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2019 Annual Notice to Employees

Opportunity to Make Elective Deferrals to the Blue Hills Regional Technical School 403(b) Plan

This is to notify you that as a Blue Hills Regional Technical School employee, you are eligible to make a pre-tax elective deferral from your salary to the Blue Hills Regional Technical School 403(b) Plan (the "Plan").

To make an elective contribution to the Plan, you must submit a Salary Reduction Agreement to the Plan's Third Party Administrator, MidAmerica Administrative & Retirement Solutions. You may make, change or stop such an election to contribute as often as you wish, and it will be effective on the date indicated on the Salary Reduction Agreement or the next payroll date after it is approved by MidAmerica.

Such elective contributions are subject to applicable Internal Revenue Code limits and the terms of the Plan. If you take a financial hardship withdrawal from the Plan, your contributions will be suspended for the subsequent six months.

You can submit a Salary Reduction Agreement via the Participant Website at <https://fe2.midamerica.biz/login.aspx>. User Name: Social Security Number

- If you have not logged in before, your initial Password is the last four digits of your Social Security Number.
 - To change your password and continue using the site, input your initial password.
 - Input your new password per the "Password Requirements."
 - Confirm your new password and input your email address.
 - Choose a security question and enter your answer. Save.
 - Click on "Click here to continue" to continue to the Main Menu.

If you are a new participant, you may need to submit a Salary Reduction Agreement via hardcopy for your initial election. For a copy of the Salary Reduction Agreement or a summary of the Plan—or if you have any other questions—please contact MidAmerica Administrative & Retirement Solutions at (866) 873-4240 or visit their website at <https://www.midamerica.biz/forms/participants/>.

Attached:

2019 Contribution Limits
Sample Salary Reduction Agreement
List of Eligible Vendors

This notice is to provide general information regarding availability of the Plan. You should consult with your own financial, tax or legal advisor as to whether you should contribute to the Plan. Should there be any difference between the information in this Notice and the Plan, the terms of the Plan will control. The information in this Notice is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties under the Internal Revenue Code or promoting, marketing, or recommending to any transaction or matter addressed herein.

403(b) Contribution Limits

Generally, contributions to an employee's 403(b) account are limited to the lesser of:

- the limit on annual additions, or
- the elective deferral limit

Limit on employee elective salary deferrals

The limit on elective deferrals - the most an employee can contribute to a 403(b) account out of salary - is \$19,000 in 2019 (\$18,500 in 2018). Employees who are age 50 or over at the end of the calendar year can also make catch-up contributions of \$6,000 in 2015 - 2019 beyond the basic limit on elective deferrals

Limit on annual additions

The limit on annual additions (the combination of *all* employer contributions and employee elective deferrals to all 403(b) accounts) generally is the lesser of:

- \$56,000 for 2019 (\$55,000 for 2018), or
- 100% of includible compensation for the employee's most recent year of service.

Generally, includible compensation is the amount of taxable wages and benefits the employee received in the employee's most recent full year of service. If your 403(b) plan doesn't limit the total employer and employee contributions to the annual limits, find out how to correct this mistake.

Catch-ups for employees with 15-years of service

If permitted by the 403(b) plan, an employee who has at least 15 years of service with a public school system, hospital, home health service agency, health and welfare service agency, church, or convention or association of churches (or associated organization), has a 403(b) elective deferral limit that is increased by the lesser of:

1. \$3,000,
2. \$15,000, reduced by the amount of additional elective deferrals made in prior years because of this rule, or
3. \$5,000 times the number of the employee's years of service for the organization, minus the total elective deferrals made for earlier years.

An employee who qualifies for the 15-year rule can have an elective deferral limit as high as \$21,000 for 2016. For plans that offer "15-years of service catch-up" contributions, if an employee making these contributions doesn't have the required 15 years of full-time service with the same employer, find out how to correct this mistake.

Catch-ups for employees age 50 or over

If permitted by the 403(b) plan, employees who are age 50 or over at the end of the calendar year can also make catch-up contributions of \$6,000 in 2015 - 2019 beyond the basic limit on elective deferrals. If the 403(b) plan doesn't have the age 50 catch-up and an employee made deferrals over the 402(g) limit (or the 402(g) limit adjusted for a 15-year catch-up), find out how to correct this mistake.

If both catch-up provisions apply

While the age 50 catch-up is subject to an annual limit, the 15-year catch-up is subject to a use test, lifetime limit and an annual limit. When both catch-up opportunities are available, the law requires deferrals exceeding the

standard limit (\$19,000 in 2019 and \$18,500 in 2018) to be first applied to the 15-year catch-up (to the extent permitted), and then to the age 50 catch-up.

Example: Assume Pat, age 50, has worked as a teacher in the XYZ School District for 15 years; is eligible for the 15 years of service catch-up; and has eligible compensation of \$70,000 for 2018. The maximum employee and employer contributions to the XYZ 403(b) plan for 2018 for Pat would be \$61,000:

- Pat may have elective deferrals to the 403(b) plan totaling \$21,500 (\$18,500 plus \$3,000 15 years of service catch-up)
- Employer contribution of \$33,500, bringing the total employee and employer contributions to \$55,000, the annual additions limit.
- Pat may also defer an additional \$6,000 age 50 catch-up contribution in 2018.

Example: Now assume that Pat only deferred \$22,000 of his salary under the 403(b) plan. The plan provides both the 15-year and age 50 catch-up deferral opportunities. Under the use test, Pat is eligible for a 15-year catch-up of \$3,000. Of the total \$22,000 deferred for 2018, the maximum standard deferral of \$18,500 is first applied, followed by application of the 15-year catch-up deferral of \$3,000, and finally application of the remaining \$500 to the age 50 catch-up deferral.

Example: Now assume that Pat only deferred \$22,000 of his salary under the 403(b) plan. The plan provides both the 15-year and age 50 catch-up deferral opportunities. Under the use test, Pat is eligible for a 15-year catch-up of \$3,000. Of the total \$22,000 deferred for 2016, the maximum standard deferral of \$18,000 is first applied, followed by application of the 15-year catch-up deferral of \$3,000, and finally application of the remaining \$1,000 to the age 50 catch-up deferral.

Employees who also participate in another plan

Employees must combine contributions made to their 403(b) accounts with contributions made to all other plans in which they participate (other than 457 plans): 401(k)s and other qualified plans, and SIMPLE IRAs. The employee's total elective deferrals to all of these plans combined cannot exceed the annual deferral limit (\$18,000 in 2015 and 2017).

Additional resources

- [403\(b\) plans home page](#)
- [Publication 571, Tax-Sheltered Annuity Plans \(403\(b\) Plans\) For Employees of Public Schools and Certain Tax-Exempt Organizations](#)

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Source:

<https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-403b-contribution-limits>