A **457** plan is a type of qualified tax advantaged deferred-compensation retirement plan that is available for public school employees. OUHSD provides the plan and the employee defers compensation into it on a pre-tax basis. For the most part the plan operates similarly to a 401(k) or 403(b) plan most people are familiar with in the US. The key difference is unlike a 401(k) plan, there is no 10% penalty for withdrawal before the age of 59½ (although the withdrawal is subject to ordinary income taxation).

A **403(b)** plan is a tax-advantaged retirement savings plan available for public education organizations. It has tax treatment similar to a 401(k) plan, especially after the Economic Growth and Tax Relief Reconciliation Act of 2001. Simply put, employee salary deferrals into a 403(b) plan are made before income tax is paid and allowed to grow tax-deferred until the money is taxed as income when withdrawn from the plan. Beginning in 2006, 403(b) and 401(k) plans may also include designated Roth contributions, i.e., after-tax contributions, which, if certain requirements are met, will allow tax-free withdrawals. Primarily, the designated Roth contributions have to be in the plan for at least five taxable years.