

What is a 457 Plan?

A 457 plan, named after IRS code 457, is a non-qualified deferred compensation plan for government agencies. This type of program allows employees to defer wages on a pre-tax basis through payroll deduction. Effective 4/1/11, the PSATS plan now also offers the Roth option, which allows contributions to be made post-tax.

Who Can Participate?

All employees, both full time and part time, are eligible to participate in the plan. Supervisors, solicitors and engineers may also participate.

What are the Advantages?

- Accumulate savings to replace earnings at retirement
- Contributions can be made pre-tax (Traditional) or post-tax (Roth)
- Reduces your current federal income tax
- Immediate plan entry date
- Participant has control of investments to meet individual goals
- Changes in investment allocation can be made at any time
- Account balance and learning tools available 24/7 on the Internet
- Participant reports will be mailed quarterly
- Contributions can be changed at any payroll period effective for the first of the next month
- Contributions can be stopped at any time
- Upon termination, funds can be rolled into a new employer plan

How much can I contribute?

For 2022, the IRS will allow individuals under the age of 50 to contribute \$20,500 per year, and age 50 and over, up to \$27,000 per year. Employees may elect to make pre-tax deferrals up to 100% of their taxable income.

Are there any fees?

The annual fee charged by the Trust/PSATS to provide plan administration, contribution processing, benefit requests, actuarial reports, marketing and audit assistance for the defined benefit plan is a flat fee of \$250, plus \$1 per employee/per month. The annual fee for the 401(a) and 457(b) plans is based on the number of participating employees as follows:

Townships with less than 5 employees:

- Electronic transfer (ACH): \$200 per year
- Payment by Check: \$300 per year

Townships with 5 – 10 employees:

- Electronic transfer (ACH): \$250 per year
- Payment by Check: \$400 per year

Townships with more than 10 employees:

- Electronic transfer (ACH): \$350 per year
- Payment by Check: \$500 per year