

Helping you build a brighter future ...

The San Diego Unified School District 457(b) vs. 403(b) Which is best for you?



Welcome to your new retirement plan option!

The San Diego Unified School District offers you two powerful ways to help accumulate money for your future. In addition to the 403(b) plan, you can contribute to a 457(b) plan.

Sound complicated? Your financial advisor is on call to meet with you and answer all your questions.

Each financial advisor has the knowledge, skills and desire to help you make the decision that best suits your situation. Start building your retirement income today. Call 619-718-7000.

It's up to you!

You now have a choice between two excellent retirement plans: your employer now offers both a 457(b) and a 403(b) retirement plan. If it suits your situation, you can contribute to both plans.

Which plan is best? Each has distinctive features, so you might find one plan better suits your situation than the other.

But how can I decide?

Consider factors unique to you, like your age, anticipated career path and current position, current and prospective personal and family income levels, and your long-term financial objectives.

How much can I contribute?

457(b)	403(b)
Up to \$16,500 in 2009 and either	Up to \$16,500 in 2009
Up to \$16,500 more in 2009 if you: <ol style="list-style-type: none">1. Are within the last three taxable years ending in the year before normal retirement age under the plan and2. Have undercontributed in prior years	Up to \$3,000 more in 2009 if you: <ol style="list-style-type: none">1. Have undercontributed in the past and2. Have at least 15 years of service
OR	AND
An additional \$5,500 more in 2009 if you are an eligible governmental employee and age 50 or older	An additional \$5,500 more in 2009 if you are age 50 or older

How do the plans differ?

457(b)	403(b)
<ul style="list-style-type: none"> • More stringent withdrawal restrictions while you are employed, but no 10% early withdrawal federal tax penalty after separation from service. 	<ul style="list-style-type: none"> • Less stringent withdrawal restrictions while you are employed, but a 10% early withdrawal federal tax penalty might apply.
<ul style="list-style-type: none"> • Generally withdrawals made prior to separation from service or the year in which you reach age 70½ can only be made for an unforeseeable emergency. 	<ul style="list-style-type: none"> • Generally withdrawals made prior to separation from service or the year you attain age 59½ can only be made due to financial hardship.
<ul style="list-style-type: none"> • An unforeseeable emergency is more restrictive — while you are employed — than a 403(b) hardship. <ul style="list-style-type: none"> – A sudden and unexpected illness or accident for you or a dependent – Loss of your property due to casualty – Other similar extraordinary circumstances arising as a result of events beyond your control. However, sending a child to college or purchasing a home is not considered an unforeseeable emergency. 	<ul style="list-style-type: none"> • A financial hardship withdrawal is considered less restrictive — while you are employed — than a 457(b) unforeseeable emergency. Examples of financial hardship include: <ul style="list-style-type: none"> – Unreimbursed medical expenses – Payments to purchase a principal residence – Higher education expenses or – Payments to prevent eviction or foreclosure of a mortgage.
<ul style="list-style-type: none"> • The 10% federal tax penalty, generally applicable to distributions prior to age 59½ from a 403(b) plan, does not apply to distributions from 457(b) plans. 	<ul style="list-style-type: none"> • Withdrawals can be subject to a 10% federal tax penalty prior to age 59½.

What's the maximum I can contribute to both plans?

457(b)	403(b)
<p>\$16,500 basic contribution</p> <p>+16,500 eligible employees within the last three taxable years ending in the year before normal retirement age under their plan</p> <hr/> <p>\$33,000</p> <p>OR</p> <p>\$16,500 basic contribution</p> <p>+ 5,500 employees age 50 or older</p> <hr/> <p>\$22,000</p>	<p>\$16,500 basic contribution</p> <p>+ 3,000 eligible employees with 15 or more years of service</p> <p>+ 5,500 employees who are age 50 or older</p> <hr/> <p>\$25,000</p>

Potential maximum combined contribution
\$33,000 + \$25,000 = \$58,000

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