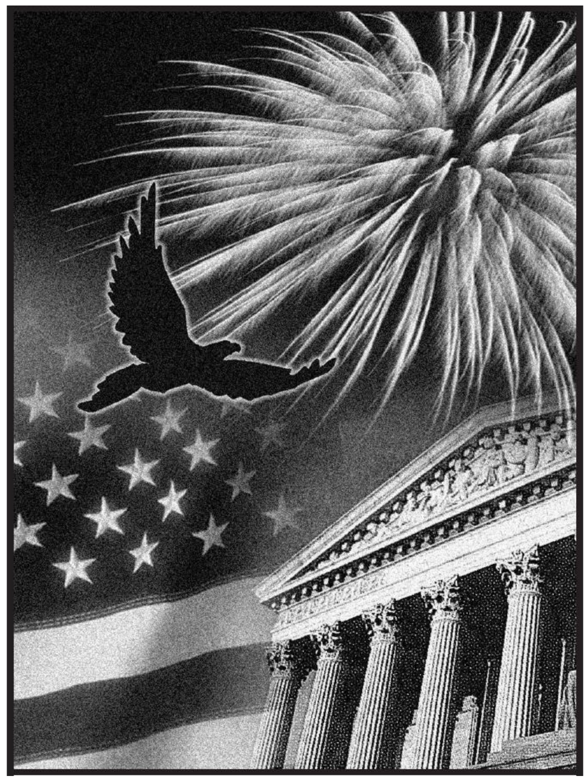
Publication 571

Tax-Sheltered Annuity Plans (403)(b) Plans)

For Employees of Public Schools and Certain Tax-Exempt Organizations

Volume 1 of 2



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Department of the Treasury
Internal Revenue Service

Publication 571 (Rev. 01-2024) Catalog Number 39346B
Department of the Treasury **Internal Revenue Service** www.irs.gov

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Future Developments

For the latest information about developments related to Pub. 571, such as legislation enacted after it was published, go to *IRS.gov/Pub571*.

What's New for 2023

Retirement savings contributions credit. For 2023, the adjusted gross income limitations have increased from $68,000 to $73,000 for married filing jointly filers; from $51,000 to $54,750 for head of household filers; and from $34,000 to $36,500 for single, married filing separately, or qualifying surviving spouse with dependent child filers. See chapter 10, *Retirement Savings Contributions Credit* *(Saver's Credit)*, for additional information.

De minimis financial incentives. For plan years beginning after December 29, 2022, section 113 of the SECURE 2.0 Act of 2022 permits employers to offer their employees de minimis financial incentives if they make elective deferrals.

Limit on elective deferrals. For 2023, the limit on elective deferrals has increased from $20,500 to $22,500.

Limit on annual additions. For 2023, the limit on annual additions has increased from $61,000 to $66,000.

Designated Roth nonelective contributions. Section 604 of the SECURE 2.0 Act of 2022 permits certain nonelective contributions that are made after December 29, 2022, to be designated as Roth contributions.

What’s New for 2024

Retirement savings contributions credit. For 2024, the adjusted gross income limitations have increased from $73,000 to $76,500 for married filing jointly filers; from $54,750 to $57,375 for head of household filers; and from $36,500 to $38,250 for single, married filing separately, or qualifying surviving spouse with dependent child filers. See chapter 10, *Retirement Savings Contributions Credit (Saver's Credit)*, for additional information.

Limit on elective deferrals. For 2024, the limit on elective deferrals has increased from $22,500 to $23,000.

Limit on annual additions. For 2024, the limit on annual additions has increased from $66,000 to $69,000.

Distributions for emergency personal expenses. For distributions made after December 31, 2023, an emergency personal expense distribution may be made from a 403(b) plan and is not subject to the 10% additional tax on early distributions. An emergency personal expense distribution is a distribution made from your 403(b) plan (or other applicable eligible retirement plan) that is used for purposes of meeting unforeseeable or immediate financial needs relating to necessary personal for family emergency expenses. There are certain limits that apply for emergency personal expense distributions (one per calendar year, dollar limits of generally not more than $1,000, and limits on subsequent distributions). You may repay an emergency personal expense distributions at any time during the 3-year period beginning on the day after the date on which you received the distribution.

Distributions to a domestic abuse victim. For distributions made after December 31, 2023, a distribution to a domestic abuse victim may be made from a 403(b) plan and is not subject to the 10% additional tax on early distributions. A distribution to a domestic abuse victim is a distribution made from your 403(b) plan (or other applicable eligible retirement plan) that is no greater than $10,000 (indexed for inflation) and is made during the 1-year period beginning on any date on which you are the victim of domestic abuse by a spouse or domestic partner. You may repay this distribution at any time during the 3-year period beginning on the day after the date on which you received the distribution.

Reminders

Qualified disaster recovery distributions. A qualified disaster recovery distribution is a qualified disaster distribution that meets certain criteria as described in the SECURE

2.0 Act of 2022. It is a distribution made from an eligible retirement plan to an individual whose main home was in a qualified disaster area. You must have sustained an economic loss because of the disaster to receive distribution. For more information, see Pub. 575.

Repayment of qualified COVID-19 distributions. Generally, you may repay any portion of a qualified COVID-19 distribution that is eligible for tax-free rollover treatment to an eligible retirement plan. You have 3 years from the day after the date you received a qualified COVID-19 distribution to make a repayment. The amount of your repayment can't be more than the amount of the original distribution. Amounts that are repaid are treated as a trustee-to-trustee transfer and are not included in income.

Income inclusion over 3-year period. You may choose to have qualified COVID-19 distributions included in income in equal amounts over 3 years. However, if you elect, you can include the entire distribution in your income in the year it was received.

More information. See Pubs. 575, 590-A, and 590-B for more information on new rules as a result of P.L. 116-136 that provide for tax-favored withdrawals, income inclusion, and repayments for individuals who were diagnosed with or suffered economic losses as a result of COVID-19.

Photographs of missing children. The IRS is a proud partner with the *National Center for Missing & Exploited* *Children® (NCMEC)*. Photographs of missing children selected by the Center may appear in this publication on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling 1-800-THE-LOST (1-800-843-5678) if you recognize a child.

Introduction

This publication can help you better understand the tax rules that apply to your 403(b) (tax-sheltered annuity) plan.

In this publication, you will find information to help you do the following.

- Determine the maximum amount that can be contributed to your 403(b) account in 2024.
- Determine the maximum amount that could have been contributed to your 403(b) account in 2023.
- Identify excess contributions.
- Understand the basic rules for claiming the retirement savings contributions credit.
- Understand the basic rules for distributions and rollovers from 403(b) accounts.

This publication doesn't provide specific information on the following topics.

