How much can I contribute?

Contribution limits for eligible 457(b) deferred compensation plans

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The Internal Revenue Code limits annual contributions into eligible 457(b) deferred compensation plans. These limits specify the maximum amount that can be excluded from your taxable income. There are potentially three (3) limits that apply in determining the maximum amount you may contribute to a 457(b) plan:

1) Annual contribution limit

For 2015, the annual limit is equal to the lesser of 100% of includible compensation or $18,000. Includible compensation refers to compensation you receive for services performed for the employer sponsoring the deferred compensation plan that is includible in gross income for that year.

Includible compensation excludes:
- 414(h) pick-up contributions

Includible compensation includes:
- deferrals to 457(b), 403(b), 401(k), SARSEP, and SIMPLE plans;
- pre-tax contributions to a section 125 cafeteria plan;
- pre-tax contributions with respect to Section 132(f)(4) – Qualified Transportation Fringe Benefits.

In 2016 and thereafter, annual cost of living adjustments may occur. This limit includes both employee and vested employer contributions.

Year	Annual Maximum
2015	$18,000
2016 (and later)	Annual cost-of-living increases may occur

Note: This annual contribution limit is not reduced for contributions you make to other non-457(b) plans (e.g. deferrals to 403(b) or 401(k) plans). So, if you participate in more than one type of plan, such as an eligible 457(b) plan and a 403(b) or 401(k) plan, your annual limit for 2015 is $18,000 for each plan type.

2) 457(b) Special catch-up provision

The 457(b) Special Catch-up provision permits increased annual contributions on behalf of a participant. It allows you to make up, or "catch up," for prior years in which you may not have contributed the maximum amount to your employer's 457(b) plan. The catch-up limit is the lesser of:

1) twice the annual contribution limit, as described previously; or

2) the annual contribution limit for the year plus underutilized amounts from prior taxable years.

In determining underutilized amounts from prior years, only those years you were eligible to participate in the 457(b) plan of the employer can be considered. Years prior to 1/1/1979 cannot be used.

Year	Annual Maximum
2015	$36,000
2016 (and later)	Annual cost-of-living increases may occur

Note: Catch-up can only be elected during the three years (consecutive) prior to, but not including, the year the participant attains Normal Retirement Age, as defined by the 457(b) plan. A participant must select only one Normal Retirement Age under all 457(b) plans of that employer.

3) Age 50+ catch-up provision

If you are at least age 50, and currently participate in a governmental 457(b) plan, you are eligible to contribute an additional amount over the annual contribution limit. However, you cannot use both the 457(b) Special Catch-up provision and the Age 50+ Catch-up provision in the same year. You must use whichever is greater.

Year	Annual Maximum
2015	$6,000
2016 (and later)	Annual cost-of-living increases may occur

Note: The Age 50+ Catch-up provision is not available to participants in 457(b) plans sponsored by tax-exempt, non-governmental employers.

Questions & answers

Am I eligible to take advantage of either the special 457(b) or age 50+ catch-up?

If your employer's plan permits, you may be eligible if you meet the following conditions:

For 457(b) Special Catch-up:

- You are in the last three years prior to reaching normal retirement age, and
- You have not previously elected to utilize this catch-up with this employer, and
- The 457(b) deferred compensation plan was established on or after January 1, 1979, and
- You did not contribute the maximum amount permitted by the IRS in prior years and
- Years taken into account for the 457(b) Special Catch-up are only those years in which you either did participate in the 457(b) plan or were eligible to participate in the 457(b) plan but chose not to, and
- The 457(b) Special Catch-up is greater than the Age 50+ Catch-up.

For Age 50+ Catch-up if eligible for both in the same year:

- You participate in a governmental 457(b) plan, and
- You will be at least age 50 by the end of the tax year, and
- You contribute the maximum annual contribution into the 457(b) for that year, and
- The Age 50+ Catch-up is greater than the 457(b) Special Catch-up if eligible for both in the same year.

Why should I take advantage of these special features? What's in it for me?

There may be several advantages for you, including the opportunity to:

- Further lower your current taxable income. Because you postpone paying taxes on contributions and investment earnings until they are received (or when made available in the case of 457(b) plans of tax-exempt (non-governmental) organizations) – usually at retirement – you may be in a lower tax bracket, potentially decreasing the amount of your taxes.
- Give yourself the opportunity to accumulate benefits for your retirement. It's simple – the more money you are able to contribute to your plan, the greater your ability to take advantage of tax-deferred compounding potential.

When can I elect the 457(b) special catch-up?

You are eligible for the 457(b) Special Catch-up during the three consecutive calendar years prior to, but not including, the year you attain Normal Retirement Age, as defined in the plan. You cannot use the 457(b) Special Catch-up provision in the tax year in which you reach your normal retirement age.

Can I make 457(b) special catch-up and age 50+ catch-up contributions at the same time?

No. You must use whichever catch-up lets you defer the greater amount. You should evaluate which catch-up provision is most favorable to you.

What is normal retirement age?

"Normal Retirement Age" (NRA) is defined in your employer's 457(b) plan. A plan may define NRA as any age which is the earlier of:

- Age 65, or
- The age at which you have the right to retire and receive unreduced benefits from your employer's basic defined benefit pension plan or money purchase pension plan in which you participate (if you are not eligible to participate in a defined benefit plan), but,
- No later than age 70½.

Note: A special rule exists allowing 457(b) plans to define NRA for qualified police and firefighters as no earlier than age 40.

How do I determine if I have under-contributed in prior years?

Voya™ has developed a workbook to help you determine how much you are eligible to contribute under the 457(b) Special Catch-up provision. Factors that are used to determine your eligibility will be:

- Years in which you were eligible to participate in the 457(b) plan since January 1, 1979;
- Your includible compensation during those years;
- The 457(b) maximum contribution limit in effect for those years;
- The amount actually contributed to the 457(b) plan during those years;
- Any previously required coordination with other plans, i.e. 401(k), 403(b), SARSEP, SIMPLE and other eligible 457(b) plans.

What if I use the 457(b) special catch-up provision, and then do not retire at my normal retirement age?

Your contributions will once again be limited to the applicable year's contribution limits. You will not be required to begin distributions under the Plan until actual severance of employment or attainment of age 70½, whichever is later.

If I start using 457(b) special catch-up, must I use it for all three years?

No. You are not required to make the maximum allowable contribution.

Can I use the 457(b) special catch-up election again? What happens if I participate in another deferred compensation plan with a different employer?

Once elected under an employer's 457(b) plan, the 457(b) Special Catch-up may not be utilized again with that employer. However, subject to plan rules and your eligibility for this catch-up, you may elect the 457(b) Special Catch-up under an unrelated employer's eligible 457(b) plan.

What should i do next to find out if I can contribute more to the plan?

If you would like more information about how much you can contribute, please contact your local Voya representative for assistance. Workbooks are also available.

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