

Supplemental Savings Options (2020)



Feature	MERS 457 Program		MERS IRA	
	Pre-Tax	Roth	Traditional	Roth
Enrollment Eligibility	Employer must adopt the program, then employee has option to participate	Employer must adopt the program, then employee has option to participate	Current and former employees of any Michigan municipality and their spouses	Current and former employees of any Michigan municipality and their spouses
Contributions				
Maximum Contribution (2020)	\$19,500/year (In all 457 accounts combined if you own more than one) Age 50 Catch-Up: \$6,500 (\$26,000 total) Pre-Retirement Catch-Up: 2x normal limit (\$39,000 total)		\$6,000/year (In all IRA accounts combined if you own more than one) Age 50 Catch-Up: \$1,000 (\$7,000 total)	
Do Contributions Reduce Taxable Income?	Yes	No	Yes – modified adjusted gross income (MAGI) can't exceed: If you ARE covered by another retirement plan at work: Up to \$104,000 (married), or \$65,000 (single). If you are NOT covered by a retirement plan at work: Up to \$196,000 (married, spouse IS covered at work), or no limit (single or married but spouse is NOT covered at work). See IRS Publication 590-A for details and exceptions	No
Contribution Limits	No limitations	No limitations	No limitations	Modified adjusted gross income (MAGI) can't exceed: \$196,000 (married - filing jointly); \$124,000 (single). See IRS Publication 590-A for details and exceptions
Withdrawals				
When can I withdraw money?	Upon separation from service with your employer, regardless of your age	Upon separation from service with your employer (penalties may apply for non-qualified withdrawals ¹ - see below)	Withdrawals can be taken at any time (penalties may apply - see below)	Withdrawals can be taken at any time (penalties may apply - see below)
Taxation of Withdrawals	Withdrawals are subject to federal and state income taxes	Qualified withdrawals ¹ are tax-free Non-qualified withdrawals are subject to income tax on the <i>earnings</i> portion of the withdrawal	Withdrawals are subject to federal and state income taxes	<i>Contributions</i> can be withdrawn tax-free at any time. <i>Earnings</i> may be withdrawn tax-free, so long as they are a qualified withdrawal ²
10% Early Withdrawal Penalty (before age 59½)	There is no penalty on withdrawal of contributions and earnings A penalty may apply if you withdraw assets rolled in from another type of account	There is no penalty on withdrawal of contributions or earnings as long as it is a qualified withdrawal ¹ A penalty may apply if you withdraw assets rolled in from another type of account	Early withdrawal penalty applies. Exceptions are qualified expenses: 1) Education expenses for you/spouse/child/grandchild; 2) Buying or building your first home (up to \$10,000); 3) Some medical expenses	<i>Contributions</i> can be withdrawn at any time without penalty. Early withdrawal penalty may apply to <i>earnings</i> and assets rolled in from another type of account. No penalty on qualified expenses: 1) Education for you/spouse/child/grandchild; 2) First home (up to \$10,000); 3) Some medical
Required Minimum Distributions (RMD)³	After age 72 or separation from employer, whichever is later	After age 72 or separation from employer, whichever is later	After age 72	None

¹ Qualified withdrawal for Roth 457: Account held for at least 5 years; recipient is at least age 59½; terminated from service (or deceased/disabled).

² Qualified withdrawal for Roth IRA: Account held for at least 5 years; recipient is at least age 59½.

³ The Coronavirus Aid, Relief and Economic Security (CARES) Act waived the RMD for governmental 457(b) plans and IRAs in 2020.