



Comparing Metro's 401(k), 457 and Roth IRA

Contributions and Taxes

401(k)	Pre-tax contributions are made through payroll deduction.
457	Tax deferred growth on your account balance.
Roth IRA	After-tax contributions are made through payroll deduction. Tax free withdrawals , including all earnings.

Withdrawals

401(k)	Withdrawals are typically available only after you leave service with your employer. Withdrawals from your account will be taxable as income in the year in which the assets are withdrawn and tax withholding may be applied. Additionally, withdrawals from your 401(k) plan that are made prior to you reaching age 59½ may be subject to a 10% early withdrawal penalty. 457 plan assets that remain in your 457 plan until they are withdrawn are never subject to an early withdrawal penalty. However, if you have rollover assets from a 401(a), 401(k), 403(b), or Traditional IRA in your 457 plan, those assets may be subject to the 10% early withdrawal penalty if withdrawn prior to age 59½.
457	
Roth IRA	Roth IRA withdrawals can be made at any time and your contributions can always be withdrawn without taxes. Withdrawals, including earnings, are 100% tax-free if you have held a Roth IRA account for at least five years, as defined by the IRS, and either: <ul style="list-style-type: none">▶ You are at least age 59½▶ You have a qualifying “first-time” home purchase (limited to \$10,000 in Traditional IRA assets and/or Roth IRA earnings over your lifetime)▶ You have a qualifying disability▶ Your beneficiaries or heirs receive the assets after your death Otherwise: <ul style="list-style-type: none">▶ The first assets withdrawn are your contributions, which are never subject to taxes or penalties.▶ The next assets withdrawn are converted assets, which may be subject to a 10% penalty tax if withdrawn within five years of the conversion and you are under the age of 59½, unless you qualify for an exception.▶ The last assets withdrawn are earnings, which may be subject to ordinary income taxes and, if you are under the age of 59½, the 10% penalty tax, unless you qualify for an exception. Penalty-Free Withdrawals Withdrawals that are subject to ordinary income taxes can avoid the IRS 10% penalty tax if you qualify for an exception, including payment of qualifying: <ul style="list-style-type: none">▶ Higher education expenses, including tuition, fees and books, for you, your spouse, children and grandchildren▶ Major medical expenses▶ Health insurance premiums while unemployed▶ Additional exceptions may apply. See IRS Publication 590 for a complete list (www.irs.gov).

Payout Options

401(k)	Flexible payout options (lump-sum, periodic payments of a specific dollar amount, payments over a set period of time, COLA adjusted payments, rollovers, or a combination thereof) are available and may be changed at any time to meet your needs in retirement. Unless you elect to receive annuity payments, you will have the flexibility to request a withdrawal of a specific dollar amount whenever you need or want the funds.
457	You may leave the money in your account and continue to take advantage of tax deferred growth throughout your retirement. After you reach 70½, you are required to take withdrawals from the account each year, provided you are no longer employed.
Roth IRA	Flexible payout options (lump-sum, periodic payments of a specific dollar amount, payments over a set period of time, rollovers, or a combination thereof) are available and may be changed at any time to meet your needs in retirement. You will have the flexibility to request a withdrawal of a specific dollar amount whenever you need or want the funds. You may leave the money in your account and continue to take advantage of tax deferred growth throughout your retirement.

Loan Provision

401(k)	Allows you to take loans from your 401(k) or 457 plan. Your employer makes loans available for any purpose.
457	You can have only one outstanding loan.
Roth IRA	Not Available

Maximum Contribution

401(k)	Please visit www.icmarc.org/contributionlimits to view current year annual maximum contribution amounts.
457	
Roth IRA	You have to be eligible to contribute to a Roth IRA based on your modified adjusted gross income, which is generally all of your income subject to taxes minus certain deductions, and tax filing status. Please visit www.icmarc.org/contributionlimits to view current year annual maximum contribution amounts. <i>If you own a traditional IRA: combined contributions to a Roth and Traditional IRA cannot exceed the limits.</i> <i>You can make current tax-year contributions until the next year's April tax-filing deadline. Current year paycheck contributions can only be made through the final pay period of the year, but prior year contributions (or additional current year contributions) may be made by sending separate payments.</i>

"Age 50" Catch-Up Contributions

401(k)	If you are age 50 or older, you may make additional catch-up contributions to your account. These amounts may exceed the regular maximum contribution amount in effect for the year and may be used for every year from age 50 through the year in which you no longer participate in the plan. Note however that you may not make "age 50" catch-up contributions to the 457 plan in years that you are making "pre-retirement" catch-up contributions to the 457 plan.
457	
Roth IRA	Please visit www.icmarc.org/contributionlimits to view current year annual maximum contribution amounts.

“Pre Retirement” Catch-Up Contributions

401(k)	Not Available
457	Enables participants who are within three years of the normal retirement age to make additional contributions above the regular maximum for the year, in order to catch-up for years in which they did not contribute the maximum that they were eligible to defer. The “pre-retirement” catch-up limits are double the amount of the regular maximum contribution. Please visit www.icmarc.org/contributionlimits to view current year annual maximum contribution amounts.
Roth IRA	Not Available

Hardship and Emergency Withdrawals

401(k)	Hardship Withdrawals are for immediate and heavy financial needs of the participant. Examples of allowable expenses are medical costs, purchase of a principal residence (e.g., down-payment, closing costs, title fees) and tuition costs. Note that hardship withdrawals are not available for the purchase of land or vacation properties.
457	Emergency Withdrawal Provision is for unforeseeable and unbudgetable expenses for you or your tax dependents, or for a property loss due to casualty. Does not allow for the purchase of a home or for payment of college education.
Roth IRA	Not Available

Rollovers

401(k)	You are eligible to rollover funds from a previous employer’s retirement plan (i.e., 401(a), 401(k), 403(b), or 457) or a Traditional IRA into your LACMTA 401(k) and 457 plan. Upon separation from service with your employer, the assets in your 401(k) and 457 plan will be eligible for a rollover to other eligible retirement plans such as those named above.
457	Additionally, if your defined benefit pension plan allows you to take a distribution that qualifies for rollover, those funds are eligible to be transferred into your 401(k) and 457 plan.
Roth IRA	You are eligible to roll over funds from another Roth IRA, a previous employer’s retirement plan (i.e., 401(a), 401(k), 403(b), or 457) into your Roth IRA. Rollovers from employer retirement plans and transfers from Traditional IRAs into your Roth IRA will generally be considered a taxable event.