- Distributions from 403(b) accounts. This is covered in Pub. 575, Pension and Annuity Income.
- Rollovers. This is covered in Pub. 590-A, Contributions to Individual Retirement Arrangements (IRAs), and Pub. 590-B, Distributions from Individual Retirement Arrangements (IRAs).

How to use this publication. This publication is organized into chapters to help you find information easily.

Chapter 1 answers questions frequently asked by 403(b) plan participants.

Chapters 2 through 6 explain the rules and terms you need to know to figure the maximum amount that could have been contributed to your 403(b) account for 2023 and the maximum amount that can be contributed to your 403(b) account in 2024.

Chapter 7 provides general information on the prevention and correction of excess contributions to your 403(b) account.

Chapter 8 provides general information on distributions, transfers, and rollovers.

Chapter 9 provides blank worksheets that you will need to accurately and actively participate in your 403(b) plan. Filled-in samples of most of these worksheets can be found throughout this publication.

Chapter 10 explains the rules for claiming the retirement savings contributions credit (saver's credit).

Comments and suggestions. We welcome your comments about this publication and suggestions for future editions.

You can send us comments through *IRS.gov/FormComments*. Or, you can write to the Internal Revenue Service, Tax Forms and Publications, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224.

Although we can’t respond individually to each comment received, we do appreciate your feedback and will consider your comments and suggestions as we revise our tax forms, instructions, and publications. **Don’t** send tax questions, tax returns, or payments to the above address.

Getting answers to your tax questions. If you have a tax question not answered by this publication or the *How To Get Tax Help* section at the end of this publication, go to the IRS Interactive Tax Assistant page at *IRS.gov/ Help/ITA* where you can find topics by using the search feature or by viewing the categories listed.

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Useful Items

You may want to see:

Publication

- ☐ **517** Social Security and Other Information for Members of the Clergy and Religious Workers
- ☐ **575** Pension and Annuity Income
- ☐ **590-A** Contributions to Individual Retirement Arrangements (IRAs)
- ☐ **590-B** Distributions from Individual Retirement Arrangements (IRAs)

Form (and Instructions)

☐ **W-2** Wage and Tax Statement

☐ **1099-R** Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.

☐ **5329** Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts

☐ **5330** Return of Excise Taxes Related to Employee Benefit Plans

☐ **8880** Credit for Qualified Retirement Savings Contributions

1.

403(b) Plan Basics

This chapter introduces you to 403(b) plans and accounts. Specifically, the chapter answers the following questions.

- What is a 403(b) plan?
- What are the benefits of contributing to a 403(b) plan?
- Who can participate in a 403(b) plan?
- Who can set up a 403(b) account?
- How can contributions be made to my 403(b) account?
- Do I report contributions on my tax return?
- How much can be contributed to my 403(b) account?

What Is a 403(b) Plan?

A 403(b) plan, also known as a tax-sheltered annuity (TSA) plan, is a retirement plan for certain employees of public schools, employees of certain tax-exempt organizations, and certain ministers.

Individual accounts in a 403(b) plan can be any of the following types.

- An annuity contract, which is a contract provided through an insurance company.
- A custodial account, which is an account invested in mutual funds.
- A retirement income account set up for church employees. Generally, retirement income accounts can invest in either annuities or mutual funds.

We use the term “403(b) account” to refer to any one of these funding arrangements throughout this publication, unless otherwise specified.

What Are the Benefits of Contributing to a 403(b) Plan?

There are three benefits to contributing to a 403(b) plan.

- The first benefit is that you don't pay income tax on allowable contributions until you begin making withdrawals from the plan, usually after you retire. Allowable contributions to a 403(b) plan are either excluded or deducted from your income. However, if your contributions are made to a Roth contribution program, this benefit doesn't apply. Instead, you pay income tax on the contributions to the plan but distributions from the plan (if certain requirements are met) are tax free.

  Note. Generally, employees must pay social security and Medicare tax on their contributions to a 403(b) plan, including those made under a salary reduction agreement. See chapter 4, *Limit on Elective Deferrals*, for more information.

- The second benefit is that earnings and gains on amounts in your 403(b) account aren’t taxed until you withdraw them. Earnings and gains on amounts in a Roth contribution program aren’t taxed if your withdrawals are qualified distributions. Otherwise, they are taxed when you withdraw them.
- The third benefit is that you may be eligible to take a credit for elective deferrals contributed to your 403(b) account. See chapter 10, *Retirement Savings Contributions Credit (Saver's Credit)*, for more information.

Excluded. If an amount is excluded from your income, it isn’t included in your total wages on your Form W-2. This means that you don’t report the excluded amount on your tax return.

Deducted. If an amount is deducted from your income, it is included with your other wages on your Form W-2. You report this amount on your tax return, but you are allowed to subtract it when figuring the amount of income on which you must pay tax.

Who Can Participate in a 403(b) Plan?

Any eligible employee can participate in a 403(b) plan.

Eligible employees. The following employees are eligible to participate in a 403(b) plan.

- Employees of tax-exempt organizations established under section 501(c)(3). These organizations are usually referred to as “section 501(c)(3) organizations” or simply “501(c)(3) organizations.”

- Employees of public school systems who are involved in the day-to-day operations of a school.
- Employees of cooperative hospital service organizations.
- Civilian faculty and staff of the Uniformed Services University of the Health Sciences.
- Employees of public school systems organized by Indian tribal governments who are involved in the day-to-day operations of a school.
- Certain ministers (explained next).

Ministers. The following ministers are eligible employees for whom a 403(b) account can be established.

1. Ministers employed by section 501(c)(3) organizations.
2. Self-employed ministers. A self-employed minister is treated as

employed by a tax-exempt organization that is an eligible employer.

3. Ministers (chaplains) who meet both of the following requirements.

    a. They are employed by organizations that aren’t section 501(c)(3) organizations.

    b. They function as ministers in their day-to-day professional responsibilities with their employers.

Throughout this publication, the term “chaplain” will be used to mean ministers described in the third category in the list above.

Example. A minister employed as a chaplain by a state-run prison and a chaplain in the U.S. Armed Forces are eligible employees because their employers aren’t section 501(c)(3) organizations and they are employed as ministers.

Universal availability. Generally, all eligible employees (with certain exceptions) of an employer must be permitted to make elective deferrals (including Roth elective deferrals) if any employee of the employer may make elective deferrals. If your employer offers a 403(b) plan, you should have received information about your eligibility to participate.

Who Can Set up a 403(b) Account?

You can’t set up your own 403(b) account. Only employers can set up 403(b) accounts. A self-employed minister can’t set up a 403(b) account for its own benefit. If you are a self-employed minister, only the organization (denomination) with which you are associated can set up an account for your benefit.

