# Defined Contribution and Defined Benefit Plan Comparison

<table>
<thead>
<tr>
<th>Plan Type Features</th>
<th>Defined Contribution (DC) Plan</th>
<th>Defined Benefit (DB) Plan</th>
</tr>
</thead>
</table>
| Plans offered by CU | • University of Colorado 401(a) - Mandatory Plan  
• PERA Defined Contribution Plan - Mandatory Plan  
• University of Colorado 403(b) - Voluntary Plan  
• PERA 401(k) - Voluntary Plan  
• PERA 457 - Voluntary Plan | • PERA Defined Benefit Plan - Mandatory Plan |
| Contributions | • Pretax Payroll Deductions | • Pretax Payroll Deductions |
| Allocations (Investing) | • The employee owns the account  
• The employee manages and allocates the investments within the plan's portfolio options  
• The value of the employee's investments increase or decrease as the market changes | • Contributions for all employees are pooled and invested by asset managers in a diversified portfolio of assets |
| Distributions | • The balance in the account at the time of retirement or separation is available to the employee, and they may take the distribution or cash out. Distributions are taxed | • The employee must meet age requirements  
• A monthly benefit is calculated based on: Years-of-Service and Highest Average Salary for a specified amount of years |
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<td>Longevity of the Benefit</td>
<td>• The benefit ends when the money in the account is exhausted through distributions or lump sum withdrawal</td>
<td>• Monthly distribution amount is guaranteed for the remainder of the retiree's life • Potential annual increase</td>
</tr>
</tbody>
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**Groups audience:**
Employee Services

**Sub Title:**
CU Retirement plans vary in type. There are two basic plan types: Defined Contribution (DC) Plan and a Defined Benefit (DB) Plan.

**Source URL:** https://www.cu.edu/employee-services/defined-contribution-and-defined-benefit-plan-comparison

**Links**