

Terms and Definitions

401(k) Plan: A retirement savings account in which employees contribute on a pre-tax basis. The employer often contributes to the account as well. Employer contributions may be a flat percentage of employee pay, but are usually related to the employee's contribution. The employer's contribution is usually, but not always, in the form of a match on employee contributions.

403(b) (Tax Sheltered Savings) Plan: Similar to 401(k) plans, but are available only to certain not-for-profit organizations. Employees and/or employers can contribute to this plan. Employer contributions may be a flat percentage of employee pay, but are usually related to the employee's contribution.

457(b) (Tax Sheltered Savings) Plan: This plan is similar to the 401(k) plan, but is available only to public employees. Employees and/or employers can contribute to this plan. Employer contributions may be a flat percentage of employee pay, but are usually related to the employee's contribution.

457(f) Plan: This plan is a non-qualified deferred compensation arrangement (a non-qualified retirement plan) that provides certain tax-exempt employers with an opportunity to supplement the retirement income of executives. Within such an arrangement, all the contributions become vested at an agreed upon time in the future (typically at retirement). Participants can contribute to the plan on a pre-tax basis.

Employee Stock Ownership Plan (ESOP): A plan that enables qualified employees to receive stock accrued as plan participants at no cost to themselves upon retirement or separation from the organization.