

State of Washington Deferred Compensation Program

1

Types of Investment Programs

- 401(k) = employees of private sector businesses
- 401(a) = employees of educational institutions and certain public institutions (DRS Plan 3 defined contributions)

2

Types of Investment Programs

- 403(b) = employees of educational institutions and certain public institutions (aka—tax sheltered annuity—TSA)
- 457 = employees of state and local governments, semi-governmental agencies, or any tax-exempt organization (aka—deferred compensation program—DCP)

3

Major Differences Between 403(b) and 457

- | 403(b) | 457 |
|--|---|
| <ul style="list-style-type: none"> ● agent ● identifies needs and risk tolerances ● suggests different options to fit with style ● fees to make a profit | <ul style="list-style-type: none"> ● no agent ● make fund choices on own ● fees to cover administrative costs only |

4

Major Differences Between 403(b) and 457

- | 403(b) | 457 |
|---|---|
| <ul style="list-style-type: none"> ● minimum contributions vary ● may or may not be penalties attached if money taken before age 59 ½ | <ul style="list-style-type: none"> ● minimum to open account \$30 a month ● can access money without penalty at any age after severing employment |

5

Major Differences Between 403(b) and 457

- | 403(b) | 457 |
|--|---|
| <ul style="list-style-type: none"> ● can be tedious to change ● may be restrictions on how many times a year changes can be made | <ul style="list-style-type: none"> ● very easy to change ● no restrictions on number of changes |

6

Contribution limits*

- Regular Deferral Limit
 - \$19,500 (\$1,583/month)
- Age 50+ Catch-Up Limit
 - \$26,000 (\$2,083/month)
- Limits change annually based on inflation

*2020

7

- Can contribute to both types of accounts

- Contribution limits apply to both 403(b) and 457

8
