

2023 - PWCS Supplemental Retirement Plan Comparison Chart

FEATURE	<u>TRADITIONAL 403(b)</u>	<u>ROTH 403(b)</u>	<u>457(b)</u>
Contributions	Traditional, pre-tax employee elective contributions are made with before-tax dollars. PWCS match on first 2% of salary deferral⁸	Designated Roth employee elective contributions are made with after-tax dollars. PWCS match on first 2% of salary deferral⁸	Pre-tax employee elective contributions are made with before-tax dollars. No matching PWCS funds for 457(b)
Basic Contribution Limit¹	\$22,500	\$22,500	\$22,500
Age 50 Catch-up Contribution	\$7,500	\$7,500	\$7,500
Who may benefit from contributing?	<ul style="list-style-type: none"> ~ Employees who expect to be in a lower tax bracket at retirement. ~ Employees who want to defer current taxation on income and investment earnings. 	<ul style="list-style-type: none"> ~ Younger employees in lower tax brackets with long time horizon until retirement. ~ Employees who are unable to contribute to Roth IRAs due to income constraints. ~ Employees who expect tax rates to increase by their retirement date. ~ Employees interested in estate planning opportunities. 	<ul style="list-style-type: none"> ~ Employees who expect to be in a lower tax bracket at retirement. ~ Employees who want to defer current taxation on income and investment earnings. ~ Employees who will terminate employment prior to age 59½ and want to withdraw funds.
Timing of Distributions	<ul style="list-style-type: none"> ~ Age 59½ ~ Age 55 or older and permanent separation of service; not participating in ROP program⁷ ~ Total & Permanent Disability if terminated ~ Death ~ Severance from employment² ~ In-service hardship and In-service loan³ 	<ul style="list-style-type: none"> ~ Age 59½ ~ Severance of employment⁴ ~ Total & Permanent Disability if terminated ~ Death ~ In-service hardship 	<ul style="list-style-type: none"> ~ Age 70½ ~ Severance of employment ~ Death ~ Total & Permanent Disability ~ In-service unforeseeable emergency
Taxation of Withdrawals	Withdrawals of contributions and earnings are subject to federal and state income taxes.	Withdrawals of Roth contributions are not taxed. Roth earnings are not taxed provided it is a qualified distribution. ⁵ The account must be held for at least 5 years and one of the following has occurred: <ul style="list-style-type: none"> ~ age 59½ or older ~ disability, or ~ death of participant 	Withdrawals of contributions and earnings are subject to federal and state income taxes.
Required Minimum Distributions	Distributions must begin no later than age 73 ⁷ , unless still working.	Distributions must begin no later than age 73 ⁷ , unless still working. ⁶	Distributions must begin no later than age 73 ⁷ , unless still working.

¹ Employees may split their contributions between the Traditional 403(b) & Roth 403(b), however the total combined contribution may not exceed the IRS annual maximum.

² Employees must satisfy 59½ age requirement or IRS qualifying distribution event to avoid the 10% early withdrawal penalty.

³ Roth deferrals will be used to calculate the maximum loan amount available, but loans are not available from the Roth account.

⁴ Employees who have not met the IRS age requirements may be subject to additional taxes on Roth earnings upon withdrawal.

⁵ If IRS requirements are not met, the earnings will be subject to taxes and may be subject to a 10% federal penalty tax.

⁶ The required minimum distribution may be avoided if the Roth 403(b) account is rolled over into a Roth IRA.

⁷ Required minimum distributions (RMDs) can be deferred until April 1 of the calendar year following the year in which you are retired and at least: Age 70½ (if born before July 1, 1949); Age 72 (if born after June 30, 1949 and before 1951); Age 73 (if born between 1951 and 1959); Age 75 (if born in 1960 or later).

ROP participants are considered W-2 waged employees by IRS definition. Upon retirement, intent is to return within 30 days, not to sever employment, ROP participants are ineligible for distributions until age 59 ½ PWCS matches on first 2% total deferral into either 403(b) pre-tax or Roth, a percentage match based on years of service for each paycheck where you defer up to 2%. Paid per paycheck, not on an annual basis.

Please refer to your retirement plan summary document for more complete information on contributions and withdrawal eligibility. The mutual fund-based program includes certain services provided by Lincoln Financial Advisors Corp. (LFA), a broker-dealer (member FINRA and SIPC) and an affiliate of Lincoln Financial Group, 1300 S. Clinton St., Fort Wayne, IN 46802.