Pre-tax vs. Roth 457(b)

OHIO Deferred Compensation
Invest in you.

Key differences and benefits

Features	457(b) Plan	
	Traditional pre-tax	**Roth post-tax**
Plan types	**Pre-tax** payroll deductions: Taxes are deferred until a later date.	**After-tax** payroll deductions: Taxes are withheld at the time of deduction.
2026 annual regular age 49 and under contribution limit[1]	**$24,500** (includes both pre-tax and post-tax Roth contributions)	
2026 annual age 50-59 or 64 and older catch-up contribution limit[2]	**$32,500** (includes both pre-tax and post-tax Roth contributions)	
2026 annual age 60-63 catch-up contribution limit[2]	**$35,750** (includes both pre-tax and post-tax Roth contributions)	
2026 annual traditional catch-up contribution limit[2,3]	**$49,000** (includes both pre-tax and post-tax Roth contributions)	
Income limit	None	
Earnings	Assets grow tax deferred, meaning you don't pay taxes until you take a withdrawal.	Assets grow tax free, meaning you don't pay taxes on earnings if withdrawals are qualified.[4]
Rollovers in	Pre-tax 457(b), 401(k), 403(b) and Traditional IRAs can be rolled over into Ohio DC.	Roth 457(b), 401(k) and 403(b) rollovers into Ohio DC are not permitted by the Plan at this time. Roth IRA rollovers are not permissible due to federal regulations.
Rollovers out	May be rolled over into another pre-tax plan or into a traditional pre-tax IRA.	May be rolled over into another Roth plan or Roth IRA.
In-plan conversions	Not applicable	No. In-plan conversions are not permitted by the Plan at this time.
Withdrawals and distributions	Withdrawals of Roth contributions and pre-tax contributions require a separation from employment, unless you qualify for an unforeseeable emergency (UE) withdrawal. UE withdrawals are permitted from Roth accounts, but net earnings are subject to taxation and withholding if nonqualified. Go to ohio457.org/resources/roth for more details.	

Features	457(b) Plan	
	Traditional pre-tax	**Roth post-tax**
Qualified withdrawals	• Separation from employment • No age restrictions • Ordinary income tax paid on amounts withdrawn	**Qualified withdrawal:** • Separation from employment • Age 59½ or older • 5 year holding period from first contribution • If all these criteria are met, withdrawals are tax-free **Nonqualified withdrawal:** • Separation from employment The portion attributed to the Roth contributions is not subject to income tax, because it was already taxed when it was made. The growth (net earnings) portion of the withdrawal would be taxable.
Taxes on withdrawals	Distributions of pre-tax contributions and earnings are subject to ordinary income taxes.	For qualified withdrawals, after-tax contributions and earnings may not be subject to federal or state income tax.[4]
Required minimum distributions (RMDs)	If you have separated from employment, you are required to take an RMD when you reach age 73.	Not required

To learn more or discuss your options, call the Service Center at 877-644-6457.

Ohio457.org

[1] "401(k) limit increases to $24,500 for 2026, IRA limit increases to $7,500," IR-2025-111, Internal Revenue Service (Nov. 13, 2025). If you have multiple retirement plans, there may be a limit to the amount you can contribute among them. Employer contributions reduce the maximum contribution limits.

[2] You can utilize only one of these catch-up provisions in a given year.

[3] If you are within 3 years of your normal retirement age and if you have not contributed the maximum in the past, you may be able to increase your contribution amount up to 2 times the normal maximum limit.

[4] A Roth distribution is qualified if (1) the first Roth contribution has been in the account for 5 years (the 5-year period begins January 1 of the year a member first makes a Roth contribution into the account); and (2) a member is 59½ or has died or has become disabled under IRC Section 72(m)(7). Distributions made prior to these requirements being met are nonqualified distributions, and earnings could be taxable.

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NRM-23158OH-OH.1 (01/26)