

Catch-up Contributions with the ACCE 457(b) Plan

As we get closer to retirement often, we are making the largest annual salary of our life and want to save as much as possible for when the paychecks stop coming in. If you're nearing retirement you may want to read more about catch-up contributions to your ACCE 457(b) account.

If you have not been putting in the IRS maximum contribution in your current 457(b) plan since you have been eligible for the plan, read on...

If your age is three years prior to your normal retirement age of 67, read on...

If you are anxious to put more money than the IRS maximum into your 457(b) plan, read on...

Here are the specifics on each of the above criteria:

Eligibility Date of Your Current Plan

Your current employer determines the level necessary for staff to be eligible for the 457(b) plan. Your eligibility date is not necessarily when you entered the plan but when you met whatever level your employer determined necessary. For example, if you were eligible when your employer started the 457(b) plan and you didn't know or didn't want to contribute at that time, you may calculate catch-up contributions back to the year the employer started the 457(b) plan.

Normal Retirement Age (NRA)

The normal retirement age (NRA) which is defined as age 67 in the ACCE plan is important because catch-up contributions may only be submitted during the last three years ending before the NRA. For example, if you're turning 67 in 2026, then you can submit catch-up contributions in 2023, 2024 and 2025. If the current employer offers a defined benefit or money purchase plan, the NRA specified for the 457(b) plan cannot be earlier than the NRA for these other plans. If the employer does not offer one of these plans, the minimum NRA is age 67. Profit sharing 401(k) plans have no impact on the NRA.



IRS Maximums per Years ACCE has offered the 457(b)

Year	Maximum Amount	Year	Maximum Amount
2001	\$10,000	2014	\$17,500
2002	\$11,000	2015	\$18,000
2003	\$12,000	2016	\$18,000
2004	\$13,000	2017	\$18,000
2005	\$14,000	2018	\$18,500
2006	\$15,000	2019	\$19,000
2007	\$15,500	2020	\$19,500
2008	\$15,500	2021	\$19,500
2009	\$16,500	2022	\$20,500
2010	\$16,500		
2011	\$16,500		
2012	\$17,000		
2013	\$17,500		

To Calculate How Much Catch-up is Possible

The amount that can be submitted as a 457(b) catch-up contribution is calculated by taking the IRS maximum per year and subtracting the total amount contributed to the 457(b) that same year. Then total the differences for each eligible year in the current 457(b) plan. For example:

A participant became eligible in 2012 and didn't contribute up to the IRS maximum limit each year so the catch-up potential is calculated as illustrated in the example below.

Year	IRS Maximum	Amount Actually Contributed	Catch-up Potential
2012	\$17,500	\$10,000	\$7,500
2013	\$17,500	\$10,000	\$7,500
2014	\$17,500	\$10,000	\$7,500
2015	\$18,000	\$10,000	\$8,000
2016	\$18,000	\$15,000	\$3,000
2017	\$18,000	\$11,500	\$6,500
2018	\$18,500	\$9,500	\$9,000
2019	\$19,000	\$19,000	\$0
2020	\$19,500	\$19,500	\$0
2021	\$19,500	\$19,500	\$0
2022	\$20,500	\$20,500	\$0

Total Possible Catch-up \$49,000



Rules in Submitting 457(b) Catch-up

Again, you must be in the last three years ending before your normal retirement age (67). During this time the maximum catch-up submission is the same as the IRS maximum. Using the example above, if the participant was attaining age 67 in 2026 and assuming no change to the IRS maximum limits, then in 2023 the participant could contribute \$20,500 plus another \$20,500 in catch-up contribution for a total 2023 submission of \$41,000. In 2024 the participant could contribute \$20,500 plus another \$20,500 in catch-up contribution for a total 2023 submission of \$41,000. In 2025 the participant could submit the IRS maximum plus the \$20,500 or what is left from the possible catch-up calculation (\$8,000 in this example). In 2026, the catch-up years would over so the participant would again be limited to regular IRS maximum for 2026 and any subsequent years the participant is contributing to the plan.

