

October 31st, 2022

IMPORTANT NOTICE

Contribution Limits and Thresholds for 2023

As your Third Party Plan Administrator for your 403(b), 457(b) or your 125 and / or 132 Plan Flexible Benefit Plan, Tax Deferred Solutions (TDS) is dedicated to providing you with exceptional service and strives to keep you informed regarding your Plan.

The Internal Revenue Service recently announced the cost-of-living adjustments which go into effect as of 1/1/2023 and affect the contribution limits for pension/retirement plans and flexible benefit plans.

The following chart shows the 2022 and 2023 benefit plan limits applicable to clients and plans TDS administers. Increased amounts for 2023 are shown in **bold**.

| Limit | 2022 | 2023 |
|---|--|--|
| 403(b) and 457 Plans | | |
| Maximum salary-reduction "Employee" contribution for an individual to a 403(b) plan or 457(b) plans. The 457(b) limit is separate from 403(b) limit. | \$20,500 | \$22,500 |
| Maximum age related catch-up contribution for an individual age 50 or older, to a 403(b) plan or 457(b) plan | \$6,500 | \$7,500 |
| Maximum Special (15-year) 403(b) plan catch up provision contribution | \$3,000 annual \$15,000 life time with Employer | \$3,000 annual \$15,000 life time with Employer |
| Maximum Final 3 year catch up provision for 457(b) plan | \$20,500 | \$22,500 |
| Combined Employee and Employer Contributions to 457(b) plan for each employee | \$20,500 | \$22,500 |
| Maximum 415(c) "annual addition" combined Employee and Employer contributions under a qualified defined contribution plan. Does not include age related catch up provision contributions. | \$61,000 | \$66,000 |

| 125/ 132 Flexible Benefit Plans: | | |
|--|-----------|------------------|
| Minimum annual compensation for an individual to be treated as a "highly compensated employee" for the following year | \$135,000 | \$150,000 |
| Minimum annual compensation for an officer to be treated as a "key employee" as to a qualified plan | \$200,000 | \$215,000 |
| Limit on voluntary employee salary-reduction contributions to a health flexible-spending arrangement under a cafeteria plan | \$2,850 | \$3,050 |
| Limit on voluntary employee salary-reduction contributions to a dependent care flexible spending account under a cafeteria plan | \$5,000 | \$5,000 |
| Monthly limit on aggregate fringe benefit exclusion amount for transportation in a commuter highway vehicle and for any transit pass | \$280 | \$300 |
| Monthly limit on aggregate fringe benefit exclusion amount for qualified parking | \$280 | \$300 |
| Maximum annual contribution for an individual with self-only coverage under a high-deductible health plan (HDHP) | \$3,650 | \$3,850 |

Thank You,

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