Marshfield Clinic 457(b) Plan

What is a 457(b) plan

- A 457(b) plan is an employer-sponsored deferred compensation program that lets you defer part of your paycheck toward your retirement savings
- Income taxes are delayed on the amount deferred until paid
- Plans for tax-exempt organizations (tax-exempt 457(b) plans) are limited by law to a select group of management or highly compensated individuals

Reasons for a 457(b) plan

- Allows a limited group to defer current income taxes on wages by setting them aside in a pre-tax account (SSI and Medicare taxes are paid as wages are earned)
- 457(b) Plan is in addition to our Retirement Plan and 401(k) Plan
- Allows new hires to save for retirement while waiting to become eligible for our Retirement Plan

Who can participate

- Physicians and surgeons
- Group I/Ph.D.s
- Executive administration

How much can be contributed

- Up to $18,500 in 2018, after that, the amount will be determined by the IRS.
- Special catch-up provision for older employees
- Contributions are not combined with other plans for 415 limit testing purposes.

Key issues for potential participants

Because a 457(b) plan is a deferred compensation plan:

- **Any compensation deferred remains an asset of the Clinic and is subject to the claims of general creditors of Marshfield Clinic.**

Other key items

- Administered by the MCHS Finance Committee
- Normal retirement is 65
- Initial deferral and deferral increases/decreases take effect on the first payroll of the month following the month of the election or increase/decrease.
- Can stop deferral at any time
- Money stays deferred until service “separation”
- Can change investment options at any time
- Can name beneficiaries

Distribution options

General terms at separation of service

- Roll to another tax exempt 457 plan (law currently prohibits transfer to an IRA, 401(k), or any other deferred compensation plan).
- Lump sum distribution upon termination; or
- Delay lump sum distribution to later date; or
- 5-year or 10-year installments that start at a date specified by the participant.

(Election of Distribution Option must be made within 60 days after separation date.)

(Distributions must begin between separation date and age 70½.)