How Can Contributions Be Made to My 403(b) Account?

Generally, only your employer can make contributions to your 403(b) account. However, some plans will allow you to make after-tax contributions (defined below).

The following types of contributions can be made to 403(b) accounts.

1. **Elective deferrals.** These are contributions made under a salary reduction agreement. This agreement allows your employer to withhold money from your paycheck to be contributed directly into a 403(b) account for your benefit. Except for Roth contributions, you don’t pay income tax on these contributions until you withdraw them from the account. If your contributions are Roth contributions, you pay taxes on your contributions but any qualified

distributions from your Roth account are tax free.

2. **Nonelective contributions.** These are employer contributions that aren’t made under a salary reduction agreement. Nonelective contributions include matching contributions, discretionary contributions, and mandatory contributions made by your employer. Except for Roth nonelective contributions, you don't pay income tax on these contributions until you withdraw them from the account. If your nonelective contributions are designated as Roth contributions, you pay taxes on your contributions, but any qualified distributions from your Roth account are tax free.

3. **After-tax contributions.** These are contributions (that aren’t Roth contributions) you make with funds that you must include in income on your tax

return. A salary payment on which income tax has been withheld is a source of these contributions. If your plan allows you to make after-tax contributions, they aren’t excluded from income and you can’t deduct them on your tax return.

4. **A combination** of any of the three contribution types listed above.

Self-employed minister. If you are a self-employed minister, you are considered both an employee and an employer, and you can contribute to a retirement income account for your own benefit.

Do I Report Contributions on My Tax Return?

Generally, you don’t report contributions to your 403(b) account (except Roth contributions) on your tax return. Your employer will report contributions on your 2023 Form W2. Elective deferrals will be shown in box 12 with code E for pretax amounts and code BB for Roth amounts, and the *Retirement plan* box will be checked in box 13. If you are a self-employed minister or chaplain, see the discussions next.

Self-employed ministers. If you are a self-employed minister, you must report the total contributions as a deduction on your tax return. Deduct your contributions on line 16 of the 2023 Schedule 1 (Form 1040).

Chaplains. If you are a chaplain and your employer doesn’t exclude contributions made to your 403(b) account from your earned income, you may be able to take a deduction for those contributions on your tax return.

However, if your employer has agreed to exclude the contributions from your earned income, you won’t be allowed a deduction on your tax return.

If you can take a deduction, include your contributions on line 24g of the 2023 Schedule 1 (Form 1040).

How Much Can Be Contributed to My 403(b) Account?

There are limits on the amount of contributions that can be made to your 403(b) account each year. If contributions made to your 403(b) account are more than these contribution limits, penalties may apply.

Chapters 2 through 6 provide information on how to determine the amount that can be contributed to your 403(b) account.

Worksheets are provided in chapter 9 to help you determine the maximum amount that can be contributed to your 403(b) account each year. Chapter 7, *Excess Contributions*, describes how to prevent excess contributions and how to get an excess contribution corrected.

2.

Maximum Amount Contributable (MAC)

Throughout this publication, the limit on the amount that can be contributed to your 403(b) account for any year is referred to as your maximum amount contributable (MAC). This chapter:

- Introduces the components of your MAC,
- Tells you how to figure your MAC, and
- Tells you when to figure your MAC.

Components of Your MAC

Generally, before you can determine your MAC, you must first figure the components of your MAC. The components of your MAC are:

- The limit on annual additions (chapter 3), and
- The limit on elective deferrals (chapter 4).

How Do I Figure My MAC?

Generally, contributions to your 403(b) account are limited to the lesser of:

- The limit on annual additions, or
- The limit on elective deferrals.

Depending upon the type of contributions made to your 403(b) account, only one of the limits may apply to you.

Which limit applies. Whether you must apply one or both of the limits depends on the type of contributions made to your 403(b) account during the year.

Elective deferrals only. If the only contributions made to your 403(b) account during the year were elective deferrals made under a salary reduction agreement, you will need to figure both of the limits. Your MAC is the lesser of the two limits.

Nonelective contributions only. If the only contributions made to your 403(b) account during the year were nonelective contributions (employer contributions not made under a salary reduction agreement), you will only need to figure the limit on annual additions. Your MAC is the limit on annual additions.

Elective deferrals and nonelective contributions. If the contributions made to your 403(b) account were a combination of both elective deferrals made under a salary reduction agreement and nonelective contributions (employer contributions not made under a salary reduction agreement), you will need to figure both limits. Your MAC is the limit on the annual additions.

Catchup contributions. If you are age 50 or older, you may be able to make additional catchup contributions, which are explained in chapter 6.

You need to figure the limit on elective deferrals to determine if you have excess elective deferrals, which are explained in chapter 7.

Worksheets. Worksheets are available in chapter 9 to help you figure your MAC.

When Should I Figure My MAC?

At the beginning of 2024, you should refigure your 2023 MAC based on your actual compensation for 2023. This will allow you to determine if the amount that has been contributed to your 403(b) account for 2023 has exceeded the allowable limits. In some cases, this will allow you to avoid penalties and additional taxes. See chapter 7.

Generally, you should figure your MAC for the current year at the beginning of each tax year using a conservative estimate of your compensation. If your compensation changes during the year, you should refigure your MAC based on a revised conservative estimate. By doing this, you will be able to determine if contributions to your 403(b) account can be increased or should be decreased for the year.

3.

Limit on Annual Additions

The first component of MAC is the limit on annual additions. This is a limit on the total contributions (elective deferrals, nonelective contributions, and after-tax contributions) that can be made to your 403(b) account. The limit on annual additions is generally the lesser of:

- $66,000 for 2023 and $69,000 for 2024, or
- 100% of your includible compensation for your most recent year of service.

CAUTION

More than one 403(b) account. *If you contributed to more than one 403(b) account, you must combine the contributions made to all 403(b) accounts maintained by your employer. If you participate in more than one 403(b) plan maintained by different employers, you don't* *need to combine amounts for annual addition limits.*

***Ministers and church employees*. If you are a minister or a church employee, you may be able to increase your limit on annual additions or use different rules when figuring your limit on annual additions. For more information, see chapter 5.**

***Participation in a qualified plan*. If you participated in a 403(b) plan and a qualified plan, you must combine contributions made to your 403(b) account with contributions to a qualified plan and simplified employee pensions of all corporations, partnerships, and sole proprietorships in which you have more than 50% control to determine the total annual additions.**

You can use Part I of Worksheet 1 in chapter 9 to figure your limit on annual additions.

Includible Compensation for Your Most Recent Year of Service

Definition. Generally, *includible compensation for your most recent year of service* is the amount of taxable wages and benefits you received from the employer that maintained a 403(b) account for your benefit during your most recent year of service.

