

Choosing a GAFRI Retirement Plan



There are as many types of retirement plans as there are reasons for establishing a plan. Selecting the right one can be difficult. At Great American Financial Resources®, Inc., our team is ready to work with you and your independent financial professional to evaluate your retirement plan needs.

1 Except as noted, limits in effect for 2008 are shown in this summary. These figures are generally indexed for inflation or scheduled to rise by statute and may change annually. In determining the amount of any contribution or limit under an employer-sponsored plan, compensation over \$230,000 must be disregarded. In some cases, limits on deductions, contributions and benefits are coordinated with other plans of the employer and may be reduced on account of such other plans. Limits on employee deferrals apply to total elective deferrals of the employee to all plans. Employee deferrals and employer-match contributions for highly compensated employees may be subject to additional limits.

This information is not intended or written to be used as legal or tax advice. It was written solely to support the sale of annuity products. As a taxpayer, you cannot use it for the purpose of avoiding penalties that may be imposed under the tax laws. You should seek advice on legal or tax questions based on your particular circumstances from an independent attorney or tax advisor.

Special retirement plans for governmental and tax-exempt organizations

- ★ Employee 403(b)
- ★ Employer 403(b)
- ★ 457(b) Governmental
- ★ 457(b) Non-Governmental

Great American Financial Resources and our subsidiary life insurance companies, Annuity Investors Life Insurance Company® and Great American Life Insurance Company®, are friends to educators and not-for-profit organizations, and committed to meeting your individual needs. We will work with you and your independent financial professional, making sure that you have chosen the right plan. You can count on us to provide flexible, high-quality and cost-effective solutions for you in the years to come.



INSURANCE MARKETPLACE
STANDARDS ASSOCIATION

Comparison of Retirement Plans *for governmental and tax-exempt organizations*



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Not Insured by any Federal Government Agency • Not a Deposit • May Lose Value

	Employee 403(b)	Employer 403(b)	457(b) Governmental	457(b) Non-Governmental
General description	Tax-sheltered retirement annuities for employees of certain tax-exempt employers that receive only employee deferrals through salary reduction agreements.	Tax-sheltered retirement annuities for employees of certain tax-exempt employers that may receive employer discretionary contributions and/or employee deferrals and employer-matching contributions.	A deferred compensation arrangement of an eligible employer.	A deferred compensation arrangement of an eligible employer.
Who may establish the plan?	Public schools, universities, colleges and not-for-profit 501(c)(3) organizations.	Public schools, universities, colleges and not-for-profit 501(c)(3) organizations.	States, political subdivisions of a state and their agencies or instrumentalities, public schools, universities and colleges.	Non-governmental tax-exempt organizations.
Tax law eligibility rules	Must be open to any employee of the employer.	If employee deferrals are allowed, must be open to any employee of the employer. If employer contributions are allowed, must meet nondiscrimination tests unless government plan or church.	Any individual who performs services for the employer may be covered. No minimum coverage or tax law discrimination rules apply.	Only a select group of management and highly compensated employees of the employer may be covered, unless church plan. (Referred to as a “top hat” plan.)
Limits on contributions/benefits¹	Allocation to each participant is limited to the lesser of 100% of pay or \$46,000. Employee elective deferrals are limited to \$15,500 per calendar year.	Total contributions are generally limited to 25% of aggregate compensation of all participants. Allocation to each participant is limited to the lesser of 100% of pay or \$46,000. Employee elective deferrals are limited to \$15,500 per calendar year.	Total contributions for each participant are limited to the lesser of 100% of pay or \$15,500 per calendar year.	Total allocation to each participant is limited to the lesser of 100% of pay or \$15,500 per calendar year.
Catch-up contributions¹	\$5,000 for participants age 50 and over. Additional catch-up contributions are permitted for employees with 15 years of service.	\$5,000 for participants age 50 and over. Additional catch-up contributions are permitted for employees with 15 years of service.	Catch-up for participants during their last three years of service may be double the annual deferral limit. Participants age 50 and older who do not qualify for the double limit can make a \$5,000 catch-up contribution.	Catch-up for participants during their last three years of service is double the annual deferral limit.
Post-tax Roth contributions permitted?	Yes, if allowed by plan.	Yes, if allowed by plan.	No.	No.
Social Security integration permitted?	No.	Yes, for employer discretionary contributions.	Possible, but rarely used.	Possible, but rarely used because plan already limited to highly compensated.
Tax and benefit law minimum vesting requirements¹	100% vested immediately.	Employer-matching contributions must generally be 100% vested after three years or graded vesting over a maximum of six years. Employee deferrals are 100% vested immediately.	None.	None.
Forfeitures	N/A	May be reallocated to accounts of remaining participants or used to reduce employer contributions.	Generally used to reduce employer contribution.	May be retained by employer.
Tax law restrictions on distributions	Distributions are only allowed on attainment of age 59½, death, disability, severance from employment or financial hardship. All proceeds are subject to ordinary income tax, with a possible 10% federal tax penalty if prior to age 59½.	Distributions attributable to employee deferrals or custodial account funds are only allowed on attainment of age 59½, death, disability, severance from employment or financial hardship. Distributions attributable to employer contributions beginning in 2009 are only allowed on severance from employment or occurrence of other event provided by plan. All proceeds are subject to ordinary income tax, with a possible 10% federal tax penalty if prior to age 59½.	Distributions are only allowed after severance from employment, attainment of age 70½, death, disability or the occurrence of an unforeseeable emergency. All proceeds are subject to ordinary income tax. No 10% tax penalty applies for distributions prior to age 59½.	Distributions are only allowed after severance from employment, attainment of age 70½, death, disability or the occurrence of an unforeseeable emergency. All proceeds are subject to ordinary income tax. No 10% tax penalty applies for distributions prior to age 59½.
Loans	Must be repaid within five years (longer if used for purchase of primary residence), installments at least quarterly. Aggregate loans from all employer plans are limited to the lesser of \$50,000 or 50% of the participant’s vested account balance.	Must be repaid within five years (longer if used for purchase of primary residence), installments at least quarterly. Aggregate loans from all employer plans are limited to the lesser of \$50,000 or 50% of the participant’s vested account balance.	May be permitted if the plan allows. Must be repaid within five years (longer if used for purchase of primary residence), installments at least quarterly. Aggregate loans from all employer plans are limited to the lesser of \$50,000 or 50% of the participant’s vested account balance.	Not permitted.
Plan documents/plan reporting & disclosure	Plan document required by 2009. IRS model plan is available for public schools. No reporting is required.	No IRS standard plan document is available. ERISA reporting and disclosure required, including annual Form 5500, unless public school or church plan.	No IRS standard plan document is available. No ERISA reporting and disclosure is required.	No IRS standard plan document is available. One-time notice to DOL required, unless church plan.