Key Defined Contribution Retirement Plan Differences

To help you better understand your 401(k), 403(b) and 457(b) plans

LITTLETON PUBLIC SCHOOLS

A defined contribution retirement plan is a plan which the employee or the employer (or both) contribute to the employee's individual account under the plan. The participant has the right and/or responsibility to choose how his/her account is to be allocated among the retirement investment options. The balance available at retirement (or other time of distribution) depends on the amounts contributed and the investment results. Understanding the basic features and differences between the types of defined contribution retirement plans can help you make better decisions regarding your participation in the plans. The chart below highlights some of those features and differences.

Plan Type	401(k)	457(b)	403(b)	457(b)
Vendor	(PERA)	(PERA)	TIAA (LPS)	TIAA (LPS)
Eligibility	Each Employee is eligible on his or her date of hire	Each Employee is eligible on his or her date of hire	Each Employee is eligible on his or her date of hire	Each Employee is eligible on his or her date of hire
What it is	A common type of defined contribution retirement plan.	A defined contribution retirement plan offered to public educational institutions as well as governmental and certain state non-governmental organizations	A defined contribution retirement plan offered to employees of educational institutions and other qualified entities	A defined contribution retirement plan offered to public educational institutions as well as governmental and certain state non-governmental organizations
Investment Responsibility	Participant	Participant	Participant	Participant
Participant Education	Contact PERA at 1-800-759-7372 or go online to www.copera.org	Contact PERA at 1-800-759-7372 or go online to www.copera.org	Group and individual one on one meetings with TIAA made available at your location or nearby	Group and individual one on one meetings with TIAA made available at your location or nearby

Contributions	PERA 401(k)	PERA 457(b)	LPS 403(b)	LPS 457(b)
Limits on employee contributions	The limit on employee contributions is $23,000 for 2024. 401(k) plans need to be combined with other 401(k) plans or 403(b) plans (not 457(b) plans) in applying limits.	The limit on employee elective deferrals is $23,000 for 2024, this is in addition to $23,000 combined limit for a 401(k) and/or 403(b) plan(s).	The limit on employee contributions is $23,000 for 2024. 403(b) plans need to be combined with other 403(b) plans or 401(k) plans (not 457(b) plans) in applying limits.	The limit on employee elective deferrals is $23,000 for 2024, this is in addition to $23,000 combined limit for a 401(k) and/or 403(b) plan(s).
Total Contribution Limit (employer + employee)	Either 100% of participant's compensation or $69,000 for 2024 (including Roth) –whichever is less plus any catch-up contributions.	Either 100% of participant's compensation or $23,000 for 2024 - whichever is less plus any catch-up contributions.	Either 100% of participant's compensation or $69,000 for 2024 (including Roth) – whichever is less plus any catchup contributions.	Either 100% of participant's compensation or $23,000 for 2024 - whichever is less plus any catch-up contributions.
Catch-up contributions	For participants age 50 or over, $7,500 is the limit for annual catch-up contributions in 2024. Catch-up contributions to 403(b) and 401(k) have to be aggregated.	For participants age 50 or over, $7,500 is the limit for annual catch-up contributions in 2023. For one or more of an employee's last 3 taxable years ending before he or she attains normal retirement age, there is an enhanced catch-up available, instead of the above limit.	For participants age 50 or over, $7,500 is the limit for annual catch- up contributions in 2024. Catch-up contributions to 403(b) and 401(k) have to be aggregated.	For participants age 50 or over, $7,500 is the limit for annual catch-up contributions in 2024. For one or more of an employee's last 3 taxable years ending before he or she attains normal retirement age, there is a special catch-up available, instead of the above limit.
Roth Option – the ability to defer after-tax wages, with distributions paid tax-free if certain requirements met	Yes	Yes	Yes	Yes
District Match	No	No	Discretionary	Discretionary

Distributions, Loans, and Penalties	PERA 401(k)	PERA 457(b)	LPS 403(b)	LPS 457(b)
When Distributions are Permitted	Generally: Age 59 ½ Severance from employment Death	Age 70 ½ Severance from employment Death	Generally: Age 59-1/2 Severance from employment Death Disability	Age 70 ½ Severance from employment Death
Other Distributions	Hardship DRO (Domestic Relations Order) Purchase service credit in PERA's Defined Benefit Plan according to Colorado State Statutes	Unforeseeable emergency DRO (Domestic Relations Order) Purchase service credit in PERA's Defined Benefit Plan according to Colorado State Statutes	Hardship QDRO (Qualified Domestic Relations Order) Purchase service credit in PERA's Defined Benefit Plan according to Colorado State Statutes	Unforeseeable emergency QDRO (Qualified Domestic Relations Order) Purchase service credit in PERA's Defined Benefit Plan according to Colorado State Statutes
Participant loans	Yes, loans are allowed. Generally, participants can borrow up to 50% of their vested account balance to a maximum of $50,000 and a minimum loan of $1,000.	Yes, loans are allowed. Generally, participants can borrow up to 50% of their vested account balance to a maximum of $50,000 and a minimum loan of $1,000.	Yes, loans are allowed for active employees only. Generally, participants can borrow up to 50% of their vested account balance to a maximum of $50,000 and a minimum loan of $1,000.	No loans are permitted.
Early withdrawal	Withdrawals before age 59½ are generally subject to 10% federal tax penalty.	Withdrawals can be generally made without penalty and regardless of age at termination.	Withdrawals before age 59½ are generally subject to 10% federal tax penalty.	Withdrawals can be generally made without penalty and regardless of age at penalty

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