When figuring your includible compensation for your most recent year of service, keep in mind that your most recent year of service may not be the same as your employer's most recent annual work period. This can happen if your tax year isn’t the same as your employer's annual work period.

When figuring includible compensation for your most recent year of service, don’t mix compensation or service of one employer with compensation or service of another employer.

Most Recent Year of Service

Your *most recent year of service* is your last full year of service, ending on the last day of your tax year that you worked for the employer that maintained a 403(b) account on your behalf.

Tax year different from employer's annual work period. If your tax year isn’t the same as your employer's annual work period, your most recent year of service is made up of parts of at least two of your employer's annual work periods.

Example. A professor who reports income on a calendar-year basis is employed on a fulltime basis by a university that operates on an academic year (October through May). To figure the includible compensation for 2023, the professor's most recent year of service is from January through May 2023 and from October through December 2023.

Figuring Your Most Recent Year of Service

To figure your most recent year of service, begin by determining what is a full year of service for your position. A *full year of service* is equal to full-time employment for your employer's annual work period.

After identifying a full year of service, begin counting the service you have provided for your employer starting with the service provided in the current year.

Part-time or employed only part of the year. If you are a part-time or a full-time employee who is employed for only part of the year, your most recent year of service is your service this year and your service for as many previous years as is necessary to total 1 full year of service. To determine your most recent year of service, add the following periods of service.

- Your service during the year for which you are figuring the limit on annual additions.
- Your service during your preceding tax years until the total service equals 1 year of service or you have figured all of your service with the employer.

Example. You were employed on a full-time basis from July through December 2021 (1/2 year of service), July through December 2022 (1/2 year of service), and October through December 2023 (1/4 year of service). Your most recent year of service for figuring your limit on annual additions for 2023 is the total of your service during 2023 (1/4 year of service), your service during 2022 (1/2 year of service), and your service during the months of October through December 2021 (1/4 year of service).

Not yet employed for 1 year. If, at the close of the year, you haven't yet worked for your employer for 1 year (including time you worked for the same employer in all earlier years), use the period of time you have worked for the employer as your most recent year of service.

Includible Compensation

After identifying your most recent year of service, the next step is to identify the includible compensation associated with that full year of service.

Includible compensation isn’t the same as income included on your tax return. *Compensation* is a combination of income and benefits received in exchange for services provided to your employer.

Generally, *includible compensation* is the amount of income and benefits:

- Received from the employer who maintains your 403(b) account, and
- It must be included in your income.

Includible compensation includes the following amounts.

- Elective deferrals (employer's contributions made on your behalf under a salary reduction agreement).
- Amounts contributed or deferred by your employer under a section 125 cafeteria plan.
- Amounts contributed or deferred, at the election of the employee, under an eligible section 457 nonqualified deferred compensation plan (state or local government or tax-exempt organization plan).

  Note. For information about treating elective deferrals under section 457 plans as Roth contributions, see Pub. 575.
- Wages, salaries, and fees for personal services earned with the employer maintaining your 403(b) account.

- Income otherwise excluded under the foreign earned income exclusion.
- Pre-tax contributions (employer's contributions made on your behalf according to your election) to a qualified transportation fringe benefit plan.

Includible compensation **does not** include the following items.

1. Your employer's contributions to your 403(b) account.
2. Compensation earned while your employer wasn’t an eligible employer.
3. Your employer's contributions to a qualified plan that:
    a. Are on your behalf, and
    b. Are excludable from income.
4. The cost of incidental life insurance. See *Cost of Incidental Life Insurance,* later.

If you are a church employee or a foreign missionary, figure includible compensation using the rules explained in chapter 5.

Contributions after retirement. Nonelective contributions may be made for an employee for up to 5 years after retirement. These contributions would be based on includible compensation for the last year of service before retirement.

Cost of Incidental Life Insurance

Includible compensation doesn't include the cost of incidental life insurance.

If all of your 403(b) accounts invest only in mutual funds, then you have no incidental life insurance.

If you have an annuity contract, a portion of the cost of that contract may be for incidental life insurance. If so, the cost of the insurance is taxable to you in the year contributed and is considered part of your basis when distributed. Your employer will include the cost of your insurance as taxable wages in box 1 of Form W-2.

Not all annuity contracts include life insurance. Contact your plan administrator to determine if your contract includes incidental life insurance. If it does, you will need to figure the cost of life insurance each year the policy is in effect.

Figuring the cost of incidental life insurance. If you have determined that part of the cost of your annuity contract is for an incidental life insurance premium, you will need to determine the amount of the premium and subtract it from your includible compensation.

To determine the amount of the life insurance premiums, you will need to know the following information.

- The value of your life insurance contract, which is the amount payable upon your death.
- The cash value of your life insurance contract at the end of the tax year.
- Your age on your birthday nearest the beginning of the policy year.
- Your current life insurance protection under an ordinary retirement income life insurance policy, which is the amount payable upon your death minus the cash value of the contract at the end of the year.

You can use Worksheet A in chapter 9 to determine the cost of your incidental life insurance.

Example. Your new contract provides that your beneficiary will receive $10,000 if you should die before retirement. Your cash value in the contract at the end of the first year is zero. Your current life insurance protection for the first year is $10,000 ($10,000 – $0).

The cash value in the contract at the end of year 2 is $1,000, and the current life insurance protection for the second year is $9,000 ($10,000 – $1,000).

The 1-year cost of the protection can be calculated by using Figure 3-1. The premium rate is determined based on your age on your birthday nearest the beginning of the policy year.

Figure 3-1. **Table of 1-Year Term Premiums for $1,000 Life Insurance Protection**

Age	Cost	Age	Cost	Age	Cost
0 . . .	$0.70	35 . . .	$0.99	70 . . .	$20.62
1 . . .	0.41	36 . . .	1.01	71 . . .	22.72

2 . . .	0.27	37 . . .	1.04	72 . . .	25.07
3 . . .	0.19	38 . . .	1.06	73 . . .	27.57
4 . . .	0.13	39 . . .	1.07	74 . . .	30.18
5 . . .	0.13	40 . . .	1.10	75 . . .	33.05
6 . . .	0.14	41 . . .	1.13	76 . . .	36.33
7 . . .	0.15	42 . . .	1.20	77 . . .	40.17
8 . . .	0.16	43 . . .	1.29	78 . . .	44.33
9 . . .	0.16	44 . . .	1.40	79 . . .	49.23
10 . .	0.16	45 . . .	1.53	80 . . .	54.56
11 . .	0.19	46 . . .	1.67	81 . . .	60.51
12 . .	0.24	47 . . .	1.83	82 . . .	66.74
13 . .	0.28	48 . . .	1.98	83 . . .	73.07

