

Get To Know Your 457 Deferred Compensation Plan

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Presenter: Ian Swafford, CFP®

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What Is a 457 Plan?



- Pre- or post-tax (Roth) contributions via payroll deduction



- You direct the investments in your account from a diverse fund menu.



- No IRS early withdrawal penalty



- Your assets are held in trust, protected from creditors.



Roth 457 is NOT a separate account

Contribution Details

Total Employee and Employer
Contributions Since Inception
\$9,598.65

Total Employee Contributions Since
Inception
\$9,598.65

Total Employee YTD Contributions
\$7,935.66

[Print Table](#)

| Contribution Type | Last Contribution Date | Last Contribution Amount | Payroll Date YTD | Payroll Date Prior Year | <u>Process Date</u> YTD | <u>Process Date</u> Prior Year |
|---------------------------------|------------------------|--------------------------|-------------------|-------------------------|----------------------------|-----------------------------------|
| Employee | | | | | | |
| Pre-Tax Contributions | 01/30/2025 | \$266.15 | \$595.85 | \$2,002.80 | \$935.66 | \$1,662.99 |
| Roth Employee Elective Deferral | 09/11/2025 | \$294.78 | \$7,000.00 | \$0.00 | \$7,000.00 | \$0.00 |
| Total Employee | | | \$7,595.85 | \$2,002.80 | \$7,935.66 | \$1,662.99 |
| Total | | | \$7,595.85 | \$2,002.80 | \$7,935.66 | \$1,662.99 |



CONTRIBUTION LIMITS

| Plan or Account Type | 2026 | 2025 |
|---------------------------|-----------------|----------|
| 457(b), 401(k), 403(b) | \$24,500 | \$23,500 |
| 401(a)* | \$72,000 | \$70,000 |
| Traditional and Roth IRAs | \$7,500 | \$7,000 |

Catch-Up Contributions

| Age Group | Catch-Up Limits | Details |
|-----------|-----------------|--|
| 50+ | \$8,000 | Standard catch-up for 457(b), 401(k), 403(b) |
| 60–63 | \$11,250 | Super catch-up under SECURE 2.0** |

Roth Catch-Up Rule for High Earners**

Starting January 1, 2026, individuals aged 50 or older earning more than \$150,000 in FICA wages from a single employer must make catch-up contributions on a Roth (after-tax) basis. This applies to both standard and super catch-up contributions.

Take Action

- Review your retirement plan and adjust your contributions to maximize the 2026 limits and take advantage of catch-up opportunities.
- Visit www.missionsq.org/contributionlimits for additional information about contribution limits and catch-up contributions.

You CAN contribute both Roth & Pre-Tax at the same time

* During each of the three years prior to the year you reach your normal retirement age, as defined in the plan and based on extent to which maximum contributions not made in previous years.

Note: Pre-retirement and Age-50 Catch-up provisions cannot be combined in the same plan year



How is Roth 457 Different than Roth IRA?

457 Roth:

- Benefit offered by your employer
- Higher contribution limits
- No income limitations
- Withdraw when separated, funded 5 years, & age 59.5

Roth IRA:

- Anyone can open
- Lower contribution limits
- Must have earned income
- Income phase-out
- Withdraw contributions: any time
- Withdraw earnings: 5 yrs & age 59.5
 - Or qualified exemption



Roth 457 and Roth IRA Similarities

- Funded with after-tax contributions
- Tax-free withdrawals, when criteria is met
- No Required Minimum Distributions @ age 73



Benefits of Pre-Tax

- Immediate tax savings
- No Federal Tax on Contributions
 - Save more on taxes now while income is high
- No State Tax on Contributions
 - Potential to have State Tax-Free Withdrawals
- Flexible withdrawals = tax control



