



# Kentucky Deferred Compensation Plan Comparison Chart

Kentucky Public Employees' Deferred Compensation Authority (KDC) is authorized under the Kentucky Revised Statutes (18A.230 – 18A.275) to provide administration of tax-deferred supplemental retirement plans for all state, public school and university employees, and employees of local political subdivisions that have elected to participate. It is an authority attached to the Personnel Cabinet of the Commonwealth of Kentucky for administrative purposes only.

We offer multiple investing options for employees to save from each paycheck and invest toward retirement. These plans can help bridge the gap between what you have in your pension and Social Security (if applicable), and how much you will need in retirement.

## **The available deferred compensation plans include:**

### **Three pre-tax options:**

- 1. 457(b) tax-deferred**
- 2. 401(k) tax deferred**
- 3. Deemed Traditional IRA**

### **Three after-tax options:**

- 1. Roth 457(b)**
- 2. Roth 401(k)**
- 3. Deemed Roth IRA**



Look inside to learn more through our side-by-side investing options comparison chart.

	457(b) PRE-TAX CONTRIBUTIONS	TRADITIONAL 401(k) PRE-TAX CONTRIBUTIONS
Eligibility	Any employee of the Commonwealth of Kentucky as well as all public schools and universities. Other public employers are eligible under state statute and may elect to participate by submitting a Joinder Agreement to the Authority.	Any employee of the Commonwealth of Kentucky as well as all public schools and universities. Other public employers are eligible under state statute and may elect to participate by submitting a Joinder Agreement to the Authority.
Contribution minimums	<b>\$30 per month minimum:</b> \$7.50 per pay (weekly pay) \$15.00 per pay (biweekly pay) \$15.00 per pay (semimonthly pay) This minimum applies to the combined total of your 457(b) pre-tax and after-tax contributions.	<b>\$30 per month minimum:</b> \$7.50 per pay (weekly pay) \$15.00 per pay (biweekly pay) \$15.00 per pay (semimonthly pay)
Maximum annual contribution	\$22,500	\$22,500 per year for all 401(k) and 403(b) plans. 401(k), Roth 401(k) and 403(b) combined contributions may total no more than \$22,500.
Contribution method	Payroll deduction	Payroll deduction
Rollovers/transfers in (direct only) <sup>1</sup>	Yes, transfers from another governmental 457(b) plan only.	Yes, transfers from another qualified plan.
Catch-up contribution	<b>Age 50 catch-up:</b> \$7,500 per year for age 50 catch-up.* <b>Special catch-up:</b> Up to twice the annual maximum (\$45,000 per year) for three-year special catch-up.* Cannot use both catch-up provisions in same year. * Limits are increased for the age 50 catch-up based on IRS cost of living adjustments.	<b>Age 50 catch-up:</b> \$7,500 per year and indexed in annual increments based on IRS cost-of-living adjustments thereafter; coordinates with all of your 401(k), Roth 401(k) and 403(b) contributions made during the calendar year.
Deductibility of contributions	No	No
Earnings	Grow tax-deferred while in account.	Grow tax-deferred while in account.
Distributions	Available upon severance from employment, retirement or in the year age 59½ is attained.	Available upon severance from employment, retirement or in the year age 59½ is attained.
Taxes on distributions	Withdrawals are taxed as ordinary income. Not subject to an additional 10% early withdrawal tax.	Withdrawals are taxed as ordinary income. If withdrawn before age 59½, an additional 10% early withdrawal tax will apply unless an IRS exemption is met.
Required minimum distributions (rmd)	Required at age 72 (73 if turning age 72 after Dec. 31, 2022)	Required at age 72 (73 if turning age 72 after Dec. 31, 2022)
Loans	Allowed	Allowed
Unforeseeable emergency/hardship withdrawals	Allowed (unforeseeable emergency standard)	Allowed (hardship standard)

