Participation Eligibility

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

Since these contributions are deducted from your monthly salary, please make sure that your requested contribution does not exceed your monthly salary amount. 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. To restart your contributions you will need to submit a new Salary Reduction Agreement (SRA) to payroll.

Affordable Care Act

The Affordable Care Act requires employers to report the cost of coverage under an employer-sponsored group health plan. Reporting the cost of health care coverage on the Form W-2 does not mean that the coverage is taxable. The value of the employer’s excludable contribution to health coverage continues to be excludable from an employee’s income, and it is not taxable. This reporting is for informational purposes only and will provide employees useful and comparable consumer information on the cost of their health care coverage.

The cost of coverage is reported in box 12 of Form W-2 using code “DD.”

IRS Increases Contribution Limits for 2013

For 2013, the IRS increased the annual contribution limits for your 403(b) and 457(b) plans based on a cost of living adjustment. The Elective Deferral limit (Basic Limit) was increased to $17,500 for both the 403(b) and 457(b) plans. However, the age 50+, remains unchanged at $5,500 for both plan types. 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).

<table>
<thead>
<tr>
<th>Plan Type</th>
<th>Contribution (Basic Limit)</th>
<th>Age 50 Plus Catch-Up</th>
</tr>
</thead>
<tbody>
<tr>
<td>403(b)</td>
<td>$17,500</td>
<td>$5,500</td>
</tr>
<tr>
<td>457(b)</td>
<td>$17,500</td>
<td>$5,500</td>
</tr>
</tbody>
</table>

As indicated in the table above you may make a contribution of up to $17,500 annually if you are under age 50, or a total of $23,000 if you are age 50 or older (if your 50th birthday falls in 2013, you are eligible for the catch-up contribution). The IRS contribution limits are separate for each plan type, thus it is possible to contribute up to $35,000 (if under age 50) or $46,000 (if age 50 or older) when using both plan types 403(b) and 457(b).

Since the monthly contribution is made directly from your paycheck, you must earn at least the amount of contribution you wish to make.

You may also be eligible for additional catch-up contributions under both the 403(b) and 457(b) plans. Under both plans, a detailed calculation must be performed in order to establish the amount of additional catch-up. This catch-up amount can vary by employee based on individual circumstances.

In general, for 403(b) plans, you become eligible for the special catch-up calculation once you have worked for 15 years or more for the Chaffey Community College. For 457(b) plans, you are eligible for the catch-up in the last three years prior to the year in which you plan to retire. The College will assist you in determining your eligibility for the catch-up contribution upon your request.

Although the College monitors your contributions to ensure that you do not exceed the annual maximums, as a participant in the plan, you also have a responsibility to monitor your own contributions amounts to ensure that you do not exceed these limits.