



E-Financial Update

2019 Retirement Plan Contributions

Now is a good time to plan for your 2019 voluntary 457(b) Deferred Compensation Plan contributions. The 457(b) contribution limits for 2019 have increased from the 2018 limits. The Regular Limit (under age 50) is now \$19,000, and the Age 50+ Limit is \$25,000 (\$19,000 + \$6,000 Catch-up amount).

The same limits will be applied for both the before-tax (Traditional) and the after-tax (Roth) contributions to your CCOERA 457(b) Deferred Compensation Plan. However, if you split your contributions between the Traditional & Roth options, the amounts will be combined and must stay within the applicable annual limit. The limits for both years are shown below.

| IRS Retirement Plan Limits | | | |
|---|---|------------|------------|
| | | 2019 | 2018 |
| 457(b) Deferred Compensation Limits | | | |
| | Regular Salary Deferral Limits (under age 50) | \$ 19,000 | \$ 18,500 |
| | Age 50 Catch-up Limits (\$19,000 + \$6,000) | \$ 25,000 | \$ 24,500 |
| | “Special” 457(b) Catch-up Limits | \$ 38,000 | \$ 37,000 |
| 401(a) Defined Contribution Plan Limits | | | |
| | | \$ 56,000 | \$ 55,000 |
| Social Security Taxable Wage Base | | | |
| | | \$ 132,900 | \$ 128,400 |
| <i>Consult your tax person for guidance on how these and other limits apply to your specific situation.</i> | | | |

Eligible participants may also be able to use the **Retirement Savings Contribution Credit**. This tax credit, based on elective retirement plan contributions, encourages low and middle-income taxpayers to establish or maintain retirement savings accounts that can ensure adequate savings for retirement. The law provides a tax credit for voluntary contributions or elective deferrals to eligible retirement savings plans, such as the CCOERA 457(b) Deferred Compensation Plan.

The amount of the credit depends upon your tax filing status and adjusted gross income (AGI). This credit may be used against regular income tax liability. **This credit is in addition to the deduction from gross income for making the deferrals**, such as those made to CCOERA's 457(b) Deferred Compensation Plan, or for the income-tax deduction derived from contributions to traditional IRA's.

The maximum credit is 50% of the amount saved up to the first \$2,000 of savings, which is \$1,000 per individual (up to \$2,000 if filing jointly). Your credit rate can be as low as 10% or as high as 50%. However, it is completely phased out at various income levels depending on your filing status (married, head of household, etc.) The amount of the tax credit can be determined by completing IRS Form 8880 which is available at <http://www.irs.gov>. Please consult your tax advisor for guidance on how these and other limits apply to your tax situation.