NBUSA
Nazarene Benefits

Dear Participant:

It is important for you to be aware that the Internal Revenue Code limits how much may be deposited into your 403(b) account each tax year. You will find information on the second page of this letter explaining the current contribution limits. Please note that if you are age 50 or older, there is a special provision that allows you to exclude a higher amount of your income.

You are encouraged to obtain IRS Publication 571, “Tax-Sheltered Annuity Programs for Employees of Public Schools and Certain Tax-Exempt Organizations.” It is available from the IRS by calling 1-800-TAX-FORM (829-3676), or on the Web at

https://www.irs.gov/pub/irs-pdf/p571.pdf

It contains helpful information on how to calculate your contribution limits. Also, you may want to consult with your own local tax advisor to ensure any tax liability is met.

If you have any questions concerning this information, or want to increase your contributions to your Nazarene 403(b) account, please contact the Nazarene Benefits office (see information below). It is a pleasure to be of service to you.

See Maximum Contribution Chart on second page

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Maximum Contribution Limits for 2022-2026

	2026	2025	2024	2023	2022
Elective Deferrals	$24,500	$23,500	$23,000	$22,500	$20,500
Annual Contribution Limit	$72,000	$70,000	$69,000	$66,000	$61,000
Catch-Up Contributions (50+)	$8,000*	$7,500*	$7,500	$7,500	$6,500

The **Elective Deferral Limit** is the maximum contribution that can be made through salary deferral to a 401(k) or 403(b) plan (Internal Revenue Code section 402(g)(1)). Some refer to this as the salary reduction limit or employee limit. This limit is indexed to inflation.

The **Annual Contribution Limit** is the maximum annual contribution amount that can be made to a participant's account (IRC Section 415). This limit is actually expressed as the lesser of the dollar limit or 100% of the participant's compensation, applied to the combination of employee contributions, employer contributions and employer NBUSA contributions. This limit is indexed to inflation and may adjust annually in $1,000 increments.

Catch-Up Contributions (aged 50 and up): Individuals aged 50 and over may make so-called "catch-up" contributions, in addition to the elective deferral limits. This limit is indexed to inflation. (Internal Revenue Code Section 414(v)).

*Beginning in 2025, a participant age 60 to 63 may contribute a higher catch-up amount of up to $11,250. Also, starting in 2026, employees age 50 and older with FICA (not SECA) wages over $150,000 in the prior year must use the Roth 403(b) account for catch-up contributions.

Roth 403(b) Contributions: Both the traditional pre-tax and Roth after-tax contributions count toward the IRS annual limit.

Aggregation of Plans:
If a Participating Employer has adopted the Nazarene 403(b) Retirement Savings Plan and maintains another 403(b) Plan, any qualified plan, or plan using individual retirement accounts, they are responsible for monitoring compliance with respect to the provisions of the Plan and Internal Revenue Service Regulations applicable to plans that are aggregated for compliance and limitation purposes.