



§403(b) or §457? You Can Use Both Plans!

Did you know that you can now defer to a §457 plan in addition to or in place of your §403(b)?

Adding a §457 account to your retirement planning strategy can provide you with impressive flexibility at whatever age you decide to retire.

If you are planning to retire before age 59½, you may want to consider the benefits of investing in a §457 account. Since §457 plan distributions are not subject to a 10% premature withdrawal penalty, early retirees have more flexibility to bridge the income gap between the time they retire and the time they are eligible for social security benefits.

Investors may wish to defer a portion of their retirement savings to a §457 account to take advantage of the added flexibility while deferring the remainder to their §403(b) account which provides greater portability and accessibility in the form of loans and hardship distributions. To learn more about your retirement planning options, contact your Legend Advisor.

§403(b) Plan Features

- Custodial/annuity format
- Reduces current taxable income
- Provides for tax-deferred compounding
- Over age 50 catch-up available
- 15 years service catch-up available
- Hardship distributions permitted
- Can take distributions at 59½ even if still working
- Loans are usually available
- In-service transfers to any vendor
- 10% premature penalty on distributions made prior to 59½ unless retired in year attained 55 or later

§457 Plan Features

- Custodial/annuity/trust format
- Reduces current taxable income
- Provides for tax-deferred compounding
- Over age 50 Catch-up available
- Retirement catch-up available
- Unforeseeable emergency distributions—stricter rules than §403(b) hardships
- Cannot take other distributions until separated from service
- Employers do not usually allow loans
- In-service transfers only to vendors approved by employer
- Distributions are not subject to a 10% premature penalty at any age

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