

CHAFFEY COMMUNITY COLLEGE

Payroll Department Update

403(b) & 457(b) Plans

Participation Eligibility

All Chaffey College employees are eligible to participate in both 403(b) and 457 plans.

Since contributions are deducted from your monthly salary, please make sure that your requested monthly contribution amount does not exceed your monthly salary. This is especially relevant to part-time employees whose hours and salary fluctuate from month to month. If your contribution exceeds your salary, your entire contribution will be suspended. Then, to restart your contributions, you will need to submit a new Salary Reduction Agreement (SRA) to payroll.

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2024 Contribution Limit Update

The annual contribution limits for both the 403(b) and 457(b) plans have been increased for 2024. Please note that contribution limits are set for the calendar year (Jan. 1— Dec. 31) and **NOT** for the College's fiscal year of (July 1—June 30).

2024 ANNUAL LIMITS

Plan Type	Contribution (Basic Limit)	Age 50 Plus Catch-Up	TOTAL
403(b)	\$23,000	\$7,500	\$30,500
457	\$23,000	\$7,500	\$30,500
Total	\$46,000	\$15,000	\$61,000

The IRS contribution limits are independent for each plan type, thus it is possible to contribute up to \$46,000 (if you are under age 50) or \$61,000 (if you are at least age 50 or older) when using both plans. You may also qualify for additional catch-up contributions. Please check in with us for additional information.

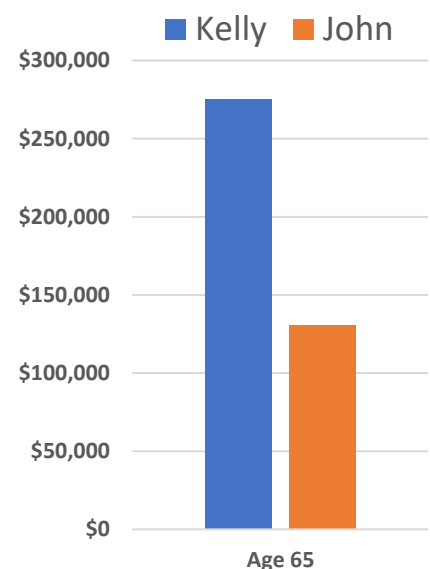
Start Saving Earlier In Life

The earlier you start saving towards your retirement the easier it will be for you to achieve your saving goals. Here is an example: Kelly is 25 and started saving \$100 per month (\$1,200 per year). John is also 25 but he is waiting to start saving \$100 per month until he is **age 35**. Both will save until they are age 65.

(Assumption: 7% annual rate of return)

By starting earlier, Kelly invested a total of \$12,000 more than what John invested. However, Kelly's balance at age 65 is a little over **\$275,000** while John's balance is approximately **\$131,000**. How could investing only \$12,000 more create such a big difference in the end result?

The answer: The loss of the compounded investment earnings from those early years. Starting early will make it easier for you to create the retirement you want!



Saver's Credit in 2024

What is the saver's credit?

Because the government wants to encourage you to save for your retirement, they are offering a “tax credit” for lower and middle income earners who contribute to a retirement account. Please note that a tax credit reduces your actual tax bill dollar-for-dollar so it is better than a simple tax deduction.

You may be eligible for 50%, 20% or 10% of the maximum contribution amount, depending on your filing status and your specific Adjusted Gross Income (AGI). The maximum Saver's Credit is worth up to \$1,000 (\$2,000 if married and filing jointly) credited on your 2024 income taxes.

Saver's credit rates for 2024

Married filing jointly		
50% of contribution	20% of contribution	10% of contribution
AGI* of \$46,000 or below.	\$46,001 - \$50,000.	\$50,001 - \$76,500.
Head of household		
50% of contribution	20% of contribution	10% of contribution
AGI* of \$34,500 or below.	\$34,501 - \$37,500.	\$37,501 - \$57,375.
Other filers		
50% of contribution	20% of contribution	10% of contribution
AGI* of \$23,000 or below.	\$23,001 - \$25,000.	\$25,001 - \$38,250.

Source: Internal Revenue Service

** AGI – Adjusted Gross Income*

If your Adjusted Gross Income (AGI) is greater than any of these thresholds, unfortunately you are not eligible to take advantage of the Saver's Credit.

Calculating the value of the saver's credit

There is a maximum contribution amount that you can count toward the Saver's Credit which is \$2,000 for single filers and \$4,000 for joint married filers. Based on your AGI and filing status from the table above, the credit is worth 50%, 20% or 10% of the contribution you made to an eligible retirement account. For example: If you are married filing jointly with an AGI of \$40,000 and you made a \$4,000 contribution, your saver's credit will be worth 50% of \$4,000 or \$2,000. If, in this example, your AGI was \$70,000, then your saver's credit will be worth 10% of \$4,000 or \$400.

Please note that if your contribution was made to a 403(b) or 457 plan that offers a tax deduction for contributions, your taxable income would **also** be reduced by the amount of your contribution.

Who can claim the Saver's Credit?

To be eligible to claim the Saver's Credit on your tax return, you must qualify by your AGI as detailed above as well as meet the following conditions:

- You must be at least age 18 or older.
- You must not be claimed as a dependent on another person's income tax return.
- You must not be a student, meaning you haven't taken classes full-time for any part of 5 calendar months of the current tax year.

Please consult your tax professional regarding the Saver's Credit