14 . .	0.33	49 . . .	2.13	84 . . .	80.35
15 . .	0.38	50 . . .	2.30	85 . . .	88.76
16 . .	0.52	51 . . .	2.52	86 . . .	99.16
17 . .	0.57	52 . . .	2.81	87 . . .	110.40
18 . .	0.59	53 . . .	3.20	88 . . .	121.85
19 . .	0.61	54 . . .	3.65	89 . . .	133.40
20 . .	0.62	55 . . .	4.15	90 . . .	144.30
21 . .	0.62	56 . . .	4.68	91 . . .	155.80
22 . .	0.64	57 . . .	5.20	92 . . .	168.75
23 . .	0.66	58 . . .	5.66	93 . . .	186.44
24 . .	0.68	59 . . .	6.06	94 . . .	206.70
25 . .	0.71	60 . . .	6.51	95 . . .	228.35

26	0.73	61	7.11	96	250.01
27	0.76	62	7.96	97	265.09
28	0.80	63	9.08	98	270.11
29	0.83	64	10.41	99	281.05
30	0.87	65	11.90		
31	0.90	66	13.51		
32	0.93	67	15.20		
33	0.96	68	16.92		
34	0.98	69	18.70		

If the current published premium rates per $1,000 of insurance protection charged by an insurer for individual 1-year term life insurance premiums available to all standard risks are lower than those in the preceding table, you *can use the lower rates for figuring the cost of insurance in connection with individual policies issued by the same insurer.*

Example 1. An employee, age 44, and the employer enter into a 403(b) plan that will provide the employee with a $500 a month annuity upon retirement at age 65. The agreement also provides that if the employee should die before retirement, the beneficiary will receive the greater of $20,000 or the cash surrender value in the life insurance contract. Using the facts presented, we can determine the cost of the employee’s life insurance protection as shown in Table 3-1.

The employer has included $28 for the cost of the life insurance protection in the employee’s current year income. When figuring includible compensation for this year, the employee will subtract $28.

Table 3-1. **Worksheet A. Cost of Incidental Life Insurance**

Note. Use this worksheet to figure the cost of incidental life insurance included in your annuity contract. This amount will be used to figure includible compensation for your most recent year of service.

1.	Enter the value of the contract (amount payable upon your death)	1.	$20,000.00
2.	Enter the cash value in the contract at the end of the year	2.	0.00
3.	Subtract line 2 from line 1. This is the value of your current life insurance protection	3.	$20,000.00
4.	Enter your age on your birthday nearest the beginning of the policy year	4.	44
5.	Enter the 1-year term premium for $1,000 of life insurance based on your age. (From Figure 3-1)	5.	$1.40
6.	Divide line 3 by $1,000	6.	20
7.	Multiply line 6 by line 5. This is the cost of your incidental life insurance	7.	$28.00

Example 2. The employee’s cash value in the contract at the end of the second year is $1,000. In year 2, the cost of the employee’s life insurance is figured as shown in Table 3-2.

In year 2, the employer will include $29.07 in the employee’s current year income. The employee will subtract this amount when figuring the includible compensation.

Table 3-2. **Worksheet A. Cost of Incidental Life Insurance**

Note. Use this worksheet to figure the cost of incidental life insurance included in your annuity contract. This amount will be used to figure includible compensation for your most recent year of service.

1.	Enter the value of the contract (amount payable upon your death)	**1.** $20,000.00
2.	Enter the cash value in the contract at the end of the year	**2.** $1,000.00
3.	Subtract line 2 from line 1. This is the value of your current life insurance protection . .	**3.** $19,000.00
4.	Enter your age on your birthday nearest the beginning of the policy year	**4.** 45
5.	Enter the 1-year term premium for $1,000 of life insurance based on your age. (From Figure 3-1)	**5.** $1.53
6.	Divide line 3 by $1,000	**6.** 19
7.	Multiply line 6 by line 5. This is the cost of your incidental life insurance	**7.** $29.07

Figuring Includible Compensation for Your Most Recent Year of Service

You can use Worksheet B in chapter 9 to determine your includible compensation for your most recent year of service.

Example. Max has been periodically working full-time for a local hospital since September 2021. Max needs to figure the limit on annual additions for 2024. The hospital's normal annual work period for employees in Max's general type of work runs from January to December.

During the periods that Max was employed with the hospital, the hospital has always been eligible to provide a 403(b) plan to employees. Additionally, the hospital has never provided the employees with a 457 deferred compensation plan, a transportation fringe benefit plan, or a cafeteria plan.

Max has never worked abroad and there is no life insurance provided under the plan.

Table 3-3 shows the service Max provided to the employer, compensation for the periods worked, elective deferrals, and taxable wages.

Table 3-3. **Max's Compensation**

Note. This table shows information Max will use to figure includible compensation for the most recent year of service.

Year	Years of Service	Taxable Wages	Elective Deferrals
2024	6/12 of a year	$42,000	$2,000
2023	4/12 of a year	$16,000	$1,650

2022	4/12 of a year	$16,000	$1,650

Before figuring the limit on annual additions, Max must figure includible compensation for the most recent year of service.

Because Max isn’t planning to work the entire 2024 year, Max’s most recent year of service will include the time planning to work in 2024 plus time worked in the preceding 3 years until the time worked for the hospital totals 1 year. If the total time worked is less than 1 year, Max will treat it as if it were 1 year. Max figures the most recent year of service shown in the following list.

- Time Max will work in 2024 is 6/12 of a year.
- Time worked in 2023 is 4/12 of a year. All of this time will be used to determine Max's most recent year of service.

- Time worked in 2022 is 4/12 of a year. Max only needs 2 months of the 4 months worked in 2022 to have enough time to total 1 full year. Because Max needs only 1/2 of the actual time worked, Max will use only 1/2 of income earned during that period to figure wages that will be used in figuring the includible compensation.

Using the information provided in Table 3-3, wages for Max's most recent year of service are $66,000 ($42,000 + $16,000 + $8,000). Max’s includible compensation for the most recent year of service is figured as shown in Table 3-4.

After figuring the includible compensation, Max determines the limit on annual additions for 2024 to be $69,000, the lesser of the includible compensation, $70,475 (Table 3-4), and the maximum amount of $69,000.

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Table 3-4. **Worksheet B. Includible Compensation for Your Most Recent Year of Service**[1]

Note. Use this worksheet to figure includible compensation for your most recent year of service.

