



DIVISION MEMORANDUM 2023-24

November 22, 2023

ATTENTION: Human Resource, Benefit and Payroll Officers, and State Employee Participants in the 457 Deferred Compensation and 403(b) Plans

SUBJECT: 2024 IRS Maximum Contribution Limits and the Need to Restart Contributions for Participants who stopped contributions during 2023

I. INTRODUCTION

The purpose of this memorandum is to announce the limits set by the Internal Revenue Service (IRS) limits for 2024. These limits apply to contributions to the State of Connecticut's 457 Deferred Compensation Plan and 403(b) Plan.

This memorandum will also explain that employees need to monitor their contributions to avoid exceeding the IRS limits. It will explain how participants who elected to stop plan contributions during 2023 can restart them for 2024.

II. CONTRIBUTION LIMIT

Each year, the IRS sets a maximum amount that employees may contribute to the 457 or the 403(b) plan. For 2024, the maximum amount someone under the age of 50 may contribute to a 403(b) or 457 plan is \$23,000. Employees who will be at least age 50 by December 31, 2024, may contribute an additional \$7,500, for a total of \$30,500.

The annual limit applies to pre-tax contributions, post-tax contributions, or any combination of the two. Employees who are eligible for both the 403(b) and 457 plans may contribute the 2024 maximum amount to each plan.

Employees who have applied and been approved for the 457 plan Special 3-Year Catch-Up Option may be eligible to contribute a maximum of \$46,000 in 2024. If you are eligible and wish to use the Special 3-Year Catch-Up option, you must apply to do so during the year *before* you want to begin making such contributions.

III. RESTARTING AND INCREASING CONTRIBUTIONS IN 2023

Employees who elected to stop their contributions to the 403(b) plan or the 457 plan during 2023 **must act** if they want to re-start their contributions for calendar year 2024. Employees whose plan contributions stopped due to an unpaid leave of absence will also need to re-start contributions following return to work. The attached Payroll Cut-off Schedule shows the date on which instructions to restart or change contributions will become effective, based on the date each request is received by Empower.

If an employee's deductions were suspended automatically due to the employee's having reached the IRS maximum in 2023, Empower will restart contributions without further action by the employee. Nevertheless, **all** employees are encouraged to review their first paycheck in January to confirm that their 457 or 403(b) plan contribution amounts are correct.

Employees enrolled in the 457 and 403(b) plans can restart their contributions in either of two ways: online or by telephone. Employees can restart contributions online by following these instructions:

- 1) Log on to www.ctdcp.com
- 2) Click on 'ACCESS ACCOUNT'
- 3) Enter your user id and password
- 4) Under 'Manage Account' select 'Contribution'
- 5) Next to your contribution amount, select 'Change'
- 6) Enter your contribution amount
- 7) Click on "OK"
- 9) Review your new contribution amount
- 10) Select 'Apply Changes'

Employees will receive a confirmation page with a tracking number.

Employees can make contribution changes and restarts for the 457 and 403(b) plans over the telephone by calling Empower at **844-505-SAVE (7283)**.

For all employees who were actively contributing to the 403(b) and 457 plans in 2023, the employee's contribution election will continue for 2024, unless the employee actively initiates a change.

IV. MONITORING ANNUAL CONTRIBUTIONS

Employees are responsible for monitoring their total plan contributions to avoid exceeding the IRS limit. For most participants, the CORE-CT system will automatically suspend contributions once the IRS limit is reached. **However, the automatic suspension in CORE-CT does not prevent over-contributions where an employee:**

- 1) Makes both pre-tax and after-tax contributions to the same plan,*
- 2) Submits a contribution change during the year,*
- 3) Restarts a contribution in the same year after reaching the IRS annual limit, or*
- 4) Changes employee record numbers within the year.*

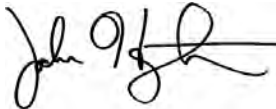
If an employee has excess contributions at the end of the 2023 calendar year, Empower will perform a review and refund the excess contributions in the first quarter of 2024.

Employees can suspend contributions after reaching the IRS maximum by submitting a contribution change to Empower. *See* the attached Payroll Cut-off Schedule, which shows the effective date of the contribution change, based on when the change request is received.

V. CONCLUSION

Payroll and Human Resources Personnel are encouraged to provide this information to all employees. Questions regarding the 403(b) or 457 plan should be directed to Empower, either by calling 844-505-SAVE (7283) or by logging on at: www.CTDCP.com. Employees may also contact the Retirement Services Division's Defined Contribution plans unit at DeferredCompPlans@ct.gov.

Very truly yours,

A handwritten signature in black ink, appearing to read "John W. Herrington". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

John W. Herrington
Director