

City of Burleson 457(b) Deferred Compensation Plan

This voluntary plan lets you set aside part of your pay check on a pre-tax or Roth (after-tax) basis to help supplement your retirement savings.

Key 2026 IRS Limits for 457(b) Plans (Includes 401(k) and 403(b))

- **Annual Contribution Limit:** \$24,500
- **Age 50+ Catch-Up:** \$8,000
- **Special 3-Year Catch-Up:** Up to double the annual limit in the three years before normal retirement age (\$24,500 standard + \$24,500 catch-up).
- **Roth Catch-up Threshold:** \$150,000+ (FICA Wages from 2025)
- **Super Catch-Up Limit (Ages 60-63):** \$11,250

Eligibility

- All employees, except leased or contracted employees, may participate.
- You can enroll **immediately upon hire.**

Contributions

- Choose a percentage or dollar amount to defer from each paycheck.
- Contributions can come from regular pay, vacation pay, or back pay.
- You may make both pre-tax and Roth (after-tax) contributions.

Vesting

- You are **always 100% vested** in your contributions and earnings.

Access to Funds

- Generally, no withdrawals while employed, **except for:**
 - Unforeseeable emergencies (severe financial hardship).
 - Small account withdrawals (\leq \$5,000) if inactive for two years.
 - After reaching age 70½.
- After leaving the Burleson, you may receive benefits as a lump sum or in installments.

Loans

- Loans are permitted under the **Plan's loan policy.**

Taxes

- Pre-tax deferrals lower your taxable income now; taxes are owed at withdrawal.
- Roth contributions are taxed now, but qualified withdrawals (after five years and age 59½, disability, or death) are tax-free.
- Direct rollovers to another eligible plan or IRA can defer taxation.

Beneficiaries

- You may name a beneficiary anytime; spouse is default unless waived.
- If none designated, benefits go to **spouse** → **children** → **parents** → **estate.**