

Macomb Community College's 457(b) Plan

Macomb Community College employees are able to participate in the College's 457 (b) Deferred Compensation Plan. As with many other types of retirement plans, employees who participate in a Section 457 (b) plan can enjoy significant tax benefits, including:

- **Pre-tax contributions:** Salary deferrals to a Section 457 (b) plan are made on a pre-tax basis. The contribution is taken directly from the employee's salary and invested in the plan before Federal and State taxes are withheld, which means that the contributions lower your taxable income.
- **Tax-deferred growth:** Investments held in a Section 457 (b) plan grow tax deferred. Any earnings on plan investments are not taxable as long as they remain in the plan. Only when an employee begins to receive distributions from the plan will he or she pay income tax.
- **Early retirement – No restrictions:** Unlike the 403(b) plan, if you retire early, you can access your account before age 59 ½ without restriction.

Employees may contribute the lesser of \$19,000 in 2019 or 100 percent of taxable compensation.

Additionally, the plan permits for one of the following catch-up contributions:

- If you are approaching retirement age, you may currently be eligible to make "catch-up" contributions to your account. The law provides for catch-up deferrals, up to twice the applicable dollar amount (\$38,000 for 2019) annually, in the last three years before the year the employee attains normal retirement age.
- Employees age 50 and older who are not eligible for the traditional catch-up contributions may make "age-based catch-up" contributions as much as \$6,000 beyond the \$19,000 regular contribution maximum.

In addition, you can maximize your annual contribution by participating in the College's 403(b) and 457(b) Plans and saving up to \$38,000 in both plans combined plus eligible catch-up contributions.

The salary reduction form is available on My Macomb staff portal.

<https://app.perfectforms.com/PresentationServer/Form.aspx/Play/aIRkgAQm?f=aIRkgAQm> .

457 (b) Plan Investment Providers:

<u>Investment Provider</u>	<u>Phone</u>	<u>Website</u>	<u>Plan ID</u>
AIG/VALIC	David A. Fant, - 248-535-2092 david.fant@valic.com	www.valic.com	066930201
Fidelity	800.343.0860	www.fidelity.com	08302

Please be sure to consult with your legal or tax advisor before participating in the 457(b) plan. Macomb Community College does not provide tax or legal advice.