

401(k) AND 457 PLAN COMPARISON



Important Note: GSEPS members should be contributing 5% to your 401(k) before contributing to a 457 plan, to ensure you are receiving the full employer match.

	401(k) Plan	457 Plan
Participation		
Eligibility	All full-time state and participating university system employees and other government employees eligible for membership in the ERS retirement plan, as well as employees of Fayette, Baldwin, Henry, and Walton County Boards of Education. Part-time and hourly employees may or may not be eligible—check with your Human Resources office about benefit eligibility. Employees of the Georgia Lottery Corporation are not eligible for the state 457 Plan.	
Enrollment	Initial enrollment for eligible employees is available at any time.	
Rollovers	Employees may transfer assets into PSR from their previous employer's 401(k), 403(b), or 457 plans, or in some cases, from IRAs. Upon termination, you may transfer assets to your new employer's retirement plan or to an IRA, but there is no requirement to do so.	Employees may transfer assets into the 457 Plan only from other 457 plans. To roll over other plan assets into PSR, you can roll over non-457 plan assets into the 401(k) Plan and still contribute through payroll deduction to the 457 Plan (there is no additional cost for maintaining a balance in both Plans). Upon termination, you may transfer assets to your new employer's retirement plan or to an IRA, but there is no requirement to do so.
Contributions		
Contribution Limits	Contributions can be made between 1% and 80% of compensation per pay period. The maximum contribution for 2022 is \$20,500, which includes your combined pre-tax and Roth contributions, and can be contributed to EACH of the 401(k) and 457 plans.	
Catch-Up Contributions	Age 50 and over contribution: Employees age 50 or older (or who will reach age 50 in the applicable tax year), may make additional contributions, beyond the normal contribution limit, of up to \$6,500 in 2022 for a total contribution of \$27,000, which includes your combined pre-tax and Roth contributions, and can be contributed to EACH of the 401(k) and 457 plans.	
	Not available in the 401(k) Plan.	Special 457 Catch-Up: Double the normal contribution limit during the three years prior to the year of your retirement, if eligible. You cannot contribute to the Special 457 Catch-Up and the 457 Age 50 additional contribution during the same tax year. Contact GaBreeze for eligibility information and application.
Employer Contributions	Georgia State Employees' Pension and Savings Plan (GSEPS) members are eligible for a match on their 401(k) Plan contributions. Henry and Walton County Board of Education employees covered under the Public School Employees' Retirement System are eligible for a match on their 401(k) Plan contributions. Full-time and some part-time Community Service Board (CSB) and Georgia Lottery Corporation employees not eligible for the Employees' Retirement System are eligible for employer contributions as provided for by your employer. Contact your Human Resources office for information. GSEPS members should be contributing 5% to your 401(k) before contributing to a 457 plan, to ensure you are receiving the full employer match.	Not available in the 457 Plan.
Changes to Current Contributions	Contributions can be started or stopped and amounts changed anytime. Changes become effective as soon as administratively possible—generally the next pay period.	Contributions can be started or stopped and amounts changed anytime. Changes become effective the following calendar month, except revocations which are effective as soon as administratively possible—generally the next pay period.
Withdrawals		
Rollovers	Upon separation from service, funds may be rolled into another 401(k), 457, 403(b), or IRA in order to maintain the tax-deferred status of the assets. 457 assets that are rolled into anything other than another 457 plan will be assessed the 10% early withdrawal penalty if a withdrawal is later taken prior to age 59½.	
Withdrawal Rules	Generally, withdrawals are not allowed until separation from state service, or can be made on or after age 59½, even if still working (except employer contributions, which cannot be withdrawn until separation from all state service). If a taxable amount is withdrawn prior to age 59½, in most cases, a 10% penalty is assessed in addition to taxes. This includes any investment earnings in a Roth account not held for at least five years.	Generally, withdrawals are not allowed until separation from state service, or until you reach age 59½. If your 457 Plan account is less than \$5,000 and has been inactive for two years, you may take a one-time withdrawal of the account balance, provided you have never received a prior in-service withdrawal under these same conditions. No tax penalties unless 457 assets are rolled into a 401(k) plan, 403(b) plan, or IRA and a taxable amount is withdrawn prior to age 59½. This includes any investment earnings in a Roth account not held for at least five years.
Spousal Consent	Spouse must be named as beneficiary for entire account balance unless spouse submits a waiver.	Married participants don't have to specify their spouse as beneficiary.
Required Minimum Distribution (RMD)	IRS requires withdrawals be taken from all qualified retirement plans, including IRAs, no later than April 1 following <ul style="list-style-type: none"> the year you turn age 70½ for those born before July 1, 1949, or the year you turn 72 for those born on or after July 1, 1949 if no longer employed by a PSR employer. A significant tax penalty applies if RMDs are not taken by the required time. Please consult a tax specialist if you need more information.	
Unforeseeable Emergency/ Financial Hardship Withdrawals	Withdrawals may be permitted if you experience an immediate and heavy financial need. Must meet strict IRS requirements. Extremely difficult to qualify. Any employer contributions are not eligible for hardship withdrawal.	Withdrawals may be permitted when you experience an unforeseeable emergency that causes extreme financial hardship. Must meet strict IRS requirements. Extremely difficult to qualify.
Loans	Not available.	Not available.