

403(b) + 457(b) = the right equation for your retirement strategy?

2015

Public education employees can participate in both a 403(b) tax-deferred plan* and a 457(b) deferred compensation plan at the same time, which allows you to save more money on a tax-deferred basis for retirement.



Here, we present some situations common to educators, and in the following pages outline how the 403(b) and 457(b) plans could work in those scenarios. Your plan representative can provide more detailed information and help answer any questions you might have about the plans, and the products available through the Voya® family of companies. Keep in mind, this brochure is not a comprehensive description of the plans' features.

This information is provided by Voya for your education only. Neither Voya nor its representatives offer tax or legal advice. Please consult your tax or legal advisor before making a tax-related investment/insurance decision.

* Distributions will be taxed as ordinary income when distributed. In addition, the IRS 10% premature distribution penalty tax applies to distributions from the 403(b) plan taken prior to age 59½, unless an IRS exception applies.

So you may be wondering – what's the difference between 403(b) and 457(b) plans, besides a couple of numbers in their names? Is one plan “better” than the other? If your employer offers both types of plans, should you consider participating in one or both for your retirement?

The answer is, there is no single “right answer” when it comes to deciding on a retirement plan. It all depends on your specific career and retirement objectives. And it's important to do your homework, talk with your financial professional and tax advisor, and examine the features of each plan before making a decision whether to participate in one or both plans.

Putting the 403(b) and the 457(b) plans to your test

1. Are you just starting out in your teaching career?

If you answered “yes,” please refer to Situation A on page 2.

2. Can you only afford to participate in one retirement plan?

If you answered “yes,” please refer to Situation A on page 2.

3. Will you be going back to school to pursue an advanced degree?

If you answered “yes,” please refer to Situation B on page 2.

4. Are you almost ready to retire?

If you answered “yes,” please refer to Situation C on page 3.

5. Do you have a dual income family and want to set aside as much money as possible?

If you answered “yes,” please refer to Situation D on page 3.

be ready™

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What is a 403(b) “Hardship Withdrawal”?

Most 403(b) plans operate under the “safe harbor” rules for hardship withdrawals, which permits distribution for:

- Medical expenses incurred by the participant, spouse, dependent or, in some cases, that of the primary beneficiary; or
- Purchase of participant’s primary residence; or
- Payment of the next twelve (12) months of postsecondary tuition and related educational fees and room and board expenses for the participant, spouse, dependent or, in some cases, that of the primary beneficiary; or
- Prevention of eviction or foreclosure on the participant’s primary residence; or
- Payment for funeral expenses for the participant’s deceased parent, spouse, child, dependent or, in some cases, that of the primary beneficiary; or
- Certain expenses for the repair of damage to the participant’s principal residence

In addition, the distribution must be necessary to satisfy the financial need, i.e.:

The requested hardship withdrawal does not exceed the amount necessary to satisfy the need; and the participant has obtained all distributions, other than hardship distributions, and all nontaxable loans reasonably available under all plans maintained by the employer. and the participant is not permitted to make elective contributions to the plan and all other plans maintained by the employer for at least six months after receipt of the hardship distribution.

These are just a few examples of situations to consider when deciding whether to contribute to a 403(b) tax-deferred plan or a 457(b) deferred compensation plan, or both. As always, your Voya representative is available to help answer any questions you might have regarding these types of retirement plans.

Situation A: New Teacher

Are you a new teacher just starting out on your career? Are you beginning to work your way up the pay scale and perhaps are unable to participate in both the 403(b) and 457(b) plans? While there are many factors to consider, perhaps having access to your monies when in need, either through a loan or a withdrawal, may be your main consideration.

