Plan Highlights

Have your paystub and Social Security number handy, then look for this blue banner on *MarylandDC.com* to enroll online

Need to enroll in your retirement plan? Enroll now

What's a 457(b)? ...or a 401(k), Roth or 403(b)?

Supplemental retirement plans can help bridge the gap between what you have in your pension and Social Security, and how much you'll need in retirement. The available plans include:

- **457(b)** Deferred Compensation Plan – tax-deferred, available to all State of Maryland employees, and also includes an after-tax Roth 457 option
- **401(k)** Savings and Investment Plan – tax-deferred, available to all State of Maryland workers, and also includes an after-tax Roth 401(k) option
- **403(b)** Tax Deferred Annuity Plan – tax-deferred, and available to employees of Maryland State educational institutions.
- **401(a)** The State of Maryland matches contributions dollar for dollar up to $600 per year for employees who are also enrolled in the Reformed or Contributory Alt Pension.

What does tax-deferred mean?

Basically, you don't pay income taxes on your plan contributions or earnings until you retire and/or begin to take payments from your account. This may lower your taxable income currently.

What does after-tax, or Roth, mean?

Unlike tax-deferred contributions, after-tax contributions are taxed before they are invested in your plan. Then the withdrawals that you take in retirement are tax-free, as long as certain conditions are met.

Start saving.
Americans ages 45 and older say on average it will take about $1,100,000 in savings to reitre comfortably. Unfortunately, only 23% expect to reach the $1,000,000 mark […] More than half (59%), say they expect to have less than $500,000 saved, including 34% forecasting less than $250,000[1]

MSRP

[1] https://www.businesswire.com/news/home/20230404005458/en/Working-Americans-Aged-45-Say-It-Will-Take-1100000-Saved-to-Retire-Comfortably-but-Only-One-in-Five-Will-Get-to-a-Million

Each of the plans feature:

- Automatic payroll deduction
- Minimum $5 biweekly contribution
- Maximum $23,000 contribution per year[1]
- Age 50 Catch-up provision of additional $7,500 per year.[1] See MarylandDC.com for detailed information on plan contribution limits
- Can contribute to more than one plan
- Change contributions anytime (effective next available payroll)
- MSRP accepts rollovers from other qualified retirement accounts[2]
- Change payout amount/frequency as desired, except with purchased annuities
- Withdrawals are not required until age 73
- Loan, hardship/emergency withdrawal provisions
- Cost to participate is 0.12% of your account value a year, capped at $2,000 per year plus 50 cents per month per account[3]

	457(b)	Roth 457(b)	401(k)	Roth 401(k)	403(b)
Who can join?	All regular and contractual State employees	All regular and contractual State employees, with no income limits	All regular and contractual State employees	All regular and contractual State employees, with no income limits	State educational institution employees
Taxation	Pre-tax contributions with withdrawals taxed as ordinary income.	After-tax contributions with qualified[4] withdrawals not subject to federal or Maryland income tax.	Pre-tax contributions with withdrawals taxed as ordinary income.	After-tax contributions with qualified[4] withdrawals not subject to federal or Maryland income tax.	Pre-tax contributions with withdrawals taxed as ordinary income.
When withdrawals can begin without incurring a 10% early withdrawal tax	Except for loans and emergencies, no withdrawals may be made while still employed with the State (unless age 72). Withdraws can be made upon leaving State service at any age.	Withdrawals may begin at age 59½ as long as the first Roth contribution has been in the account for 5 years.	Withdrawals during employment can be made beginning at age 59½.[5]	**Same rules as 401(k),** additionally, the first Roth contribution must have been in the account for 5 years.[5]	Withdrawals during employment can be made beginning at age 59½.[5]

[1] Source: IRS.gov

[2] There are generally several considerations relevant to evaluating whether you might rollover outside assets or leave the money where it is currently invested. Qualified retirement plans, deferred compensation plans and individual retirement accounts are all different, including fees and when you can access funds. Assets rolled over from your account(s) may be subject to surrender charges, other fees and/or a 10% early withdrawal tax if withdrawn before age 59½. It's important to understand retirement account differences and similarities, such as fees, services, investment options, etc., before making any rollover decisions.

[3] In addition, each of the mutual funds offered by the plan has fund expenses that are netted directly from the mutual fund's daily price. These will vary based upon the mutual fund selected. Also, some mutual funds may impose a short-term trade fee. Please read the underlying prospectuses carefully.

This material is not a recommendation to buy, sell, hold or roll over any asset, adopt an investment strategy, retain a specific investment manager or use a particular account type. It does not take into account the specific investment objectives, tax and financial condition or particular needs of any specific person. Investors should work with their financial professional to discuss their specific situation..

[4] Generally, a Roth 401(k) or Roth 457(b) distribution is a qualified distribution if: 1) the first Roth contribution has been in the account for 5 years (the five-year period begins January 1 of the year a member first makes a Roth contribution into the account); and 2) a member is age 59½, (and for the Roth 457(b) has separated from State service) or has died or become disabled under IRC section 72(m)(7). Distributions made prior to these requirements being met are nonqualified distributions, and earnings could be taxable.

[5] Other exceptions may apply. Check with your tax or legal advisor for more information.

[6] T. Rowe Price Collective Investment Trusts: Target Maturity trusts are designed to provide diversification and asset allocation across several types of investments and asset classes, primarily by investing in underlying funds. Therefore, in addition to the expenses of the trusts, an investor is indirectly paying a proportionate share of the applicable fees and expenses of the underlying funds.

Target Maturity trusts are designed for people who plan to withdrawal funds during or near a specific year. These trusts use a strategy that reallocates equity exposure to a higher percentage of fixed investments over time. Like other funds, target date trusts are subject to market risk and loss. Loss of principal can occur at any time, including before, at or after the target date. There is no guarantee that target date trusts will provide enough income for retirement at any time, including before, at or after the target date. There is no guarantee that target date trusts will provide enough income for retirement or that asset allocation, diversification or any investment strategy will assure a profit or avoid losses. CIT's available in 457(b), 401(k), and 401(a). Not available in 403(b).

[7] Investment advice for Nationwide ProAccount is provided to plan participants by Nationwide Investment Advisors, LLC (NIA), a SEC-registered investment advisory. NIA has retained Wilshire Associates as the Independent Financial Expert for Nationwide ProAccount. Wilshire Associates is not an affiliate of NIA or Nationwide.

Investing involves market risk, including possible loss of principal. While Team MSRP cannot offer investment, tax or legal advice, we can help you understand the risks you may face and strategies that may help you deal with them. Not investing for retirement—or not investing enough—involves risk too. Talk with a Team MSRP Member about your options through MSRP.

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