

A Comparison of a 403(b) Plan Versus a 457(b) Plan

The grid below highlights some important information concerning 403(b) and 457(b) to help you determine which better suits your needs. The information provided does not consider limitations that may also be imposed through your employer's 403(b) or 457(b) plan.

	403(b)	457(b)
Who are eligible employers?	Public and private K-12 schools, colleges, universities, local governments, and 501(c)(3) tax-exempt organizations.	State and local governments, public and private K-12 schools, public colleges, and public universities. (The company only offers 457(b) plans.)
Assets	Held by selected life insurance company or fund sponsor.	Held in trust or certain qualifying annuities.
What are the deferral limits?	\$22,500 for tax year 2023	
Tax Penalties from the IRS	At least age 55 then separated from service, or 59½ (regardless of employment status) to receive distributions without tax penalty.	Plan payout upon retirement or separation from service without tax penalty (no age requirement).
Portability	If plan permits and a distributable event occurs, eligible rollover to an IRA or another employer's 403(b), 401(k) or 457(b) plan. ¹	
Beneficiaries	Surviving spouse of participant may rollover distributions. Non-spousal beneficiary may rollover distributions to an inherited IRA.	
Catch-up Contributions	Additional \$7,500 for participants who have reached age 50. 15-year catch-up provision may be available for up to \$3,000 per year, for a lifetime maximum of \$15,000. Participants must prove eligibility by submission of completed Maximum Contribution Calculation Worksheet.	Additional \$7,500 for participants who have reached age 50. Special 457 catch-up provision available (double up in last three years if you have under-contributed in the past).
Savings and Investment Options	Traditional Fixed Annuities Indexed Annuities Variable Annuities Mutual Funds GLIR Rider Available on select indexed annuities offered by NLG insurance companies. ²	

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Comparisons of 403(b) and 457(b) Plans (continued)

	403(b)	457(b)
Employer Contributions	Employer contributions are permitted. Not common practice.	
Universal Availability	IRS 403(b) regulations promote universal availability. If the plan permits, every employee can make a salary reduction contribution. Certain exceptions apply to employees who are participating in another retirement plan sponsored by the employer, nonresident aliens, students, and employees who normally work less than 20 hours per week.	No federal universal availability requirements.
Loan Availability	If the plan allows, loans are permitted to individuals. Plan sponsor must approve loans in advance. Loan limits apply.	
Required Minimum Distributions (RMDs)	Required Minimum Distributions rules apply at age 73 or later, severance from service, and after death.	
Distribution Restrictions	<p>Annuity's Accumulation Value or mutual funds cannot be distributed until (early penalty may apply):</p> <ul style="list-style-type: none"> • Age 59½ • Severance from employment • Disability • Death • Financial Hardship • IRS Levy • Child Birth/Adopt 	<p>Annuity's Accumulation Value or mutual funds cannot be distributed until:</p> <ul style="list-style-type: none"> • Age 59½ • Severance from employment • Death • Unforeseeable Emergency • IRS Levy • Child Birth/Adopt
Hardship or Unforeseeable Emergency Distributions	<p>Hardship distributions allowed to pay for:</p> <ul style="list-style-type: none"> • Medical Expenses • Costs related to purchase of primary residence • Tuition and other eligible education fees and expenses • Necessary payments to prevent eviction from, or foreclosure on, a principal residence • Burial or funeral expenses • Expenses for the repair of damage to the participant's principal residence 	<p>Unforeseeable Emergency distributions allowed to pay for:</p> <ul style="list-style-type: none"> • Casualty loss to the participant's property not otherwise covered by insurance • Imminent foreclosure of or eviction from participant's primary residence • Medical Expenses • Funeral expenses

1. Not all acceptable rollovers by the IRS are available at every carrier.

2. The Guaranteed Lifetime Income Rider (GLIR), as represented in form series 8969, 8970, 20365, 20135, 20136, and/or 20380, is a rider that can be added to an annuity policy at issue and is available on fixed and fixed indexed annuities issued by Life Insurance Company of the Southwest. GLIR may be optional, and may not be available on all products or in all states. Guarantees are dependent on the claims paying ability of the issuing Company. Electing this rider incurs an additional cost. Guaranteed Withdrawal Payments provided by the rider reduce the policy's accumulated value, but you will continue to receive these payments during your lifetime even if your accumulation value declines to zero.

Distributions from a 403(b) or 457(b) plan are taxed as ordinary income. Distributions from a 403(b) plan taken prior to reaching age 59½ may be subject to an additional 10% federal income tax penalty. Most annuities have surrender charges that are assessed during the early years of the contract if the annuity is surrendered. Buying an annuity within a tax-deferred retirement plan doesn't offer extra tax benefits. If considering an annuity within a retirement plan, base your purchase decision on the annuity's other features and benefits, as well as its risks and costs, not its tax benefits. Indexed annuities do not directly participate in any stock or equity investments. This is not a solicitation of any specific annuity. Mutual funds and variable annuities can be offered solely by representatives registered to offer such products through a broker/dealer by way of prospectus. The companies of National Life Group® and their representatives do not offer tax or legal advice. Please encourage your clients to seek tax or legal advice from their appropriate professional advisor.

Mutual Funds are sold by prospectus. For more complete information, please request a prospectus from your registered representative. Please read it and consider carefully a Fund's objectives, risks, charges and expenses before you invest or send money. The prospectus contains this and other information about the investment company.