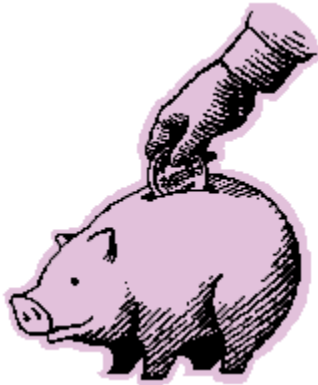




PLEASE READ THIS IMPORTANT MEMO REGARDING NEW INCREASED LIMITS FOR THE TAX SHELTER ANNUITIES – 403(b) and 457(b) accounts--for 2012!



It is once again that time of year when employees should review their Tax Sheltered Annuity (TSA) 403(b) account and plan for the upcoming tax year.

NEW ANNUAL LIMIT

Beginning in Tax Year 2012 the “elective deferral” of contribution limit per year has been raised to **\$17,000** from \$16,500 for those under 50 years of age. This means eligible and participating employees will be able to contribute an additional \$500 to retirement savings accounts annually starting with the new year.

For employees participating who are over 50 years of age, the “catch -up” contribution remains the same at \$5,500 per year even though the general elective deferral limit has been raised for those same employees.

The maximum deductions allowed by the IRS for 2012 are as follows:

Under 50 years old - \$17,000.00/year or \$1700.00/month for 10 months
50 years old and over - \$22,500.00/year or \$2,250.00/month for 10 months

Please note that annual maximum contribution limits for employees participating in both 403(b) and 457(b) are *not* aggregate. Please contact your tax advisor with any questions.

Additional Catch-up Amounts

If you have at least 15 years of service and are participating in a 403(b) plan, and you have not maximized your contributions in premiums years, you may be eligible for additional catch up amounts.

If you are participating in a 457(b) plan, are within 3 three years of the normal retirement age of the plan, and you have not maximized your contributions in previous years, you may be eligible for additional catch up amounts.

Please contact your tax advisor for further details and to determine if you meet the qualifications for the additional catch-up amounts.

Current participants

Employees who wish to **change the amount** of their current deduction or wish to switch to a different Financial Institution must submit a new [Salary Reduction Agreement form \(SRA\)](#) to the Benefits office.

SRA Submission Deadlines (for changes effective in Jan.)

12/22/11 Administrators, Full-time Faculty and Full-time Classified
1/20/12- Adjunct Faculty

Employees who wish to change vendors must contact the new Vendor to open the account prior to submitting your Salary Reduction Agreement form. The Benefits Office staff does not open the account on your behalf.

New participants

If you have never enrolled in a tax savings account and want to start, please review [this memo](#) for information on how to start. Participation is strictly voluntary.