



IRC 457(b) Deferred Compensation Plans

Plans of deferred compensation described in IRC section 457 are available for certain state and local governments and non-governmental entities tax exempt under IRC Section 501. They can be either eligible plans under IRC 457(b) or ineligible plans under IRC 457(f). Plans eligible under 457(b) allow employees of sponsoring organizations to defer income taxation on retirement savings into future years. Ineligible plans may trigger different tax treatment under IRC 457(f).

Who can establish a 457(b) plan?

The organization must be a state or local government or a tax-exempt organization under IRC 501(c).

How do 457(b) plans work?

Employers or employees through salary reductions contribute up to the IRC 402(g) limit- \$22,500 in 2023 (\$20,500 in 2022; \$19,500 in 2021 and in 2020; \$19,000 in 2019) on behalf of participants under the plan. See [457\(b\) plan contribution limits](#).

What are the advantages of participating in a 457(b) plan?

There are significant tax advantages for participants in a 457(b) plan:

- Contributions to a 457(b) plan are tax-deferred.
- Earnings on the retirement money are tax-deferred.

Can a 457(b) plan include designated Roth accounts?

Yes, a governmental 457(b) plan may be amended to allow [designated Roth contributions](#) and in-plan rollovers to designated Roth accounts.

Choose a 457(b) plan

- [Publication 4484, Choose a Retirement Plan for Employees of Tax-Exempt Government Entities](#) [PDF](#)
- [Non-governmental 457\(b\) deferred compensation plans](#)


Establish a 457(b) plan

- [Revenue Procedure 2004-56](#), 457(b) Model Language
- [Revenue Ruling 2004-57](#), Union-administered 457 Plan

Participate in a 457(b) plan

- [457\(b\) plan contribution limits](#)
- [Unforeseeable emergency distributions from 457\(b\) plans](#)
- [Revenue Ruling 2010-27](#) - Examples of unforeseeable emergencies
- [Who can participate in a 457\(b\) Plan](#)

Operate and maintain a 457(b) plan

- [457 Final Regulations \(T.D. 9075\)](#), July 11, 2003
- [Notice 2003-20, 457\(b\) Reporting Requirements](#) [PDF](#)
- [IRC 501\(c\)\(3\)](#) 

Correct a 457(b) plan

- [457\(b\) submissions to Voluntary Compliance](#)
- [Correcting Plan Errors](#)