Benefits of Roth

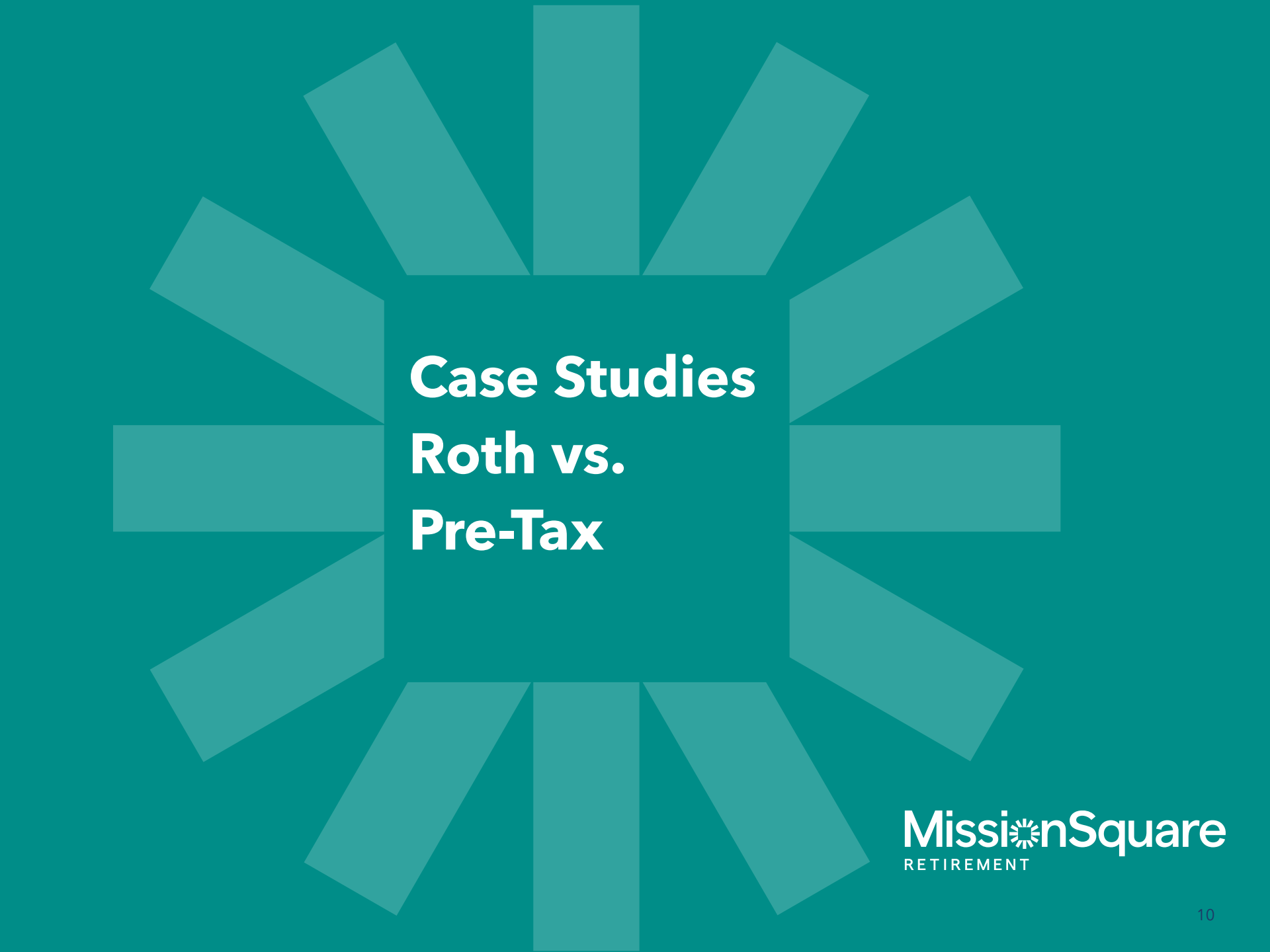
Tax-free income and no required minimum distributions may allow you to:

- Save on taxes if your effective tax rate when you withdraw is higher
- Reduce taxes on Social Security benefits
- Reduce Medicare premium surcharges
- Build up tax-free assets for heirs



Get to know your Roth options (Video)

<https://www.missionsq.org/repvideo.html?programId=ca d9afbb-fdc6-4918-bff7-b296da1c8e54&id=&id=694>



Case Studies

Roth vs. Pre-Tax



Go Roth

Contribution Case Study



Axel
Age 30

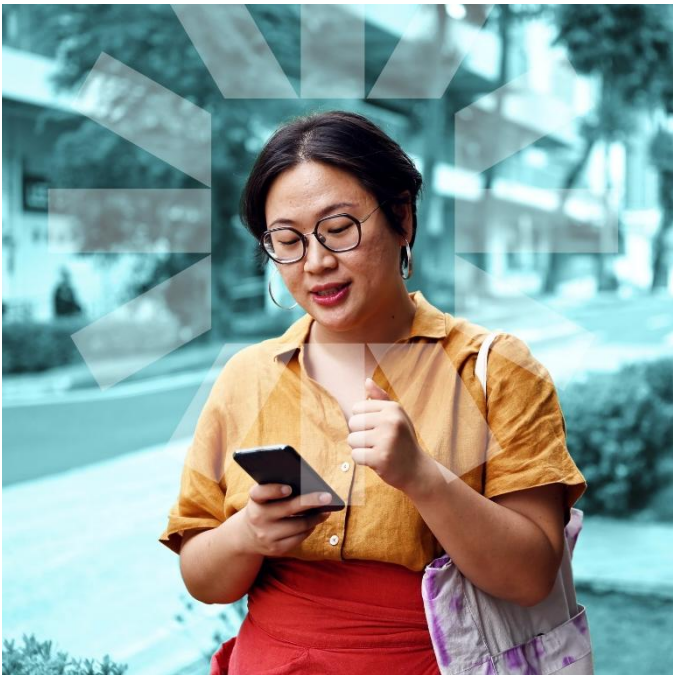
**Contributes
100% of**
retirement savings
to Roth

