

General Comparison of the 403(b) and 457(b) Plans

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	University of Massachusetts 403(b) Elective Deferral Savings Plan	Commonwealth of Massachusetts Deferred Compensation SMART Plan
General Description	A retirement income vehicle, which allows eligible employees to defer taxation savings to future years. Operates under Internal Revenue Code Section 403(b). Often referred to as Tax Deferred Annuity (TDA) Plan or a Tax Sheltered Annuity (TSA) Plan.	A retirement income vehicle, which allows eligible employees to defer taxation savings to future years. Operates under Internal Revenue Code Section 457. Also referred to as a Deferred Compensation Plan (DCP).
Contributions	Voluntary; made through payroll deduction with pre-tax dollars; no employer match.	
Maximum Annual Deferral	Governed by Sections 415 and 402(g) of the Internal Revenue Code; basic contribution limit of \$17,000 for 2012.	Governed by Section 457 of the Internal Revenue Code; basic contribution limit of \$17,000 for 2012.
Age 50 “Catch-Up” Provision	In 2012, an additional \$5,500 elective salary deferral is permitted for those employees age 50 and over.	In 2012, an additional \$5,500 elective salary deferral is permitted for those employees age 50 and over.
Other “Catch-up” Provisions	N/A	For those employees within 3 years of the plan’s normal retirement age, an additional amount may be available, subject to eligibility. For eligible employees, the “enhanced” maximum annual contribution amount would be up to the lesser of twice the applicable limit or the applicable limit plus unused deferral amounts from prior years. For example, in 2012 an eligible employee could have a maximum annual deferral of as much as \$34,000 (\$17,000x2). Employees are only eligible for the greater of the enhanced limit or the age 50 catch-up limit, but not both.
Deferral Coordination Between the Two Plans	None; employees can contribute maximum to both the 403(b) plan and the 457(b) plan.	

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Availability of Benefits/ “Triggering Events”	The earlier of the attainment of age 59 ½, separation from service, death, disability or hardship.	The earlier attainment of 70 ½, separation from service, death, disability, or unforeseeable emergency.
Required Minimum Distributions (RMD)	The Income Tax Regulations provide that the Required Beginning Date (RBD) for minimum distribution payments is the later of the April 1st of the year after the year the employee turns 70 ½, or the April 1st of the year after the year in which the employee retires from the employer sponsoring the plan.	
Loan Provision	Yes.	No.
Tax Penalties	<p>A 10% Federal penalty tax applies to distributions made prior to age 59 ½ (the “Early Withdrawal Penalty”).</p> <p>Failure to withdraw a Required Minimum Distribution (RMD), will subject you to a 50% excess accumulation penalty on the amount that should have been withdrawn.</p>	<p>No Early Withdrawal Penalty.</p> <p>Failure to withdraw a RMD, will subject you to a 50% excess accumulation penalty on the amount that should have been withdrawn.</p>
Additional Information	<p>For additional information about the University’s 403(b) plan, please visit the following link: http://www.massachusetts.edu/treasurer/403b.html; or contact the University Treasurer’s Office at (774) 455-7586.</p>	<p>For specific information about the Commonwealth of Massachusetts Deferred Compensation 457(b) Plan (also referred to as the “SMART Plan”), please visit the following links: http://www.mass.gov/smartplan</p>