

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 employee compensation that is subject to income tax, with limited adjustments.
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 2026, the deferral limit is \$24,500.
 - 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 age 50+ may contribute an additional amount up to \$8,000 as a separate "catch-up" contribution, plus the standard limit, and the "special catch-up" limit.
 - d. The final exception is for employees who are age 60-63. Instead of the standard \$8,000 "catch-up" contribution listed in the above bullet point, they are able to utilize a "super catch-up" contribution amount of \$11,250. This is based upon the age as of the last day of the calendar year (i.e. 12/31/2026).

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: _____