



Plan comparison

401(k) vs. 457(b) and Roth 401(k) vs. Roth 457(b)

South Carolina Deferred Compensation Program

The South Carolina Deferred Compensation Program (Program) provides participants with a supplemental retirement savings strategy through its 401(k) and 457(b) retirement savings plans.

Traditional contributions to the 401(k) and 457(b) plans are made on a before-tax basis and you pay taxes only when you take a distribution. Roth contributions are made with after-tax dollars, which means you have already been taxed on the money before it enters your account(s). The Program gives you the choice: Would you rather pay taxes now or later?



401(k) vs. 457(b) comparison

Plan comparison	401(k)	457(b)
Maximum contribution of \$18,500 per year ¹	✓	✓
Age 50+ catch-up ² (\$6,000)	✓	✓
Special 457(b) catch-up ²		✓
Before-tax contributions	✓	✓
In-service transfers to purchase service credit	✓	✓
Loans ³	✓	✓
Saver's Credit qualification	✓	✓
10 percent penalty on distributions ⁴ prior to age 59½ after separation from service from a participating employer	✓	
Rollovers allowed from other qualified plans, including SCRS, ⁵ State ORP and non-Roth IRAs*	✓	
Rollovers only from other 457(b) plans*		✓
Financial hardship withdrawals ⁴	✓	
Unforeseeable emergency withdrawals ⁴		✓
In-service distributions ⁴ allowed at age 59½	✓	

* You are encouraged to discuss rolling money from one account to another with your financial advisor/planner and to consider any potential fees and/or limitations of available investment options.



Roth 401(k) vs. Roth 457(b) comparison

Plan comparison	Roth 401(k)	Roth 457(b)
Maximum contribution of \$18,500 per year ¹	✓	✓
Age 50+ catch-up ² (\$6,000)	✓	✓
Special 457(b) catch-up ²		✓
After-tax (Roth) contributions	✓	✓
Loans ³	✓	✓
Financial hardship withdrawals ⁴	✓	
Unforeseeable emergency withdrawals ⁴		✓
Roth 401(k) roll-in to the Program	✓	
Roth 457(b) roll-in to the Program		✓
Roth IRA roll-in to the Program	No	No
Qualifications for tax-free distributions	Five years after Roth account has been established and one of the following: <ul style="list-style-type: none"> • Age 59½ • Death • Disability 	Five years after Roth account has been established, separated from service and one of the following: <ul style="list-style-type: none"> • Age 59½ • Death • Disability
Tax implications if qualifications not met	10 percent tax penalty plus ordinary income tax on any earnings	Ordinary income tax on any earnings

There may be additional differences between the plans. To discuss the differences and which plan might be best for you, contact your local retirement plan counselor at 877.457.6263. For more information about each plan, refer to the Program Information flier, the Plan Document for each plan or visit the Program website at www.southcarolinadcp.com.⁶

Before-tax vs. after-tax (Roth) contributions

Traditional before-tax deferrals and after-tax (Roth) contributions each have advantages.

Contribution comparison	Before-tax	After-tax (Roth)
Is my contribution taxable in the year I make it?	No	Yes
If I change jobs, can I leave my money in the Program or roll over my account?*	Yes. You may leave your money in the Program or roll it to a governmental 457(b) plan, traditional IRA, 401(a) plan, 403(b) plan or qualified 401(k) plan if the plan allows it.	Yes. You may leave your money in the Program or roll it to a Roth IRA or governmental 457(b) plan, 401(k) plan or 403(b) plan if the plan has a designated Roth account and accepts rollovers.
Do I have to take a minimum distribution at age 70½?	Yes	Yes

* You are encouraged to discuss rolling money from one account to another with your financial advisor/planner and to consider any potential fees and/or limitations of available investment options.



Roth 401(k) vs. Roth 457(b) distributions

Distribution comparison	Roth 401(k)	Roth 457(b)
Are my contributions taxed when distributed?	No. You have already been taxed on these contributions.	No. You have already been taxed on these contributions.
Are any earnings on my contributions taxed when distributed?	<p>No, as long as the distribution occurs five tax years after the account was established with the Program and one of the following applies:</p> <ul style="list-style-type: none"> • You reach age 59½; or • You are disabled. <p>If your distribution meets these requirements, then it is a “qualified distribution.”⁷</p>	<p>No, as long as the distribution occurs five tax years after the account was established with the Program, you have separated from service and one of the following applies:</p> <ul style="list-style-type: none"> • You reach age 59½; or • You are disabled. <p>If your distribution meets these requirements, then it is a “qualified distribution.”⁷</p>

The distribution is also qualified in the event of your death, at which point your beneficiaries are eligible to take a withdrawal.

If a distribution is made from your Roth 401(k) or Roth 457(b) account and it has not met the qualifications above, you will pay ordinary income taxes on any earnings that are distributed and may also be subject to a 10 percent early withdrawal penalty.

Call your local retirement plan counselor at **877.457.6263**
or visit **www.southcarolinadcp.com**.⁶

¹ In 2018, if you are under age 50 you may contribute a total of \$18,500 to each plan, including the Roth options. For example, you may contribute up to \$18,500 between the before-tax 401(k) and Roth 401(k). You may contribute up to an additional \$18,500 between the before-tax 457 and Roth 457.

² You may not use the Special 457(b) catch-up provision and the Age 50+ catch-up provision in the same calendar year.

³ You are allowed one active loan across all Program accounts.

⁴ Withdrawals may be subject to ordinary income tax. Withdrawals made prior to age 59½ may incur a 10 percent early withdrawal penalty. The 10 percent early withdrawal penalty does not apply to 457(b) plan withdrawals.

⁵ Including funds accumulated during participation in the Teacher and Employee Retention Incentive (TERI) program.

⁶ GWFS Equities, Inc. registered representatives may also be investment adviser representatives of GWFS affiliate, Advised Assets Group, LLC. Representatives do not offer or provide investment, fiduciary, financial, legal or tax advice or act in a fiduciary capacity for any client unless explicitly described in writing.

⁷ Any employer-matching contributions are classified as before-tax contributions and are treated the same as traditional matching contributions, which may be subject to taxes when you take a distribution.

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Make your retirement planning easier!

Visit www.southcarolinadcp.com or call the voice response system at **877.457.6263** for help. You can also set up a free one-on-one consultation with your local retirement plan counselor listed below.



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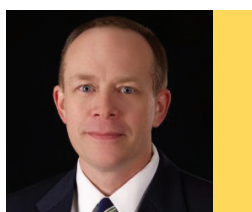
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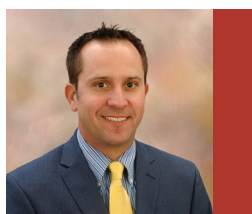
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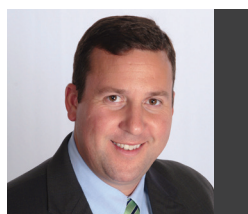
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