403(b) Tax-Deferred Plan	457(b) Deferred Compensation Plan
Up to \$18,000 in employee deferrals in 2015.	Up to \$18,000 total in employer and employee contributions in 2015.
Loans may be permitted.	Loans may be permitted.
Withdrawals due to Hardship, may be permitted.	Withdrawals due to Unforeseeable Emergency – provided that very stringent criteria are satisfied may be permitted.
In-service withdrawals may be permitted if you are at least age 59½ or if your 403(b) account annuity contains deferrals made prior to 1989.	In-service withdrawals may be permitted if your account value is \$5,000 or less (provided certain requirements are met) or at age 70½

Situation B: Career Advancement

Are you going back to school to obtain an advanced degree, while continuing to work? With a 403(b), you may be able to take a hardship withdrawal to pay educational expenses, plus take out a loan if needed. If you also have a 457(b), you may also be able to take advantage of that loan feature as well. Please note: loans will reduce your account balance, may impact your withdrawal value and limit participation in future growth potential. Other restrictions may apply.

403(b) Tax-Deferred Plan	457(b) Deferred Compensation Plan
Loans may be permitted.	Loans may be permitted.
Withdrawals may be permitted due to Hardship.	Withdrawals due to Unforeseeable Emergency, provided that very stringent criteria are satisfied may be permitted.
In-service withdrawals may be permitted if you are at least age 59½ or if your 403(b) annuity contains deferrals made prior to 1989.	In-service withdrawals may be permitted if your account value is \$5,000 or less (provided certain requirements are met) or at age 70½

Situation C: Ready to Retire

If retirement is just around the corner, you may be wishing you could turn back the clock and put aside more money for your golden years. With both the 403(b) and the 457(b), you have the opportunity to consider if you wish to put aside more. There are several “catch-up” provisions that may be available under each of the plans to help make up for lost time and add to your accumulated savings. In addition, your employer may be able to make contributions of accumulated sick and/or vacation pay.

403(b) Tax-Deferred Plan	457(b) Deferred Compensation Plan
Up to an additional \$3,000 deferral for certain long-term employees; and	Up to an additional \$18,000 catch-up in 2015 for three (3) years prior to reaching normal retirement age; or
Additional \$6,000 deferral in 2015 for employees age 50+;	Additional \$6,000 deferral in 2015 for employees age 50+*;
Post-retirement employer contributions permitted.	Post-retirement employer contributions not permitted

Situation D: Dual Income

Are you a member of a dual income family and wish to maximize both your current tax deferral and retirement accumulation? Then perhaps you should consider participating in both the 403(b) and 457(b). With both the 403(b) and the 457(b) plans, you can potentially contribute on an elective basis up to \$63,000 in 2015, thus deferring current federal taxation and allowing more of your money to work for you.

403(b) Tax-Deferred Plan	457(b) Deferred Compensation Plan
Up to \$18,000 in employee deferrals in 2015.	Up to \$18,000 total in employer and employee contributions in 2015.
Up to an additional \$3,000 deferral for certain long-term employees; and	Up to an additional \$18,000 catch-up in 2015 for three (3) years prior to reaching normal retirement age; or
Additional \$6,000 deferral in 2015 for employees age 50+.	Additional \$6,000 deferral in 2015 for employees age 50+

* Catch-up amount available is the greater of either the Age 50+ or the three-year

What is a 457(b) “Unforeseeable Emergency”?

Unforeseeable Emergency means:

1. A severe financial hardship of the participant resulting from:
 - an illness or accident of the participant, participant’s spouse or dependent;
 - loss of the participant’s property due to casualty; or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the participant

Note: if permitted by the 457(b) plan document, an unforeseeable emergency means a severe financial hardship of the participant resulting from an illness or accident of a primary beneficiary designated by the participant under the 457(b) plan. In addition, a 457(b) plan may permit a beneficiary of a deceased participant or alternate payee to take an unforeseeable emergency distribution.

2. The emergency can’t be relieved through other sources, unless using other sources would cause a severe financial hardship; and
3. The amount is limited to that which is reasonably necessary to satisfy the emergency.

Note: The determination of Unforeseeable Emergency is stringent and restrictive. The IRS has declined to provide a listing of events which are deemed to satisfy the above requirements.

What is the employer’s role with these plans?

