

# 2021

## General Retirement Plan Limits

### 403(b) Retirement Plan

The limitation for all 403(b) Defined Contribution plans (mandatory and voluntary) is \$58,000.

- ❖ This represents the over additions limit that combines your Voluntary Retirement Savings Plan contributions to AIG, Ameriprise, and TIAA, including the amounts contributed on the basic required plans with AIG or TIAA (5% employee and 10% University match).
- ❖ Because IPERS, CSRS, and FERS are Defined Benefit plans, these limits do not apply to these programs.
- ❖ This limitation is also a combination of all 403(b) pre-tax reductions and ROTH deductions.

The limitation on the exclusion for elective 403(b) deferrals is \$19,500.

- ❖ This represents the maximum amount of “elective” contributions that can be made to a 403(b) Voluntary Retirement Savings Plan. This limit is a combination of all contributions made, either by pre-tax reductions or by ROTH deductions for all vendors, AIG, Ameriprise, and TIAA during the tax year.
- ❖ This limitation is also available to Extension employees enrolled in the Federal Thrift Savings Plan.

The annual compensation limit is \$290,000 for the mandatory retirement plans.

- ❖ This represents the maximum includible wages used in making contributions to both the Defined Benefit Plan (IPERS) and the Defined Contribution Plan (AIG or TIAA).

The annual compensation limitation for employees with an original hire date prior to January 1, 1996 is \$430,000 for the mandatory retirement plans.

- ❖ This represents the maximum includible wages used in making contributions to both the Defined Contribution Plan (AIG or TIAA) if the original hire date is prior to January 1, 1996. This includes any breaks in service. Therefore, if you worked at ISU prior to January 1, 1996 and elected AIG or TIAA as your basic retirement plan, resigned and later returned to ISU, regardless of the length in your break in service, your compensation limit is grandfathered with the higher amount.

The 403(b) annual limit for catch-up contributions for individuals aged 50 or over is \$6,500.

- ❖ This additional amount is available if you attain age 50 at any time during the year.
- ❖ This additional amount **does not** coordinate with the overall additions limit of \$58,000 or the limitation for elective deferrals of \$19,500.
- ❖ Contributions can be made either on a pre-tax basis or to a ROTH.
- ❖ This limitation is also available to Extension employees enrolled in the Federal Thrift Savings Plan.

The 403(b) annual limitation for catch-up contributions for employees with at least 15 years of service with Iowa State University is \$3,000 up to a lifetime maximum of \$15,000.

- ❖ If an employee qualifies for this catch-up provision, the \$3,000 limit is added to the limitation for elective deferrals (\$19,500 is raised to \$22,500). However, the \$3,000 is subject to the overall additions limit of \$58,000.

- ❖ Since the requirement to determine eligibility includes accumulating years of service, prior contributions applied to this catch up provision, and prior elective deferrals (excluding any amounts contributed for the age 50 catch up provision), please contact the tax office for a calculation to be done.

## **457(b) Retirement Plan**

The limitation on the exclusion for elective 457(b) deferrals is \$19,500.

- ❖ This represents the maximum amount of “elective” contributions that can be made to a 457(b) Voluntary Retirement Savings Plan. This limit is a combination of all contributions made, either by pre-tax reductions or by ROTH deductions for all vendors, AIG and TIAA during the tax year.
- ❖ This limitation is also available to Extension employees enrolled in the Federal Thrift Savings Plan.

The 457(b) annual limit for catch-up contributions for individuals aged 50 or over is \$6,500.

- ❖ This additional amount is available if you attain age 50 at any time during the year
- ❖ This additional amount **does not** coordinate with the overall additions limit of \$58,000 or the limitation for elective deferrals of \$19,500.
- ❖ Contributions can be made either on a pre-tax basis or to a ROTH.
- ❖ This limitation is also available to Extension employees enrolled in the Federal Thrift Savings Plan.

## **Summary of Limits**

There are various rules that apply to determining any additional limits that may apply in your situation based on age, includible compensation, and even contributions to other retirement programs with another employer. While Workday is designed to help ensure you do not make contributions to your retirement plans that exceed the allowable limits, the unique nature of our status as an agency of the state and higher education present additional complexities that still need to be monitored.

If you have any questions about the limits that apply to you during your employment at Iowa State University, or if you would like to have your maximums calculated/reviewed, please contact us at: [fbac@iastate.edu](mailto:fbac@iastate.edu) or call 515-294-1089.

If you have any questions relating to how this coordinates with other employer plans you may be contributing to or the tax implications of contributing to these plans for your personal tax situation, please consult with your tax professional.