

- Assets may not be distributed per your wishes.
- Assets are subject to probate costs, potential delays, and creditor claims.
- Non-spouse heirs may receive fewer tax benefits.

Beneficiaries control investment decisions, receive the most flexible withdrawal options allowed by law, and aren't subject to any additional fees.



### Learn more

- Get to know your 457 plan: [www.icmarc.org/457](http://www.icmarc.org/457)
- Log into your account to manage your savings: [www.icmarc.org](http://www.icmarc.org)
- Check out tips and tools to help you save, invest, and retire: [www.icmarc.org/learn](http://www.icmarc.org/learn)

## MissionSquare

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Founded in 1972, **MissionSquare Retirement** helps those who serve their communities build toward a secure and confident financial future. MissionSquare is a mission-based, nonstock, nonprofit, financial services company that focuses on delivering results-oriented retirement plans, education, investments, and advice for over 1.5 million public participant accounts. For more information, visit [www.icmarc.org](http://www.icmarc.org).