

# The Adventist Health System 457(b) Eligible Deferred Compensation Plan

administered through the **AHRP** is a supplemental tax-deferred savings retirement plan in addition to the AHRP 403(b) plan. (See **Eligibility** below)

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## Key Features

The AHS 457(b) Eligible Deferred Compensation Plan ("Plan") provides you with the ability to save for retirement.

- **Ability to reduce your taxable income.** You determine the amount of your 457(b) contributions (up to IRS-defined limits) through a participation agreement with your employer. Your contributions will be pre-tax, reducing your current taxable compensation.
- **Your investment earnings grow tax-deferred.** The earnings in your Plan account ("Account") are reinvested where they grow tax-deferred. Distributions are subject to income tax, withholding, and reporting when withdrawn from the Plan.
- **Choose from a menu of investment funds.** You may select your investment allocation. The choices are similar to those available under the AHRP.
- **Portability.** If you leave your job, you may be able to transfer your Account to another employer's eligible 457(b) retirement plan (i.e., if your next employer is a tax-exempt entity). You also have the option to leave your money in your Plan or cash out. If you cash out, the distribution will be subject to income tax. Your Account may **NOT** be rolled into a 403(b), 401(a), 401(k), or IRA. (Please see **Severance of Employment**.)
- **Catch-up contributions.** If you are within 3 years of normal retirement age (as defined in the Plan), you may be eligible for additional catch-up contributions.

## Features Unique to a 457(b) Plan to Consider

- **Severance of Employment.** Upon your severance of employment with all the participating employers in the Plan and their affiliates, you will be eligible to receive a distribution of your Account. Your Account will be (or begin to be) distributed

to you on or as soon as practicable after the 60th day following your severance unless you make an irrevocable election before this date to defer distribution of your Account. You may defer distribution of your Account to a date not later than April 1 following the year in which you terminate employment or reach age 70½, whichever is later. (Please see **Portability** for transfer rights and restrictions).

- **In-Service Distributions.** You will be eligible to receive a distribution of your Account prior to your severance of employment only if:
  - You have reached age 70½,
  - You experienced an unforeseeable emergency (as defined in the Plan), or
  - Your Account balance is not more than \$5,000, you have not made any contributions to the Plan during the two years preceding the distribution, and you never before received a small (i.e., \$5,000 or less) distribution under this Plan option.
- **Withdrawals/Distributions.** You may elect to receive a distribution of your Account in the form of a single lump sum payment or periodic installments. If you fail to specify the form of distribution, the Plan will make a single lump sum payment to you. Your Plan distribution will be subject to income tax withholding, but not early withdrawal penalties (regardless of your age), and will be paid to you by a check mailed to your address of record.
- **Loans.** You are not permitted to take a loan from your Account.
- **Death.** If you die before receiving your entire Account balance, your remaining balance will be paid to your designated beneficiary.

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## Suitable for/Risks

If you are looking for additional opportunities for retirement savings through a supplemental retirement plan, you can begin contributing to the AHS 457(b) Plan. However, your Account is subject to the bankruptcy or insolvency creditors of your employer if bankruptcy or insolvency occurs before you receive a distribution of your Account. This risk, as well as the limited availability of in-service distributions, must be considered by you before making a decision to begin or continue participation.

## Additional Details

### Eligibility

Any employee of AdventHealth or one of its tax-exempt member employers is eligible to enroll and save in the AHS 457(b) Plan after setting up their AHRP 403(b) contribution to hit the IRS maximum limit for the current tax year or after having already hit the IRS maximum contribution for the current tax year. This would include any over age 50 catch-up.

### Enrollment

It's easy to save. Decide how much you want to save and how you want to invest contributions within your account. To begin contributions, log on to **AHRP.com** or call the AHRP Retirement Center at **1-800-730-AHRP** (1-800-730-2477). Generally, your enrollment election in the AHS 457(b) Plan will become effective in the month following the month in which the election is made.

### Your Contributions

You contribute a specified amount of your pay to the AHS 457(b) Plan before income tax withholding is calculated. This reduces your currently taxable compensation and enables you to save money that otherwise might have been reduced by income taxes. FICA and Medicare taxes apply at the time contributions are made.

Generally, you can contribute 100% of your annual includible compensation, up to \$19,000 in 2019 after 403(b) election requirements to establish eligibility under the 457(b) plan have been met (see **Eligibility**).

*This material is provided for general and educational purposes only; it is not intended to provide legal, tax, or investment advice. All investments are subject to risk. We recommend that you consult an independent legal or financial advisor for specific advice about your individual situation.*