1.	Enter your includible wages from the employer maintaining your 403(b) account for your most recent year of service	**1.**	$66,000
2.	Enter elective deferrals excluded from your gross income for your most recent year of service[2]	**2.**	4,475[3]
3.	Enter amounts contributed or deferred by your employer under a cafeteria plan for your most recent year of service	**3.**	-0-
4.	Enter amounts contributed or deferred by your employer according to your election to your 457 account (a nonqualified plan of a state or local government or of a tax-exempt organization) for your most recent year of service	**4.**	-0-
5.	Enter pre-tax contributions (employer's contributions made on your behalf according to your election) to a qualified transportation fringe benefit plan for your most recent year of service	**5.**	-0-
6.	Enter your foreign earned income exclusion for your most recent year of service	**6.**	-0-
7.	Add lines 1, 2, 3, 4, 5, and 6	**7.**	70,475
8.	Enter the cost of incidental life insurance that is part of your annuity contract for your most recent year of service	**8.**	-0-
9.	Enter compensation that was **both**: • Earned during your most recent year of service, and • Earned while your employer wasn't qualified to maintain a 403(b) plan	**9.**	-0-
10.	Add lines 8 and 9	**10.**	-0-
11.	Subtract line 10 from line 7. This is your includible compensation for your most recent year of service	**11.**	70,475

[1] Use estimated amounts if figuring includible compensation before the end of the year.

[2] Elective deferrals made to a designated Roth account aren't excluded from your gross income and shouldn't be included on this line.

[3] $4,475 ($2,000 + $1,650 + $825).

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4.

Limit on Elective Deferrals

The second and final component of MAC is the limit on elective deferrals. This is a limit on the amount of contributions that can be made to your account through a salary reduction agreement.

A *salary reduction agreement* is an agreement between you and your employer that allows for a portion of your compensation to be directly invested in a 403(b) account on your behalf. You can enter into more than one salary reduction agreement during a year.

CAUTION

More than one 403(b) account. *If, for any year, elective deferrals are contributed to more than one 403(b) account for you (whether or not with the same employer), you must combine all the elective deferrals to determine whether the total is more than the limit for that year.*

403(b) plan and another retirement plan. *If, during the year, contributions in the form of elective deferrals are made to other retirement plans on your behalf, you must combine all of the elective deferrals to determine if they are more than your limit on elective deferrals. The limit on elective deferrals applies to amounts contributed to:*

- *401(k) plans, to the extent excluded from income;*
- *Roth contribution programs;*
- *Section 501(c)(18) plans, to the extent excluded from income;*
- *Savings incentive match plan for employees (SIMPLE) plans;*
- *Salary reduction simplified employee pension (SARSEP) plans; and*
- *All 403(b) plans.*

Roth contribution program. Your 403(b) plan may allow you to designate all or a portion of your elective deferrals as Roth contributions. Elective deferrals designated as Roth contributions must be maintained in a separate Roth account and aren’t excludable from your gross income.

The maximum amount of contributions allowed under a Roth contribution program is your limit on elective deferrals, less your elective deferrals not designated as Roth contributions. For more information on the Roth contribution program, see Pub. 560, Retirement Plans for Small Business.

Excess elective deferrals. If the amount contributed is more than the allowable limit, you must include the excess that isn’t a Roth contribution in your gross income for the year contributed.

General Limit

Under the general limit on elective deferrals, the most that can be contributed to your 403(b) account through a salary reduction agreement is $22,500 for 2023 and $23,000 for 2024. This limit applies without regard to community property laws.

15-Year Rule

If you have at least 15 years of service with an educational organization (such as a public or private school), hospital, home health service agency, health and welfare service agency, church, or convention or association of churches (or associated organization) and it is allowed by the terms of the plan document, the limit on elective deferrals to your 403(b) account is increased by the least of:

1. $3,000;
2. $15,000, reduced by the sum of:
    a. The additional pre-tax elective deferrals made in prior years because of this rule, plus

b. The aggregate amount of designated Roth contributions permitted for prior years because of this rule; or

3. $5,000 times the number of your years of service for the organization, minus the total elective deferrals made by your employer on your behalf for earlier years.

If you qualify for the 15-year rule (sometimes referred to as the "special section 403(b) catch-up" or the "years-of-service catch-up"), your elective deferrals under this limit can be as high as $25,500 for 2023 and $26,000 for 2024.

To determine whether you have 15 years of service with your employer, see *Years of Service*, next.

Years of Service

To determine if you are eligible for the increased limit on elective deferrals, you will first need to figure your years of service. How you figure your years of service depends on whether you were a full-time or a part-time employee, whether you worked for the full year or only part of the year, and whether you have worked for your employer for an entire year.

You must figure years of service for each year during which you worked for the employer who is maintaining your 403(b) account.

If more than one employer maintains a 403(b) account for you in the same year, you must figure years of service separately for each employer.

For purposes of the 15-year rule, years of service are figured through the year for which the calculation is being made. For example, to determine the limit for 2022, you count years of service through 2023.

Definition

Your *years of service* are the total number of years you have worked as a full-time employee for the employer maintaining your 403(b) account as of the end of the year.

Figuring Your Years of Service

Take the following rules into account when figuring your years of service.

Status of employer. Your years of service include only periods during which your employer was an eligible employer. Your plan administrator can tell you whether or not your employer was qualified during all your periods of service.

Service with one employer. Generally, you can’t count service for any employer other than the one who maintains your 403(b) account.

Church employee. If you are a church employee, treat all of your years of service with related church organizations as years of service with the same employer. For more information about church employees, see chapter 5.

Self-employed ministers. If you are a self-employed minister, your years of service include full and part years in which you have been treated as employed by a tax-exempt organization that is an eligible employer.

Total years of service. When figuring prior years of service, figure each year individually and then add the individual years of service to determine your total years of service.

Example. The annual work period for full-time teachers employed by ABC Public Schools is September through December and February through May. A teacher began working with ABC Public Schools in September 2019. The teacher has always worked full-time for each annual work period. At the end of 2023, the teacher had

4.5 years of service with ABC Public Schools, as shown in Table 4-1.

Table 4-1. **Teacher's Years of Service**

Note. This table shows how the teacher figures the years of service, as explained in the previous example.

<table>
<tr><th>Year</th><th>Period Worked</th><th>Portion of Work Period</th><th>Years of Service</th></tr>
<tr><td>2019</td><td>Sept.–Dec.</td><td>0.5 year</td><td>0.5 year</td></tr>
<tr><td rowspan="2">2020</td><td>Feb.–May</td><td>0.5 year</td><td rowspan="2">1 year</td></tr>
<tr><td>Sept.–Dec.</td><td>0.5 year</td></tr>
<tr><td rowspan="2">2021</td><td>Feb.–May</td><td>0.5 year</td><td rowspan="2">1 year</td></tr>
<tr><td>Sept.–Dec.</td><td>0.5 year</td></tr>
<tr><td>2022</td><td>Feb.–May</td><td>0.5 year</td><td>1 year</td></tr>
</table>

	Sept.–Dec.	0.5 year	
2023	Feb.–May	0.5 year	1 year
	Sept.–Dec.	0.5 year	
Total years of service			4.5 years

Full-time or part-time. To figure your years of service, you must analyze each year individually and determine whether you worked full-time for the full year or something other than full-time. When determining whether you worked full-time or something other than full-time, use your employer's annual work period as the standard.

