

Comparison of a 403(b) plan and the Texa\$aver 457 Plan

| | 403(b) PLAN | 457 PLAN |
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| ELIGIBILITY | Part-time and full-time higher education employees, upon date of hire or anytime thereafter. <i>Excludes state employees.</i> | Part-time and full-time state and higher education employees, upon date of hire or anytime thereafter. |
| MAXIMUM ANNUAL DEFERRAL FOR 2007 | 100% of 403(b) eligible compensation or \$15,500* per year, whichever is less. | 100% of 457 eligible compensation or \$15,500* per year, whichever is less. |
| SAVER TAX CREDIT | Eligible participants will receive a non-refundable tax credit of up to 50% on an annual contribution of \$2,000 in elective deferrals, in addition to the tax deferral. This generally applies to joint filers with an adjustable gross income (AGI) of up to \$50,000 and single filers with an AGI of \$25,000. To submit, complete federal Form 1040. This is effective through 2007. | |
| AGE 50 AND OVER CATCH-UP PROVISIONS | If you are age 50 or older, you may contribute an additional \$5,000* in 2007. You may not use this provision in a 457 Plan while using the 457 Three-Year Catch-up Provision. After 2007, amounts will be adjusted for inflation. | |
| THREE-YEAR 457 CATCH-UP PROVISION <i>Cannot be used with the Age 50 and Over Catch-up in the 457 Plan.</i> | Not available in a 403(b) Plan. | If you have unused deferrals, the 457 Catch-up limit (\$31,000* in 2007) is subject to eligibility. You may participate only in the three years before the taxable year in which you attain normal retirement age. |
| LOANS | Loans may be available to the extent provided by the annuity contract or custodial account. | Loans may be approved for \$1,000 to \$50,000. You must have an account balance of at least \$1,050, as there is a \$50 application fee and a \$2 monthly maintenance fee. |
| FINANCIAL HARDSHIP/ EMERGENCY WITHDRAWALS** <i>Only allowed when you have no other resources including Plan loans, by approval. Deferrals must stop for 6 months.</i> | Reasons for hardship include purchase of a primary residence, prevention of eviction or foreclosure from your primary residence, tuition expenses, or non-reimbursed medical expenses. | Reasons for hardship include prevention of eviction or foreclosure from your primary residence, non-reimbursed medical expenses, funeral expenses, casualty loss, or similar extraordinary and unforeseeable circumstances. |
| TRANSFER OF FUNDS TO PURCHASE SERVICE | Contact your 403(b) administrator to see what they allow. | You may purchase military service, Additional Service Credit, refunded, or other eligible ERS/TRS service by transferring funds from your Texa\$aver account, while employed. This is not a taxable distribution. |
| ROLLOVERS IN | Contact your 403(b) administrator to see what they allow. | If eligible, you may roll funds into the Texa\$aver 457 Plan from another eligible 457 plan. |
| DISTRIBUTIONS WHILE EMPLOYED | You may take a distribution from your 403(b) Plan after age 59½ while still employed without a 10% early withdrawal penalty; 20% will be withheld for federal income taxes unless funds are rolled to a qualified plan. | If your 457 Plan has less than \$5,000 and has been inactive for two years, you may take it as a de minimis distribution. 20% may be withheld for federal income tax purposes. |
| DISTRIBUTION AFTER SEPARATION FROM EMPLOYMENT | After separation from state employment, at 59½, or at age 70½. You may roll over funds into other types of employer-sponsored plans, IRAs or other eligible options. Lump-sum distributions have 20% automatically withheld for federal taxes. To avoid the 20% withholding, you may do a direct rollover to an eligible retirement plan, IRAs, or other eligible options. | After separation from state employment or at age 70½. You may roll over funds into other types of employer-sponsored plans, IRAs, or other eligible options. Lump-sum distributions have 20% automatically withheld for federal taxes. Periodic distributions are allowed. To avoid the 20% withholding, you may do a direct rollover to an eligible retirement plan, IRAs, or other eligible options. |
| REQUIRED MINIMUM DISTRIBUTIONS (RMD) MUST BEGIN: | No later than April 1 following the year in which participant turns 70½, unless the participant is still employed. | |
| TAX PENALTIES | A 10% federal penalty tax applies to distributions made before age 59½. 50% federal tax penalty applies if required minimum distributions are not taken at age 70½. | No 10% federal penalty tax applies to distributions made before age 59½. 50% federal tax penalty applies if required minimum distributions are not taken at age 70½. |

* Ceiling is adjusted each year per cost-of-living index. Amount shown is for 2007.

** Please refer to IRS website for 403(b) and 457 information on hardship withdrawals.
For more information, call Texa\$aver at (800) 634-5091.