



457 and 401(k) Plan Comparison

	457 Plan	401(k) Plan			
Participation					
Eligibility	All full-time or part-time state and university system employees.	All employees in permanent, full-time positions and part-time or temporary employees working 1,000 hours or more per year (excluding employees of the university system).			
Enrollment	Initial enrollment for eligible employees is available at any time.	Same as 457 Plan.			
Rollovers	Employees may transfer assets into PSR from their previous employer's 401(k), 403(b) or 457 Plan, or in some cases, from IRAs. Rollovers into the 457 can only come from other 457 Plans. If you'd like to participate in 457 but want to rollover other plan assets into PSR, you can rollover non-457 Plan assets into the 401(k) Plan and still contribute through payroll deduction to the 457 Plan (there is no additional cost for maintaining a balance in both plans). Upon termination, you may transfer assets to your new employer's retirement plan or to an IRA, but there is no requirement to do so.				
Contributions					
Contribution Limits	Minimum contribution of \$30 per month. Maximum contribution for 2007 is \$15,500.	Same as 457 Plan.			
Catch-Up Contributions	Special 457 Plan Catch-Up: Double the normal deferral limit (\$31,000 for 2007) during the three years prior to the year of your retirement, if eligible.	N/A for the 401(k) Plan.			
	Age 50 and Over Contribution: Employees age 50 or older (or who will reach age 50 in the applicable tax year), may make "additional contributions," beyond the normal contribution limit, as indicated below: <table border="1" data-bbox="370 1073 924 1157"> <thead> <tr> <th>Tax Year</th> <th>Additional Contribution</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>\$5,000</td> </tr> </tbody> </table> You cannot contribute to the Special 457 Catch-Up and the 457 Plan Age 50 Additional Contribution during the same tax year.	Tax Year	Additional Contribution	2007	\$5,000
Tax Year	Additional Contribution				
2007	\$5,000				
Employer Contributions	N/A in the 457 Plan.	N/A in the 401(k), except for Community Service Board and Georgia Lottery Corporation employees not eligible for the Employees' Retirement System.			
Changes to Current Contributions	Contributions can be started or stopped and amounts changed any time. Changes become effective the following calendar month.	Contributions can be started or stopped and amounts changed any time. Changes become effective the following calendar month.			
Withdrawals					
Rollovers	Funds may be rolled into another 401(k), 457, 403(b) or IRA in order to maintain the tax-deferred status of the assets. 457 assets that are rolled into anything other than another 457 Plan will be assessed the 10% early withdrawal penalty if a withdrawal is later taken prior to age 59 ½.	Same as 457 Plan			
Withdrawal Rules	Generally, withdrawals are not allowed until separation from state service, except in the case of 401(k), in which withdrawals can be made on or after age 59 ½, even if still working. Withdrawals from both Plans are required to begin at age 70 ½, if no longer working. For 401(k) Plans, if withdrawal is taken prior to age 59 ½, in most cases, a 10% penalty is assessed in addition to taxes. This penalty does not apply to the 457 Plan, unless 457 assets are rolled into a 401(k) Plan, 403(b) Plan or IRA and withdrawal is then taken prior to age 59 ½.				
Spousal Consent	For 457 - Married participants don't have to specify their spouse as beneficiary.	For 401(k) - Spouse must be named as beneficiary for entire account balance unless spouse submits a waiver.			
Hardship Withdrawals	Must meet strict IRS requirements. Extremely difficult to qualify.	Must meet strict IRS requirements. Extremely difficult to qualify.			
Loans	Not Available	Not Available			