- Low tax bracket
- Not dependent on tax deduction to save



Hedge Bets

Contribution Case Study



Cass

Age 40

**Splits
contributions –**
50% pre-tax,
50% Roth

- Medium tax bracket
- Values the up-front tax benefit but concerned tax rates are rising



Roth Conversions



Can I convert 457 pre-tax to Roth?

Yes, proceed with caution!

- Consult a Qualified Tax Professional before proceeding
- You can convert any amount of pre-tax to Roth
- Conversions CAN'T be undone
- Taxes CAN'T be withheld
 - Must **Pay Taxes out of pocket** when you file
 - To Convert, complete "Internal Asset Movement Form"

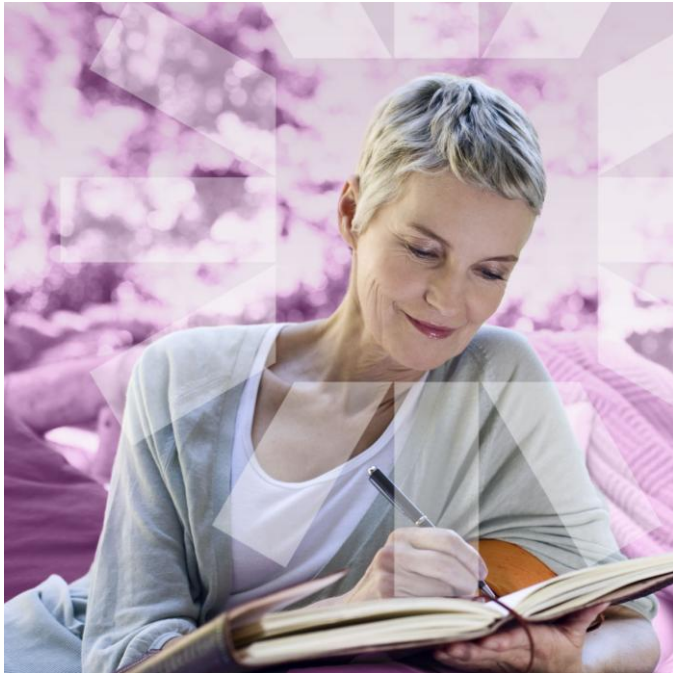


Case Studies -Roth Conversions



She's Converted

Contribution Case Study



Joni
Age 62

Converts large amount to Roth

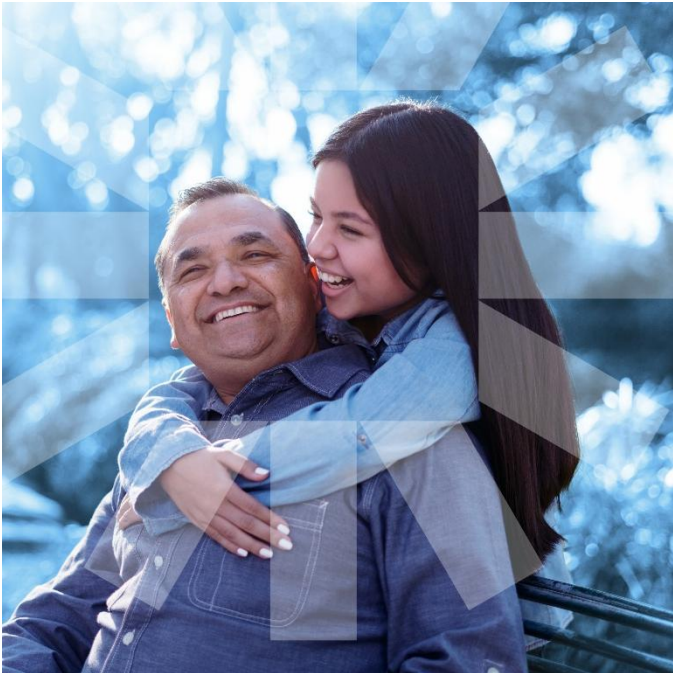
Goals:

- Avoid taxable RMDs
- Minimize Social Security benefit taxes, Medicare surcharges
- Tax-free assets for loved ones



