

**City of Venice**  
**457 Deferred**  
**Compensation Plans**

### **What is a 457 Deferred Compensation Plan?**



A 457 Deferred Compensation Plan is a supplemental retirement savings account plan that allows you to make contributions on a pre-tax basis. Federal income taxes are deferred until your assets are withdrawn, usually during retirement when you may be in a lower tax bracket. The City of Venice has adopted two 457 Plans for its employees so you now have a choice of providers with whom to work.

### **What are the Benefits of a 457 Deferred Compensation Plan?**

- You reduce your current income taxes while investing for retirement.
- Your earnings accumulate tax-deferred.
- You may be allowed to make additional "catch-up" contributions if you are 50 (or older) or within three years of your normal retirement age and already contributing the maximum to your plan.
- If you retire or leave service early, there is no penalty for withdrawals.

### **Keep in Mind:**

- There are strict Internal Revenue Code limits on the amount you may contribute each year.
- You will pay taxes on the amount that you withdraw.
- You are required to begin withdrawing from the account by a certain age.

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