

**457(b) Deferred Compensation Plans  
Information for Participants Regarding Maximum Allowable Contributions**

Section 457(b) of the Internal Revenue Code imposes a dollar limit on contributions to 457(b) Deferred Compensation Plans (DCP). The “standard” elective maximum contribution limits for 457(b) plans through the years are as follows:

1979-1997	1998-2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
\$7,500	\$8,000	\$8,500	\$11,000	\$12,000	\$13,000	\$14,000	\$15,000	\$15,500	\$15,500	\$16,500	\$16,500

Participants nearing normal retirement age may make up some or all of any deferrals they did not make during previous years of eligibility. For these purposes, “normal retirement age” is chosen by the participant as any age between the later of actual retirement age or the age at which the participant is eligible for unreduced State Retirement Plan benefits and age 70½. Generally speaking, this “limited catch-up” provision allows a contribution of the amount in the above table plus the total of “underutilized contributions” in prior years, but not to exceed twice the above table limit.

The Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) began providing new extra elective deferral opportunities for older employees in 2002. Participants who reach their 50<sup>th</sup> birthday by the end of a particular taxable year are eligible for additional elective deferrals as specified in the table below [IRC § 414(v)]:

2002	2003	2004	2005	2006	2007	2008	2009	2010
\$1,000	\$2,000	\$3,000	\$4,000	\$5,000	\$5,000	\$5,000	\$5,500	\$5,500

Current interpretation of the law indicates that the participant must contribute the maximum allowable “standard” elective deferral before becoming eligible for the 414(v) extra elective deferrals. Moreover, if a participant is eligible for both the limited catch-up provision and the age-50 provision in the same year, only the provision that provides the larger benefit may be exercised, not both.

**Employees who would like to know their own maximum allowable contribution should request a calculation from the District’s consultant listed below, preferably via email:**

Carruth Compliance Consulting, Inc.  
E-mail: [cccinfo@ncompliance.com](mailto:cccinfo@ncompliance.com)  
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