

457 CATCH UP

In one, two, or all three of the last three tax years before the tax year in which you reach Normal Retirement Age; you may be able to increase your contributions to 200% of the basic limit (\$18,000.00 for 2017). You can elect this option only once, whether or not you use it in one, two or all three of the last three tax years in which it is permitted. To determine eligibility for increased contributions, take into consideration only the prior tax years in which you were eligible to participate in the 457(b) Plan of this employer. Eligibility for increased contributions will be determined by all employee reductions that have been contributed in all prior years with all employers to a 457(b) Plan; and in all years before 2002 all elective deferrals you have made with all employers to a TSA/403(b) Plan, or any other elective deferral plan only during the years you were eligible for this 457(b) Plan. For years after 2001, eligibility will be determined by taking into consideration only the salary reduction contributions made to a 457(b) Plan of any employer. Employees may wish to seek assistance from a financial advisor or other professional in calculating the catch-up option to be sure that the calculations are accurate. The Internal Revenue Service has indicated plans to focus on this specific catch-up contribution in future audits; thus, care must be taken to carefully calculate eligibility to use it. Excess contributions to your 457(b) Plan could cause tax consequences and penalties to you.

Example:

YEAR	YEAR LIMIT FOR UNDER AGE 50	ACTUAL CONTRIBUTIONS TOTAL	CATCH-UP BANK	BALANCE
2006	\$15,000.00	\$ 1,350.00 (15000.-1350=)	\$ 13,650.00-	\$ 13,650.00-
2007	\$15,500.00	\$ 0.00 (15500.-0=)	\$ 15,500.00-	\$ 29,150.00-
2008	\$15,500.00	\$ 18,700.00 (age limit)	\$ 0.00	\$ 29,150.00-
2009	\$16,500.00	\$ 22,000.00 (age limit)	\$ 0.00	\$ 29,150.00-
2010	\$16,500.00	\$ 22,000.00 (age limit)	\$ 0.00	\$ 29,150.00-
2011	\$16,500.00	\$ 33,000.00 *(Catch-Up #2)	\$ 12,650.00- (-\$29,150.00 – \$16,500.00=)	\$ 12,650.00-
2012	\$16,500.00	\$ 29,150.00	\$12,650.00 + 16,500.00=	\$ 0.00
2013	\$16,500.00	\$ 22,000.00 (age limit)	\$ 0.00	

1. 457 Catch Up #1 = Year limit for under age 50 plus \$6,000.00. (\$18,000.+6,000.= \$24,000.00)
2. 457 Catch Up #2 = equals double the limit for under age 50 (limit = \$18,000 so catch up is \$36,000) for 3 years once you are within 3 years of regular retirement age (57).
 - You can do Catch Up #1 or Catch Up #2 but not both at the same time.