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Elective Deferral Limits for 2008 For Employees of Non-Profit and Governmental Employers

The Internal Revenue Code sets limits on elective contributions made under retirement plans offered to employees of non-profit and governmental employers. Some non-profit and governmental employers can choose to offer one or more plans, including 403(b), 401(k), and section 457(b) plans. Generally, contributions made to 403(b) and 401(k) plans are aggregated when applying the contribution limits, while those made to section 457(b) plans are subject to separate limits.

In addition, participants in some plans may make “catch-up” elective contributions, exceeding the standard limits, if they meet specific requirements. In general, employees who will be age 50 or older in the calendar year may make catch-up contributions to a 403(b) arrangement, 401(k) plan, or governmental section 457(b) plan. For 2008, the “Age 50 Catch-Up” limit is \$5,000.

An additional “15-Year Catch-Up” is available under 403(b) arrangements of certain eligible employers (i.e. tax-exempt educational institutions, hospitals, home health service agencies, certain churches, and health and welfare organizations). Employees must have completed 15 years of service with the current employer and [a calculation must be performed](#) to determine if the employee is eligible for the full \$3,000 catch-up amount. Under this catch-up provision, there is a lifetime limit of \$15,000. Participants who are eligible for both the 15-Year Catch-Up and the Age 50 Catch-Up are considered to first make contributions under the 15-Year Catch-Up provision.

A “Last-3-Year Catch-Up” may be available under section 457(b) plans. Participants may make additional elective contributions only during the three years before they reach normal retirement age under the plan. The Last-3-Year Catch-Up allows for double the dollar limit ($\$15,500 \times 2 = \$31,000$ for 2008), *or* the basic annual limit (\$15,500 for 2008) plus amounts allowed but not contributed in prior years in which the participant was eligible to contribute. If a participant is eligible for both the Age 50 Catch-Up and the Last-3-Year Catch-Up contribution in a year, the rule that allows for the greater catch-up contribution applies.

Contributions made to 403(b) arrangements and 401(k) plans are also subject to the limit on annual additions under Internal Revenue Code section 415. This limit applies to the combination of elective and employer contributions made to all 401(a), 401(k), and 403(b) plans in a calendar year .

The chart on the following page describes and summarizes these limits based on the plan(s) available and the type of employer.

Elective Deferral Limits for 2008 For Employees of Non-Profit and Governmental Employers

Participating In	General Limit	Age 50 Catch-Up	15-Year Catch-Up (403(b) Only)	Highest Possible Maximum for 2008
403(b) only	\$15,500	\$5,000	Up to \$3,000	\$23,500
401(k) only	\$15,500	\$5,000	Not available	\$20,500
457(b) only	\$15,500	Greater of: <ul style="list-style-type: none"> • \$5,000, if governmental 457(b) plan, or • Up to \$15,500, if eligible for Last-3-Year Catch-Up 	Not available	<ul style="list-style-type: none"> • \$20,500, if governmental 457(b) plan, or • Up to \$31,000 if eligible for Last-3-Year Catch-Up
403(b) and 457(b)	\$15,500 to each plan	\$5,000 to 403(b) PLUS 457(b) Limit: Greater of: <ul style="list-style-type: none"> • \$5,000, if governmental 457(b) plan, or • Up to \$15,500 if eligible for Last-3-Year Catch-Up 	Up to \$3,000	<ul style="list-style-type: none"> • \$44,000, if governmental 457(b) plan, or • Up to \$54,500 if eligible for Last-3-Year Catch-Up
403(b) and 401(k)	\$15,500 combined total to both plans	\$5,000 combined total to both plans	Up to \$3,000	\$23,500
401(k) and 457(b)	\$15,500 to each plan	\$5,000 to 401(k) plan PLUS 457(b) Limit: Greater of: <ul style="list-style-type: none"> • \$5,000, if governmental 457(b) plan, or • Up to \$15,500 if eligible for Last-3-Year Catch-Up 	Not available	<ul style="list-style-type: none"> • \$41,000, if governmental 457(b) plan, or • Up to \$51,500, if eligible for Last-3-Year Catch-Up
403(b), 401(k), and 457(b)	\$15,500 in aggregate to 403(b) and 401(k) plans PLUS \$15,500 to 457(b) plan	\$5,000 combined total to 403(b) and 401(k) plans PLUS 457(b) Limit: Greater of: <ul style="list-style-type: none"> • \$5,000, if governmental 457(b) plan, or • Up to \$15,500 if eligible for Last-3-Year Catch-Up 	Up to \$3,000	<ul style="list-style-type: none"> • \$44,000, if governmental 457(b) plan, or • Up to \$54,500 if eligible for Last-3-Year Catch-Up

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