

415 NOTICE

MEDFORD AREA PUBLIC SCHOOL DISTRICT 403(B) PLAN

Aggregation of Maximum Contribution Limit When You Control Another Employer

Federal law limits the total amount that may be contributed on your behalf to this 403(b) plan and any other retirement plan. The contributions to other retirement plans may need to be aggregated with contributions to this 403(b) plan to verify the maximum annual limit is not exceeded. This notice informs you of your responsibility to provide information to the Plan Administrator regarding your control or ownership of other entities that maintains a plan in which you participate. **Failure to provide necessary and correct information to the Plan Administrator could result in adverse tax consequences for you.**

Contributions to this 403(b) plan will be aggregated with one or more defined contribution plans if you are deemed to control the employer sponsoring such plans. For aggregation purposes, you are deemed to control a for-profit employer if you own more than 50% (including attribution from others) of its:

- Shares,
- Capital interests,
- Profit interests, or
- Membership interests.

You are deemed to control a tax exempt organization if you have control over its directors or trustees. A defined contribution plan includes:

- Plan qualified under Code section 401(a) or 403(a) (e.g., 401(k) plan),
- Code section 403(b) plan, and
- Simplified Employee Pension (SEP) within the meaning of Code section 408(k).

For illustration purposes, suppose you own a separate business which adopts a 401(k) plan. For 2022, you elect to defer up to the maximum 403(b) dollar amount of \$20,500 and make a catch-up contribution of \$6,500. Your employer also made a non-elective employer contribution of \$38,500 to the 403(b) plan on your behalf. You would like to contribute \$15,000 to the 401(k) plan of your separate business for the 2021 year. Your compensation from your employer is \$100,000 and compensation from your separate business is \$60,000. The catch-up contribution is not counted toward the maximum annual limit. The total elective and non-elective contributions to the 403(b) plan are \$59,000 (\$38,500 + \$20,500) which equals the maximum annual limit for 2022. Therefore, any contributions to your 401(k) plan (e.g. \$15,000) would exceed the maximum annual limit on an aggregate basis. If you were to contribute \$15,000 or any amount to the 401(k) plan for the 2022 year, the amount would be considered an excess annual addition attributable to the 403(b) plan. **For this reason, it is critical you provide any control or ownership information for other entities to the 403(b) plan administrator.**

The plan administrator will coordinate with you to ensure satisfaction of the maximum annual limit for contributions to all retirement plans. Please contact the plan administrator to provide any pertinent information on control or ownership of other entities or to address any of your questions.