VALIC®

403(b) vs. 457(b): Which is better for you?

Or choose both and possibly save twice as much a year – tax deferred

What's the difference?

403(b)	457(b)
Key difference: It's easier to access your funds while you are employed by the plan sponsor.	**Key difference:** You are not subject to the 10% federal early withdrawal tax penalty once you leave the plan sponsor.

Here's why:	
Less stringent withdrawal restrictions while you are employed, but a 10% federal early withdrawal tax penalty might apply.	More stringent withdrawal restrictions while you are employed, but no 10% federal early withdrawal tax penalty after severance from employment [except in the case of rollovers from non-457(b) plans, including IRAs].
Generally withdrawals made prior to severance from employment or the year you reach age 59½ can only be made due to financial hardship.	Generally withdrawals made prior to severance from employment or the year in which you reach age 70½ can only be made for an unforeseeable emergency.
A financial hardship withdrawal is considered less restrictive — while you are employed — than a 457(b) unforeseeable emergency. Examples of financial hardship include: • Unreimbursed medical expenses • Payments to purchase a principal residence • Higher education expenses • Payments to prevent eviction or foreclosure of a mortgage	An unforeseeable emergency is more restrictive — while you are employed — than a 403(b) financial hardship. Some examples: • A sudden and unexpected illness or accident for you or a dependent • Loss of your property due to casualty • Other similar extraordinary circumstances arising as a result of events beyond your control Sending a child to college or purchasing a home, two common reasons for 403(b) hardship withdrawals, generally are not considered unforeseeable emergencies
Withdrawals can be subject to a 10% federal early withdrawal tax penalty prior to age 59½.	The 10% federal early withdrawal tax penalty, generally applicable to distributions prior to age 59½ from a 403(b) plan, does not apply to distributions from 457(b) plans except on amounts rolled into the plan from non-457(b) plans (including IRAs).

Talk with your financial advisor about which might better suit your needs.

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Your Future is Calling. Meet It with Confidence.
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VC 23260 (02/2017) J100825 EE