



Commonwealth Tax-Deferred And After Tax Savings Plan and the SMART Plan

The Commonwealth offers employees of education-related departments two distinct plans to which voluntary, tax-deferred and after tax contributions may be made:

Tax-Deferred and After Tax Savings Plan, also known as the 403b Plan and the **SMART Plan**, a 457 Plan.

Both plans provide a tax-efficient method of saving to supplement your state retirement plan income.

In this respect, the plans are similar. However, the features of each plan vary. Employees must determine which plan better suits their needs. To help with your decision about which plan may be best for you, we have provided a brief comparison of plan provisions in the chart below.

Generally the 403b Tax-Deferred Savings Plan is most common among all educational institutions, public and private. Therefore, if you plan to remain in academia, you will find this plan to be more portable among educational and non-profit employers.

The SMART Plan is available to all departments of the Commonwealth. If you anticipate moving to a department that is not education-related, then you would find this plan portable within state government.

Participants can contribute to both plans. People can max out both if they can afford it.

Choosing a Plan

You can learn about each plan's provisions and Providers through several venues:

Internet

403b Plan: Department of Higher Education web site at
https://www.mass.edu/forfacstaff/otherretirement/403b_home.asp

Smart Plan: Treasury website; www.mass.gov/treasury Select Deferred Compensation under Departments or the Smart Plan tab.

Plan Provider

Providers websites and contact information along with the required salary reduction agreement can be found at [www.bhe.mass.edu/403\(b\)](http://www.bhe.mass.edu/403(b)). All enrollments should be done online.

Comparison of Key Features

Feature	403b Savings Plan	SMART Plan
Eligibility	Employees of education-related departments: colleges and state universities, EOE, EEC, ESE, DHE	Employees of the Commonwealth and participating governmental entities (i.e. cities, towns, etc.)
Governing Internal Revenue Code Section	Section 403(b)	Section 457(b)
Plan Entry	Immediately upon employment or any time thereafter	Immediately upon employment or any time thereafter
Providers	Choice of 3 Fidelity, TIAA-CREF, VALIC,	Great-West Retirement Services (Empower)
Investment Decisions	Participants direct their own investments among funds offered by their Provider	Contributions will be invested, per participant instructions, in the investment options offered under the SMART Plan
Maximum Contributions for 2020	Younger than age 50: \$19,500; Age 50 and older: \$26,000	Younger than age 50: \$19,500; Age 50 and older: \$26,000; Special “Catch-Up” provision may be available three years prior to retirement
Loan Provision	Allows loans from contract providers when approved by Plan Administrator	Loans not permitted
Emergency Access to Your Funds	Hardship Withdrawals from contract providers when approved by Plan Administrator	Emergency access available in “Unforeseen Emergencies” as defined by the Internal Revenue Service
Trigger Events for Distributions from the Plan	Funds may be paid from the Plan upon: Termination of employment; attaining age 59 ½; becoming disabled; upon death of the participant	Funds may be paid from the Plan upon: Separation from service; Death; Unforeseen Emergencies; \$5000 In-service Distribution available in limited circumstances
Early Withdrawal Penalty of 10% Before Age 59 ½	Yes	No