

IRC § 415(c) Limits and Maximum Deferral Limit tests

IRC § 415, IRC § 402(g), and IRC § 457(c) limit contributions that can be contributed on behalf of a participant under a plan.

401(k) and 403(b) plan participants are subject to the IRC 402(g) (\$16,500 for 2010) limit. 457(b) plan participants are subject to the IRC 457(c) (\$16,500 for 2010) limit. This limit is always monitored by calendar year.

All participants are subject to the IRC Section 415 limits. The IRC § 415 limit for 2010 is 100% of gross compensation or \$49,000, whichever is less. All contributions and forfeiture allocations are included in this test. Catch-up contributions are not counted toward the 415 limit. The IRC § 415 limit is generally tested based on the plan year.

If you sponsor more than one plan, or if your employees make salary deferrals to another retirement plan, the provisions of IRC § 402(g) and IRC § 457(c) require aggregated testing. The IRC § 415 test is generally also aggregated if these plans are sponsored by various entities within the same controlled group; however, types of plans such as 401(a), 403(b), or 457(b) are not aggregated.

If your Plan provides for catch-up contributions and meets an employee benefit limit or plan limit, PPC will automatically convert excesses to catch-up contributions for all employees over 50 years of age.

Employees of an eligible 403(b) plan may be eligible for a special 15 year catch-up contribution. Employees of an eligible 457(b) plan may be eligible for a special 3 year catch-up contribution ending before the participant attains normal retirement age under the plan. Please contact your representative or Account Manager for more information on this special catch-up.

If you sponsor a plan with a year ending other than on December 31, please contact our office as will need additional information be able to test the IRC § 402(g) and IRC § 457(c) limits referenced above.