

# SETTING UP EMPLOYEE-FUNDED RETIREMENT PLAN CONTRIBUTIONS

## Key factors to consider

1. To be eligible, the employee must typically work more than 20 hours per week.
2. "Compensation" is defined as all taxable employee compensation.
3. Employee contributions must be withheld directly from the employee's paycheck.
  - a. Church/employer ACH information is required to be submitted to the Willow Grove office via the Salary Deferral Election form.
  - b. Funds should be made available on a regular basis for transfer into the OPC 403(b) retirement plan on behalf of the participant.
4. Contributions can be made as traditional (pre-tax) or Roth.
  - a. Traditional: Contributions lower taxable income (pre-tax).
    - i. Ministers that make pre-tax contributions will not be required to pay self-employment Social Security/Medicare taxes on the portion of compensation that is contributed to the plan.
  - b. Roth: Contributions do not lower taxable income.
5. There is a limit dictating how much each employee may defer into his or her account. This limit changes each year, and there are a couple of exceptions:
  - a. For 2022, the deferral limit is \$20,500.
  - b. The first exception is that employees with more than 15 years of service may defer up to \$3,000, in addition to the standard limit, as a "special catch-up contribution" (this exception is subject to additional rules; if an employee is interested in using this exception, please speak with the advisory team for more details).
  - c. The second exception is that employees over age 50 may contribute an additional amount up to \$6,500 as a separate "catch-up" contribution, plus the standard limit and the "special catch-up" limit.

I attest that I understand the rules above for employee contributions and their impact on the participant's pay and W-2. I will adhere to these rules and will not allow employee contributions from my church unless these rules are followed.

Name of Participating Employer (Local Church Name): \_\_\_\_\_

Name/Title of Authorized Financial Representative (Treasurer): \_\_\_\_\_

Signature of Authorized Financial Representative: \_\_\_\_\_

Source: IRS.gov. Wipfli Financial Advisors, LLC ("Wipfli Financial") is an investment advisor registered with the U.S. Securities and Exchange Commission (SEC); however, such registration does not imply a certain level of skill or training and no inference to the contrary should be made. Wipfli Financial is a proud affiliate of Wipfli LLP, a national accounting and consulting firm. Return data represent past performance and are not indicative of future results. Historical returns of indices do not reflect applicable transaction, management or other applicable fees, the incurrence of which would decrease historical performance results. Index information has been compiled by Wipfli Financial from sources Wipfli Financial deems reliable, but has not been independently verified. Historical performance results for investment indices and/or categories have been provided for general comparison purposes only. Any charts and graphs represented herein are for informational purposes only and cannot in and of themselves be used to determine which securities to purchase or sell, or when to purchase or sell securities. A copy of Wipfli Financial's current, written Form ADV Part 2A brochure discussing advisory services and fees are available from Wipfli Financial upon request at no cost or at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Wipfli Financial does not provide tax, accounting or legal services.