457(b) AND 401(k) AFTER-TAX CONTRIBUTIONS	DEEMED ROTH IRA AFTER-TAX CONTRIBUTIONS	DEEMED TRADITIONAL IRA AFTER-TAX CONTRIBUTIONS
Must be eligible to participate in the Authority 401(k) or 457(b) Plan.	Eligible and Active employees that are part of a Participating Employer in the Authority's Program. – <b>or</b> – Terminated and retired from public employment but who have taxable compensation from another source in the taxable year and desire to establish a Deemed Roth IRA account must have a minimum \$5,000 aggregate KDC account balance.	Eligible and Active employees that are part of a Participating Employer in the Authority's Program. – <b>or</b> – Terminated and retired from public employment but who have taxable compensation from another source in the taxable year and desire to establish a Deemed Traditional IRA account must have a minimum \$5,000 aggregate KDC account balance. May participate only through direct rollover/transfer. Annual contributions cannot be made.
<b>\$30 per month minimum:</b> \$7.50 per pay (weekly pay) \$15.00 per pay (biweekly pay) \$15.00 per pay (semimonthly pay) This minimum applies to the combined total of your 401(k) pre-tax and after-tax contributions or total 457(b) pre-tax and after-tax contributions.	\$30 per month payroll contribution or \$100 per month direct contribution	\$30 per month payroll contribution or \$100 per month direct contribution
\$22,500 per year for all 457(b) plans. 457(b) and Roth 457(b) combined contributions may total no more than \$22,500.	After-tax, aggregate contribution of \$6,500 earned income per year. Maximum annual contributions coordinate with the Deemed Traditional IRA, as well as all other Traditional IRAs you may have established.	After-tax, aggregate contribution of \$6,500 earned income per year. Maximum annual contributions coordinate with the Deemed Roth IRA, as well as other Traditional IRAs you may have established.
Payroll deduction	Payroll deduction or direct pay via personal check, money order or certified check. Employers are not required to withhold.	Payroll deduction or direct pay via personal check, money order or certified check. Employers are not required to withhold.
Yes, but only a direct rollover from another Roth 457(b).	Can accept a direct rollover from another Roth IRA or Roth 401(k) account, but not from a Traditional IRA account unless in the form of a conversion. Can accept rollover from a qualified plan (but is subject to income tax).	Can accept a direct rollover from another Traditional IRA account or another qualified retirement plan [e.g., 401(k)], but not a Roth IRA.
<b>Age 50 catch-up:</b> \$7,500 per year for total to all 457(b) plans. Special catch-up: Up to twice the annual maximum (\$45,000 per year) for three-year special catch-up.* Cannot use both catch-up provisions in same year.	<b>Age 50 catch-up:</b> \$1,000 in aggregate from all IRAs (both Traditional and Roth).	<b>Age 50 catch-up:</b> \$1,000 in aggregate from all IRAs (both Traditional and Roth).
No	No	Yes, but limited due to participation in an employer-sponsored retirement plan and Adjusted Gross Income (AGI) limits. Does not apply to nondeductible contributions.
Grow tax-free while in account and there is no tax on qualified distributions.	Grow tax-free while in account and there is no tax on qualified distributions.	Grow tax-deferred while in account.
Subject to same rules as the 457(b) and 401(k) plans. A distribution will be considered qualified and not subject to taxation if it meets the following conditions: The distribution is made on account of the participant's death, disability or attainment of age 59½ and The distribution is made 5 or more years after January 1 of the first year that the participant made a Roth contribution into the plan.	Available at any time (See Taxes on Distributions)	Available at any time (See Taxes on Distributions)
A distribution will be considered qualified and not subject to taxation if it meets the following conditions: The distribution is made on account of the participant's death, disability or attainment of age 59½ and The distribution is made 5 or more years after January 1 of the first year that the participant made a Roth contribution into the plan.	Contributions and earnings can be withdrawn at any time distribution will be considered qualified and not subject to taxation if it meets the following conditions: The distribution is made on account of the participant's death, disability, or attainment of age 59½ and The distribution is made five or more years after January 1 of the first year that the participant made a Roth contribution into the plan.	Withdrawals may be subject to regular income tax. Withdrawals taken before age 59½ may be subject to a 10% early withdrawal excise tax. Other exceptions may also apply.
Required at age 72 (73 if turning age 72 after Dec. 31, 2022). However, a Roth 457(b) or Roth 401(k) account may currently be rolled into a Roth IRA, which has no RMDs during the participant's lifetime.	Participants are not subject to RMDs during their lifetime. Beneficiaries are subject to RMDs.	Required at age 72 (73 if turning age 72 after Dec. 31, 2022)
Not allowed	Not allowed	Not allowed
Not allowed	Not allowed	Not allowed



<sup>1</sup> You should consider all factors before making a decision to move any retirement assets. Moving retirement assets from one plan to another may have unintended surrender, fee or tax consequences. Contact your tax or legal advisor regarding your specific situation. Neither KDC nor any Nationwide representatives provide tax or legal advice.

Kentucky Retirement Specialists are registered representatives of Nationwide Investment Services Corporation, member FINRA, Columbus, Ohio. The information provided is for educational purposes only and is not investment or tax advice. Please consult your attorney or tax advisor for answers to specific questions.

NRW-3686KY-KY.7 (09/23)