



# Contribute through two plans and save more today to retire tomorrow

Did you know, as a current full-time or part-time City of Jacksonville employee working over 20 hours per week, you can save and invest through your City of Jacksonville Defined Contribution Plan or OBRA Plan and the City of Jacksonville 457(b) Deferred Compensation Plan at the same time?

## **Get the most out of your retirement savings**

The 457 Plan acts as a supplement to any existing retirement and pension benefits. This voluntary plan is a powerful tool that allows you to save and invest extra money for your future to further help you reach your retirement dreams.

## **More options to save**

The 457 Plan allows you to make pretax or Roth (after-tax) contributions, or both, to your account. With pretax saving, your contributions are deducted from your pay before taxes are deducted, which lowers the amount of your taxable income. Your contributions and any earnings are taxed only when you take a distribution from the plan.

Another contribution option to consider is Roth. Roth contributions are made with after-tax dollars. With Roth, your distribution is income-tax free if you are eligible for a distribution from your Plan. Note: You must attain age 59½ and have the Roth account for five calendar years to qualify for the tax-free withdrawal.<sup>1</sup> Discuss your situation with a tax or financial advisor to help you fully assess your situation.

## **Valuable 457 Plan features**

- The 457 Plan offers flexible payout options, and there is no 10% early withdrawal penalty on 457 Plan funds. The penalty may apply to IRAs and 401(a), 401(k) and 403(b) plans or money rolled into a 457 plan from IRAs and 401(a), 401(k) and 403(b) plans.
- You have the ability to consolidate accounts by rolling over approved eligible accounts from previous employer plans. Money from other types of plans or accounts that are rolled over into a governmental 457 plan may still be subject to the 10% federal early withdrawal penalty upon distribution from the 457 account prior to the investor reaching age 59½.

- Contributing to the 457 Plan has the potential to increase your tax benefit each year with additional opportunities to save as you near retirement.

## **Greater retirement savings power**

With time and the power of compounding on your side, participating in two plans can provide an incredible boost to your retirement strategy. In 2021, the maximum contribution amount for the 457 Plan is 100% of your includible compensation or:

- If you are under age 50, you may contribute \$19,500.
- If you are age 50 or older, you may contribute \$26,000.
- If you are within three years of normal retirement age and have not contributed your maximum in previous years, you may be able to contribute up to twice the regular dollar limit, or \$39,000.<sup>2</sup>

## **Get started today**

For more information about the 457 Plan, or for assistance with enrolling, schedule a one-on-one meeting with your local Retirement Plan Advisors at **[empower\\_rep\\_individual\\_meeting.timetap.com](https://empower_rep_individual_meeting.timetap.com)** or contact them directly:

Retirement Plan Advisor  
904-255-5569 (Office)

1 The date of your first Roth deferral counts as that year's calendar year. 2 You may not use both standard 457 catch-up and age 50+ catch-up in the same year.

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