

2021 Annual 403(b) Contribution Notice

Understanding and meeting the IRS Requirements for contribution limits to your employer sponsored qualified retirement plans is critical to avoiding AUDIT EXPOSURE and ensuring the integrity of your retirement contributions. If you contribute to more than one employer sponsored qualified retirement plan, pay special attention to the steps below.

*No action is required by you if the Clergy Advantage 403(b) is the only employer contribution plan you participate in. Also note that individual qualified retirement accounts IRA and ROTH IRAs are not included in the contribution limits for any given year.

Employees who also participate in any other employer sponsored qualified plan are advised that:

1. Contributions for all employer sponsored qualified plans such as other 403(b)s, 401(k)s, SEPs, Simple IRAs must be included with your contributions to your Clergy Advantage 403(b) to determine yearly total contribution limits.
2. The combined totals of all employee's elective deferrals and all employer contributions cannot exceed the annual limits.

Action required by you if you contribute to any other employer's plan:

1. Ensure that your combined plan contributions from all employer qualified plans do not exceed the annual limit on employee elective salary deferrals AND the limit on Employer annual additions.
2. Contact us immediately if your *combined* contributions from all plans exceed the current annual limits.
3. Contact us to learn how to best structure your contributions for maximum efficiency. *This is a tax planning opportunity that can have a significant influence on your financial future.*
4. If you have not contacted us, we will deem you to have certified that your contributions under other plans in combination with your Clergy Advantage 403(b) do not exceed IRS limits and will not be taken into account for purposes of determining your total contribution limits.

The 2021 Limits are as follows:

Under age 50:

The limit for contributions (employee and employer) is \$58,000.

The employee deferral portion is limited to \$19,500.

Age 50 and over:

The limit for contributions (employee and employer) is \$64,500.

The employee deferral portion is limited to \$26,000.

*Remember, there must be \$1 of "includible compensation" for every \$1 of Employer Contribution. Generally, "includible compensation" is the amount of taxable wages and benefits the employee received in the employees' most recent full year of service. The Minister's Housing Allowance is not part of your "includible compensation". For most ministers, "includible compensation" is the amount reported as taxable wages on your W-2, Box 1.

IRS Examples

Pastor X owns a dry cleaner business that offers a 401(k) plan and also participates in a 403(b) plan with the church.

Contributions to the 401(k) plan of the dry cleaner business count toward the limit on employee elective deferrals (\$19,500 in 2021) and the total contribution limit (\$58,000 for 2021) for the 403(b) plan.

Pastor Y owns a consulting business that offers a SEP retirement plan. Contributions to the SEP retirement plan count toward the limit on the total contribution limit (\$58,000 for 2021) for the 403(b) plan of the church.