Employer's annual work period. Your employer's annual work period is the usual amount of time an individual working full-time in a specific position is required to work. Generally, this period of time is expressed in days, weeks, months, or semesters, and can span 2 calendar years.

Note. You can't accumulate more than 1 year of service in a 12-month period.

Example. All full-time teachers at ABC Public Schools are required to work both the September through December semester and the February through May semester. Therefore, the annual work period for full-time teachers employed by ABC Public Schools is September through December and February through May. Teachers at ABC Public Schools who work both semesters in the same calendar year are considered working a full year of service in that calendar year.

Full-Time Employee for the Full Year

Count each full year during which you were employed full-time as 1 year of service. In determining whether you were employed full-time, compare the amount of work you were required to perform with the amount of work normally required of others who held the same position with the same employer and who generally received most of their pay from the position.

How to compare. You can use any method that reasonably and accurately reflects the amount of work required. For example, if you are a teacher, you can use the number of hours of classroom instruction as a measure of the amount of work required.

In determining whether positions with the same employer are the same, consider all of the facts and circumstances concerning the positions, including the work performed, the methods by which pay is determined, and the descriptions (or titles) of the positions.

Example. An assistant professor employed in the English department of a university will be considered a full-time employee if the amount of work that an assistant professor is required to perform is the same as the amount of work normally required of assistant professors of English at that university who get most of their pay from that position.

If no one else works for your employer in the same position, compare your work with the work normally required of others who held the same position with similar employers or similar positions with your employer.

Full year of service. A full year of service for a particular position means the usual annual work period of anyone employed full-time in that general type of work at that place of employment.

Example. If a doctor works for a hospital 12 months of a year except for a 1-month vacation, the doctor will be considered as employed for a full year if the other doctors at that hospital also work 11 months of the year with a 1-month vacation. Similarly, if the usual annual work period at a university consists of the fall and spring semesters, an instructor at that university who teaches these semesters will be considered as working a full year.

Other Than Full-Time for the Full Year

If, during any year, you were employed full-time for only part of your employer's annual work period, part-time for the entire annual work period, or part-time for only part of the work period, your year of service for that year is a fraction of your employer's annual work period.

Full-time for part of the year. If, during a year, you were employed full-time for only part of your employer's annual work period, figure the fraction for that year as follows.

- The numerator (top number) is the number of weeks, months, or semesters you were a full-time employee.

- The denominator (bottom number) is the number of weeks, months, or semesters considered the normal annual work period for the position.

Example. An instructor was employed full-time by a local college for the 4 months of the 2023 spring semester (February 2023 through May 2023). The annual work period for the college is 8 months (February through May and July through October). Given these facts, the instructor was employed full-time for part of the annual work period and provided $1/2$ of a year of service. The instructor's years of service computation for 2023 is as follows.

$$\frac{\text{Number of months worked}}{\text{Number of months in annual work period}} = \frac{4}{8} = \frac{1}{2}$$

Part-time for the full year. If, during a year, you were employed part-time for the employer's entire annual work period, you figure the fraction for that year as follows.

- The numerator (top number) is the number of hours or days you worked.
- The denominator (bottom number) is the number of hours or days normally required of someone holding the same position who works full-time.

Example. Alex teaches one course at a local medical school 3 hours per week for two semesters. Other faculty members at the same school teach 9 hours per week for two semesters. The annual work period of the medical school is two semesters. An instructor teaching 9 hours a week for two semesters is considered a full-time employee. Given these facts, Alex has worked part-time for a full annual work period. Alex has completed 1/3 of a year of service, figured as shown below.

$$\frac{\text{Number of hours worked per week}}{\text{Number of hours per week considered full-time}} = \frac{3}{9} = \frac{1}{3}$$

Part-time for part of the year. If, during any year, you were employed part-time for only part of your employer's annual work period, you figure your fraction for that year by multiplying two fractions.

Figure the first fraction as though you had worked full-time for part of the annual work period. The fraction is as follows.

- The numerator (top number) is the number of weeks, months, or semesters you were a full-time employee.
- The denominator (bottom number) is the number of weeks, months, or semesters

considered the normal annual work period for the position.

Figure the second fraction as though you had worked part-time for the entire annual work period. The fraction is as follows.

- The numerator (top number) is the number of hours or days you worked.
- The denominator (bottom number) is the number of hours or days normally required of someone holding the same position who works full-time.

Once you have figured these two fractions, multiply them together to determine the fraction representing your partial year of service for the year.

Example. An attorney teaches a course 3 hours per week for 1 semester at a law school. The annual work period for teachers at the school is 2 semesters. All full-time instructors at the school are required to teach 12 hours per week. Based on these facts, the attorney is employed part-time for part of the annual work period. The attorney’s year of service for this year is determined by multiplying two fractions. The computation is as follows.

Attorney’s first fraction

$$\frac{\text{Number of semesters worked}}{\text{Number of semesters in annual work period}} = \frac{1}{2}$$

Attorney's second fraction

$$\frac{\text{Number of hours worked per week}}{\text{Number of hours per week considered full-time}} = \frac{3}{12} = \frac{1}{4}$$

The attorney would multiply these fractions to obtain the fractional year of service.

$$\frac{1}{2} \times \frac{1}{4} = \frac{1}{8}$$

Figuring the Limit on Elective Deferrals

You can use Part II of Worksheet 1 in chapter 9 to figure the limit on elective deferrals.

Example

Max has figured the limit on annual additions. The only other component needed before Max can determine its MAC for 2024 is the limit on elective deferrals.

Figuring Max's limit on elective deferrals. Max has been employed with the current employer for less than 15 years. Max isn’t eligible for the special 15-year increase. Therefore, the limit on elective deferrals for 2024 is $23,000, as shown in Table 4-2.

Table 4-2. **Worksheet 1. Maximum Amount Contributable (MAC)**

Note. Use this worksheet to figure your MAC.

