

## Contribution Guidelines

# Contributions Guidelines

### **Basic Annual Limit**

\$22,500 for 2023 and \$20,500 for 2022.

The calendar year limits for elective deferrals are defined as 100% of compensation up to \$22,500 for 2023 and \$20,500 for 2022. This limit applies to all employees.

### **Service Based "Catch-up" Limit - 402(g) - Applicable to 403(b) Only**

Employees with fifteen or more years of service with the school district may be eligible for a special higher annual limit of \$25,500 for 2023 (\$3,000 additional per year). To qualify, a participant's prior average annual contributions must not exceed \$5,000 per year. This extra annual amount of \$3,000 per year is capped at a cumulative limit of \$15,000. The participant's age is not a factor for determining eligibility for this higher limit. Employees who qualify for this catch-up must take this amount prior to taking advantage of the Age-Based Catch-up. The special Catch-Up provision is calculated and used prior to using the Age-Based additional amount.

Excess contributions occur when the total contributions are greater than the maximum contribution limit (MAC), resulting in additional taxes and/or penalties.

### **Age Based Additional Amount**

2023 - Employees who are age 50 or older by December 31, 2023, may contribute an additional \$7,500 above the basic 2023 annual limit of \$22,500 for a total of \$30,000.

2022 - Employees who are age 50 or older by December 31, 2022, may contribute an additional \$6,500 above the basic 2022 annual limit of \$20,500 for a total of \$27,000.

The participant's years of service with their employer is not a factor in determining eligibility for this higher limit.

Employees who contribute to both a 403(b) and 401(k) account are limited to one age-based additional amount per year between the accounts. 457(b) accounts also have an Age-Based additional amount that does not offset the 403(b) and/or 401(k) amount.

### **Contribution Accounting Formula**

*Step 1:* The Basic Annual Amount is reduced by the following:

Contributions made to all plans of the employer including 401(k) but excluding 457(b).

403(b) contributions made to other employer plans, Contributions to SEP or 401(k) in which the employee would have a 50% interest.

*Step 2:* Employees eligible for the Service Based catch-up must apply this amount prior to utilizing the Age Based catch-up.

*Step 3:* The eligible age based limitation is applied to the final basic annual limitation.

These rules are explained further in IRS Publication 571. [Click here to view Publication 571 on the IRS website.](#)

## Annual Additions Limits

Source: <https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-403b-contribution-limits>

### Limit on annual additions

The limit on annual additions (the combination of all employer contributions and employee elective deferrals to all 403(b) accounts) generally is the lesser of:

- \$66,000 for 2023 and \$61,000 for 2022, or
- 100% of includible compensation for the employee's most recent year of service.

Generally, includible compensation is the amount of taxable wages and benefits the employee received in the employee's most recent full year of service.

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Participants should seek further information regarding their MAC limit each year from their account representative or professional advisor. [Click here to go to our online MAC Calculator.](#)  
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### *Summary of Maximum Contribution Limits for 2022 and 2021\**

	<b>2023</b>	<b>2022</b>
Elective Deferrals (401(k) & 403(b) Plans)	\$22,500.00	\$20,500.00
457 Deferral Limit	\$22,500.00	\$20,500.00
Age Based Catch-Up Contributions (403(b) & 457(b) Plans)	\$7,500.00	\$6,500.00
Service Based Catch-Up Contributions (403(b) Plan Only)	\$3,000.00	\$3,000.00
Annual Additions Limit (401(k) & 403(b) Plans Only) Combination of Employee & Employer Contributions	\$66,000.00	\$61,000.00

\*as published by the Internal Revenue Service

For more information concerning rules and regulations for 403(b) accounts, see IRS Publication 571. You may download a copy of this official publication from the Internal Revenue Service website at [www.irs.gov](http://www.irs.gov)