- Employer involvement required
- Withdrawal with approval from the employer or their designee
- To extent permitted under the plan, participant control of interfund transfers among investment options available
- Employer (plan sponsor), in general, can move plan assets to different plan provider/fund option. Check with your employer for more information

Please note: Revisions to the 403(b) regulations have significantly changed the role of the employer. For more information on the impact of these changes please visit foremployers.voya.com





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You should consider the investment objectives, risks, and charges and expenses of the variable product and its underlying fund options, or mutual funds offered through a retirement plan, carefully before investing. The prospectuses/ prospectus summaries/ information booklets contain this and other information, and can be obtained by contacting your local representative. Please read the prospectuses carefully before investing.

Important Notes: Money distributed from a 403(b) plan and a 457 plan will be taxed as ordinary income in the year the money is distributed. Early withdrawals from a 403(b) plan, if taken prior to age 59½, will be subject to the IRS 10% premature distribution penalty tax. This IRS premature distribution penalty tax does not apply to 457 plans.

These materials are not intended to be used to avoid tax penalties, and were prepared to support the promotion or marketing of the matter addressed in this document. The taxpayer should seek advice from an independent tax advisor.

Variable annuities and mutual funds under a custodial account agreement are intended as long-term investments designed for retirement purposes. Investments are not guaranteed and are subject to investment risk including the possible loss of principal. Account values fluctuate with market conditions, and when surrendered, the principal may be worth more or less than the original amount invested. For 403(b) plans, early withdrawals, if taken prior to age 59½, may be subject to the IRS 10% premature distribution penalty tax. For 403(b) plans and 457(b) plans, money taken from the plan will be taxed as ordinary income in the year the money is distributed. An annuity does not provide any additional tax benefit, as tax deferral is provided by the Plan. Annuities may be subject to additional fees and expenses, to which other tax-deferred funding vehicles may not be subject. However, an annuity does offer other features and benefits, such as lifetime income payments and death benefits, which may be valuable to you.

For 403(b)(1) fixed or variable annuities, employee deferrals (including earnings) may generally be distributed only upon your: attainment of age 59½, severance from employment, death, disability, or hardship. Note: Hardship withdrawals are limited to employee deferrals made after 12/31/88. Exceptions to the distribution rules: No Internal Revenue Code withdrawal restrictions apply to '88 cash value (employee deferrals (including earnings) as of 12/31/88) and employer contributions (including earnings). However, employer contributions made to an annuity contract issued after December 31, 2008 may not be paid or made available before a distributable event occurs. Such amounts may be distributed to a participant or if applicable, the beneficiary: upon the participant's severance from employment or upon the occurrence of an event, such as after a fixed number of years, the attainment of a stated age, or disability. For 403(b)(7) custodial accounts, Employee deferrals and employer contributions (including earnings) may only be distributed upon your: attainment of age 59½, severance from employment, death, disability, or hardship. Note: hardship withdrawals are limited to: employee deferrals and '88 cash value (earnings on employee deferrals and employer contributions (including earnings) as of 12/31/88).

Any insurance products, annuities and funding agreements that you may have purchased are sold as securities and are issued by Voya Retirement Insurance and Annuity Company, ("VRIAC"), One Orange Way, Windsor CT 06095-4774 or ReliaStar Life Insurance Company, "ReliaStar", 20 Washington Avenue South, Minneapolis, MN 55401. Fixed annuities are issued by VRIAC or ReliaStar. VRIAC or ReliaStar is solely responsible for meeting its obligations. Plan administrative services provided by VRIAC or Voya Institutional Plan Services, LLC ("VIPS"). Neither VRIAC, ReliaStar nor VIPS engage in the sale or solicitation of securities. **Securities are distributed by Voya Financial Partners, LLC (member SIPC), Directed Services, LLC (member SIPC) or other broker-dealers with which it has a selling agreement.** Custodial Account Agreements and Trust Agreements provided by Voya Institutional Trust Company. All companies are members of the Voya® family of companies. All products or services may not be available in all states.

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