



Tax Sheltered Annuities - 457 (b) Deferred Compensation Plans:

457(b) Governmental Plan: A tax-deferred, defined compensation plan for employees of state and local government institutions, including public school teachers. Income taxes are payable upon withdrawal. Federal restrictions can apply to withdrawals prior to age 70½.

457(b) Deferred Compensation Plans are nonqualified, tax deferred compensation plans that function in many ways that are similar to any other retirement plan, and offer many of the same tax advantages to employees. Employees who participate in a 457(b) Deferred Compensation Plan are able to set aside a portion of their salary on a before-tax basis, providing an essential supplement to their retirement plan and Social Security benefits. Participants do not pay any federal income taxes on the amounts they contribute, or on any earnings on the amounts they contribute, until the funds are withdrawn from their account. This is a **VOLUNTARY** plan. That is, the employee voluntarily takes a reduction in current salary and the plan assets are held in an annuity (or a trust or custodial account) for the exclusive benefit of the plan participant.