Stay Away

Contribution Case Study



Nigel
Age 50

Does not convert
any assets

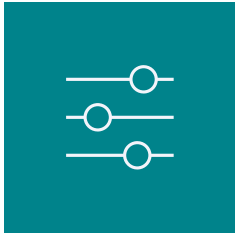
- No outside money to pay taxes
- May need converted money within five years
- Conversion would create challenges
- Two children entering college – could impact financial aid



Investing

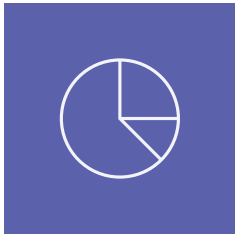


Choose Your Investing Approach



1. I want to build my own portfolio.

Stock, bond, stable value funds



2. I want a simple, yet diversified portfolio.

Target-date fund



3. I want someone to do it for me.

Account managed for you





Taking Withdrawals



When Can I Withdraw My Money?

Withdrawal options:

- Pre-Tax: At any age after separation from employment.
- Pre-Tax: Required Minimum Distribution after age 73* once separated from service
- Roth: Separation from Service, funded at least 5 years, & age 59 ½
- Roth: No Required Minimum Distribution

457 Deferred Compensation Plan

* Age 70½ (if you were born before July 1, 1949), age 72 (if you were born after June 30, 1949, and before January 1, 1951), or age 73 (if you were born after December 31, 1950).

** 10% penalty may apply to any roll-in assets.



Simplify by Consolidating Accounts



**Your Employer's
457 Plan**



Financial Planning Services

| | Financial Planning Education (For All) | Financial Planning (>\$100K in MSQ Assets) | Personal Planning (>\$1M in MSQ Assets) |
|--|---|---|--|
| Educational Webinars and Seminars | ✓ | ✓ | ✓ |
| Virtual Consultations With a CFP® professional | ✓ | ✓ | ✓ |
| Communications on Relevant Financial Topics | ✓ | ✓ | ✓ |
| Social Security Analysis and Strategies | ✓ | ✓ | ✓ |
| Personalized Financial Goal Plan | | ✓ | ✓ |
| Exclusive Educational Webinars | | | ✓ |
| A dedicated CFP® professional | | | ✓ |

*A fee of up to \$175 may be assessed for participants with account balances less than \$100,000; or lower if contracted by the Plan; or participant may qualify for a waiver. RHS Plan balances are not included.



Choose Your Beneficiaries

- Your assets **paid per your wishes**
- Avoid **probate costs and delays**



Review periodically and after a major life event.



Pay for Future Health Care

MissionSquare
Retirement Health
Savings (RHS) Program

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MissionSquare
RETIREMENT



Retirement Health Savings (RHS) Program

- Helps you pay for future health care costs
- Covers you, your spouse, and dependents
- Has tax advantages
- Sponsored by your employer, administered by MissionSquare Retirement





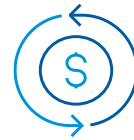
How it Works



Contributions
employer
contributions
are made



Investments
you control,
choosing from
available funds



Reimbursements
you request,
for qualifying
health expenses



After your death
assets are
available to
eligible survivors



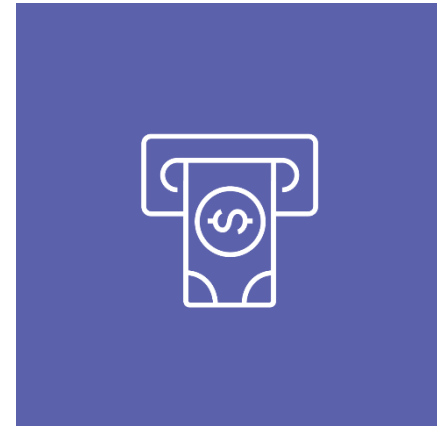
Tax Benefits



Pre-tax
contributions



Earnings build up
tax-deferred



Withdrawals for
qualifying expenses
are **tax-free**



Withdrawals

Request reimbursements – you, or eligible survivors, must:



Be eligible for benefits*

- Separated from service
- Disabled



Have qualifying benefits*

- Medical, dental, vision
- Insurance premiums
- Medical out-of-pocket expenses
- Medicare Part B/D premiums



Submit necessary forms, supporting documents online through the participant website

* Examples of typical RHS plan rules. Actual plan rules may differ based on employer-determined provisions.



Resources



- Learn more about RHS – www.missionsq.org/rhs
- Your MissionSquare Retirement **representative**
- Manage your RHS account online and once benefit eligible, access Meritain claims portal through single sign-on – www.missionsq.org
- Claims questions – **Meritain Health**
Phone: (888) 587-9441
Fax: (888) 665-8495
Email: missionsq@meritain.com



Questions?

