

TAX & RETIREMENT PLANNING CENTER

MAXIMUM CONTRIBUTIONS TO RETIREMENT PLAN

In the past, faculty and staff have received a letter outlining the maximum contributions that can be made to their 403(b) plan. As a result of the Economic Growth and Tax Relief Reconciliation Act (EGTRRA), the maximum contribution amounts employees can defer into their employer retirement plan have been simplified. The tools, forms and web links below are designed to help you maximize your contributions to your retirement plan and update your tax records.

Outside Retirement Plan Contributions

Please note that retirement plan contributions you make through an outside business may impact your maximum contribution each calendar year. The amount that you are able to contribute into your American University retirement plan may need to be reduced if the following criteria apply to you:

- You owned a controlling interest (over 50%) of an outside, for-profit business at any point during the year
- Contributions on your behalf were made to a qualified retirement plan or SEP-IRA through that outside business

If you meet both of the above criteria, you should consult with your certified public accountant or tax advisor for guidance to ensure that you do not exceed the IRS contribution limits each year. Internal Revenue Service (IRS) regulations require employers who sponsor 403(b) plans to collect information on an annual basis from their employees on retirement plan contributions made through an outside business. This is to ensure that employees do not exceed the Federal limits for retirement plan contributions. In the first quarter of the year, we will send you a request for this information for the previous calendar year.

DETERMINING YOUR MAXIMUM CONTRIBUTION

To identify your personal contribution maximum, please consider the information below which outlines the maximums set forth by the IRS.

Year	General Limit Eligibility: All Faculty and Staff	50 Year Catch-up Eligibility: Age 50 or turning 50 in calendar year	Total Deferral Opportunity (Employee Eligible for General and 50 Year Catch-up)
2015 - 2017	\$18,000	\$6,000	\$24,000
2018	\$18,500	\$6,000	\$24,500
2019	\$19,000	\$6,000	\$25,000

Some employees with 15 or more years of service may also qualify for a 403(b) Lifetime Catch-up under the 15-year rule. This provision may allow you to increase your salary deferral contributions above your basic salary deferral limit (above) by up to \$3,000 per year, up to a lifetime catch-up limit of \$15,000. To qualify, you must have at least 15 years or more of service and have contributed on average less than \$5,000 a year to your 403(b) plan. Refer to the IRS Publication 571 for more information on the 15-year rule. Please know at the beginning of each year Human Resources has a calculation performed to determine any additional deferral amounts for all faculty and staff. Should you be eligible for the 15-year catch-up, you will receive notification to your home address.

Increases to the new maximums are not automatic. To maximize your contributions, you will need to go to www.netbenefits.com/au and follow the "Update" prompts. The link is also available on the MyAU Portal on under WORK@AU Benefits: myBenefits - Retirement. Fidelity is AU's Retirement Plan administrator and hosts the myBenefits – Retirement site. If you have any questions, please contact Lex Clary at x3521 or lexclary@american.edu.

CONTRIBUTION AND BENEFIT LIMITS

The retirement and social security limits can be found in the table below. To view your current contributions, please log into MyAU Portal on under WORK@AU Benefits: myBenefits - Retirement.

Contribution and Benefits Limits	2015	2016	2017	2018	2019
403(b) Elective Deferral Limit	\$18,000	\$18,000	\$18,000	\$18,500	\$19,000
Highly Compensated Employee	\$120,000	\$120,000	\$120,000	\$120,000	\$125,000
Defined Contribution Annual Additions	\$53,000	\$53,000	\$54,000	\$55,000	\$56,000
Social Security Wage Base	\$118,500	\$118,500	\$127,200	\$128,400	\$132,900
Covered Compensation Limit	\$265,000	\$265,000	\$270,000	\$275,000	\$280,000

ADDITIONAL RESOURCES:

Eagle Service – Earnings Statements

Your Earnings Statement includes information about your current tax and benefits withholdings, to help you in your financial planning. To view, log into the myAU portal and click on WORK@AU, Eagle Service – Earnings Statements. Then, click on an earnings statement for a specific pay period to view your tax withholding current benefit information

Retirement Planning Tools

For information on planning for your retirement, please visit the [Fidelity Investments](#) or [TIAA](#) websites. [Take the Fidelity Investment 60-Second Retirement Challenge](#) and view other tools in the Savings Action Center.

Retirement Enrollment or Contribution/Investment Changes

To enroll or change your retirement salary reduction amounts or to change your asset allocations, please go to www.netbenefits.com/au and follow the "Enroll" or "Update" prompts. The link is also available on the MyAU Portal on under WORK@AU Benefits: myBenefits – Retirement. Please note that Fidelity is AU's Retirement Plan administrator and hosts the myBenefits – Retirement site. You will be required to sign on the Fidelity portal to enroll or to make changes to your contributions, regardless whether you have selected Fidelity or TIAA as your retirement service provider. It is recommended that you review each company's website and prospectus information prior to enrolling.

Tax Forms

You can change federal and state tax withholdings through MyAU Portal. To access federal and state tax withholding forms, click on Work@AU (top bar), Payroll, Payroll Documents, then Tax Withholding Forms.