

# Not in the plan? Then, what's your plan?

I have  
three  
numbers  
for you:

457



## What is 457?

A 457 deferred compensation plan is supplemental retirement-savings program that offers a tax-advantaged way to invest for potentially more retirement income. Pre-tax contributions and any earnings are taxed as ordinary income when withdrawn.\*

## Why join a 457 plan?

By investing through your employer's 457 deferred comp plan, you may be able to fill the potential retirement-income gap between what your pension provides and what you may need. Consider this: A 2010 study estimated that the *present value of lifetime uninsured health care costs* for a typical married couple age 65 is about \$197,000.<sup>1</sup>

## How do you put money in your account?

That's the easiest part! Your contributions are automatically deducted before taxes from your pay and contributed to your 457 plan account, and then invested as you direct.\*

Deferred comp is designed for long-term investing. However, if you leave employment with your 457 plan sponsor, you can withdraw money without paying a 10% penalty. Consider that, if you're thinking about early retirement.

## What about the risks of investing?

Investing involves market risk, including possible loss of principal. But you also face several other risks. While your Nationwide Retirement Specialist cannot offer investment, tax or legal advice, we'll help you put the various risks into perspective and explain strategies that may help you deal with them.

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\*Note: If your employer's 457 plan offers and you take advantage of a Roth option, your contributions are taken after taxes are applied, but withdrawals of contributions and their potential earnings would be tax-free (subject to certain conditions).

Sources:

<sup>1</sup>How Much Is Enough? The Distribution of Lifetime Health Care Costs, Anthony Webb and Natalia Zhivan, Center for Retirement Research at Boston College, Feb. 2010.

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## How do I get started in a 457 plan?

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[www.batonrouge457.com](http://www.batonrouge457.com)

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