	Part I. Limit on Annual Additions		
1.	Enter your includible compensation for your most recent year of service	**1.**	$70,475
2.	Maximum: • For 2023, enter $66,000. • For 2024, enter $69,000	**2.**	69,000
3.	Enter the lesser of line 1 or line 2. This is your limit on annual additions	**3.**	69,000
	Caution: If you had only nonelective contributions, skip Part II and enter the amount from line 3 on line 18.		
	Part II. Limit on Elective Deferrals		
4.	Maximum contribution: • For 2023, enter $22,500. • For 2024, enter $23,000	**4.**	23,000
	Note. If you have at least 15 years of service with a qualifying organization, complete lines 5 through 17. If not, enter zero (-0-) on line 16 and go to line 17.		
5.	Amount per year of service	**5.**	5,000
6.	Enter your years of service	**6.**	
7.	Multiply line 5 by line 6	**7.**	
8.	Enter the total of all elective deferrals made for you by the qualifying organization for prior years	**8.**	
9.	Subtract line 8 from line 7. If zero or less, enter zero (-0-)	**9.**	-0-
10.	Maximum increase in limit for long service	**10.**	15,000
11.	Enter the total of additional pre-tax elective deferrals made in prior years under the 15-year rule	**11.**	
12.	Enter the aggregate amount of all designated Roth contributions permitted for prior years under the 15-year rule	**12.**	
13.	Add lines 11 and 12	**13.**	
14.	Subtract line 13 from line 10	**14.**	
15.	Maximum additional contributions	**15.**	3,000
16.	Enter the least of line 9, 14, or 15. This is your increase in the limit for long service	**16.**	-0-
17.	Add lines 4 and 16. This is your limit on elective deferrals	**17.**	23,000
	Part III. Maximum Amount Contributable		
18.	• If you had only nonelective contributions, enter the amount from line 3. This is your MAC. • If you had only elective deferrals, enter the lesser of line 3 or line 17. This is your MAC. • If you had both elective deferrals and nonelective contributions, enter the amount from line 3. This is your MAC. (Use the amount on line 17 to determine if you have excess elective deferrals as explained in chapter 7.)	**18.**	23,000

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Max's employer won’t make any nonelective contributions to the 403(b) account and Max won’t make any after-tax contributions. Additionally, Max's employer doesn’t offer a Roth contribution program.

Figuring Max's MAC

Max has determined that the limit on annual additions for 2024 is $69,000 and the limit on elective deferrals is $23,000. Because elective deferrals are the only contributions made to Max's account, the maximum amount that can be contributed to a 403(b) account on Max's behalf in 2024 is $23,000, the lesser of both limits.

5.

Ministers and Church Employees

Self-employed ministers and church employees who participate in 403(b) plans generally follow the same rules as other 403(b) plan participants.

This means that if you are a self-employed minister or a church employee, your MAC is generally the lesser of:

- Your limit on annual additions, or
- Your limit on elective deferrals.

For most ministers and church employees, the limit on annual additions is figured without any changes. This means that if you are a minister or church employee, your limit on annual additions is generally the lesser of:

- $66,000 for 2023 and $69,000 for 2024, or

- Your includible compensation for your most recent year of service.

Although, in general, the same limit applies, church employees can choose an alternative limit and there are changes in how church employees, foreign missionaries, and self-employed ministers figure includible compensation for the most recent year of service. This chapter will explain the alternative limit and the changes.

Who is a church employee? A church employee is anyone who is an employee of a church or a convention or association of churches, including an employee of a tax-exempt organization controlled by or associated with a church or a convention or association of churches.

Alternative Limit for Church Employees

If you are a church employee, you can choose to use $10,000 a year as your limit on annual additions, even if your annual additions figured under the general rule are less.

Total contributions over your lifetime under this choice can’t be more than $40,000.

Changes to Includible Compensation for Most Recent Year of Service

There are two types of changes in determining includible compensation for the most recent year of service. They are:

- Changes in how the includible compensation of foreign missionaries and self-employed ministers is figured, and
- A change to the years that are counted when figuring the most recent year of service for church employees and self-employed ministers.

Changes to Includible Compensation

Includible compensation is figured differently for foreign missionaries and self-employed ministers.

Foreign missionary. If you are a foreign missionary, your includible compensation includes foreign earned income that may otherwise be excludable from your gross income under section 911.

If you are a foreign missionary, and your adjusted gross income is $17,000 or less, contributions to your 403(b) account won't be treated as exceeding the limit on annual additions if the contributions aren't in excess of $3,000.

You are a foreign missionary if you are either a layperson or a duly ordained, commissioned, or licensed minister of a church and you meet both of the following requirements.

- You are an employee of a church or convention or association of churches.
- You are performing services for the church outside the United States.

Self-employed minister. If you are a self-employed minister, you are treated as an employee of a tax-exempt organization that is an eligible employer. Your includible compensation is your net earnings from your ministry minus the contributions made to the retirement plan on your behalf and the deductible portion of your self-employment tax.

Changes to Years of Service

Generally, only service with the employer who maintains your 403(b) account can be counted when figuring your limit on annual additions.

Church employee. If you are a church employee, treat all of your years of service as an employee of a church or a convention or association of churches as years of service with one employer.

Self-employed minister. If you are a self-employed minister, your years of service include full and part years during which you were self-employed.

6.

Catch-up Contributions

The most that can be contributed to your 403(b) account is the lesser of your limit on annual additions or your limit on elective deferrals.

If you will be age 50 or older by the end of the year, you may also be able to make additional catch-up contributions. These additional contributions can’t be made with after-tax employee contributions.

You are eligible to make catch-up contributions if:

- You will have reached age 50 by the end of the year,
- Your employer's plan document allows for catch-up contributions, and

- The maximum amount of elective deferrals that can be made to your 403(b) account have been made for the plan year.

The maximum amount of catch-up contributions is the lesser of:

- $7,500 for 2023 and 2024; or
- The excess of your compensation for the year, over the elective deferrals that aren’t catch-up contributions.

Figuring catch-up contributions. When figuring allowable catch-up contributions, combine all catch-up contributions made by your employer on your behalf to the following plans.

- Qualified retirement plans. (To determine if your plan is a qualified plan, ask your plan administrator.)
- 403(b) plans.
- SARSEP plans.

- SIMPLE plans.

The total amount of the catch-up contributions on your behalf to all plans maintained by your employer can’t be more than the annual limit. The limit is $7,500 for 2023 and 2024.

CAUTION *If you are eligible for both the 15-year rule increase in elective deferrals and the age 50 catch-up, allocate amounts first under the 15-year rule and next as an age 50 catch-up.*

TIP *Catch-up contributions aren’t counted against your MAC. Therefore, the maximum amount that you are allowed to have contributed to your 403(b) account is your MAC plus your allowable catch-up contributions.*

You can use Worksheet C in chapter 9 to figure your limit on catch-up contributions.