

# LCTCS HUMAN RESOURCES MEMORANDUM

## #2016-02

**TO:** All Employees of Baton Rouge Community College, Bossier Parish Community College, Central Louisiana Technical Community College, Delgado Community College, L. E. Fletcher Technical Community College, Louisiana Delta Community College, Nunez Community College, River Parishes Community College, South Central Louisiana Technical College, South Louisiana Community College, SOWELA Technical Community College, Northshore Technical Community College, and Northwest Louisiana Technical College and Louisiana Community & Technical College System Operations Office.

**FROM:** Frances Killen  
LCTCS Assistant Director of Human Resources

**DATE:** January 12, 2016

**RE:** 457 (Deferred Compensation Plan) Contribution Limits for 2016

In addition to your state retirement plan and 403(b) plan participation, you may contribute to the Louisiana Public Employees Deferred Compensation (457) plan. If you are not currently participating, you may wish to begin. Also note that participants in the 457 plan have two different opportunities to catch-up and contribute more during the final years of their career through either the “50+” catch-up or the “Standard” catch-up provisions.

### **Not yet a Participant?**

Contact your local HR representative or go to the State of Louisiana Public Employees Deferred Compensation Plan website [www.louisianadcp.com](http://www.louisianadcp.com) for information and forms. Completed enrollment and salary deferral agreement forms must be sent directly to the Deferred Compensation Plan office for approval. Approvals are sent via e-mail from the plan office to your local HR representative.

### **Calendar Year 2016 Contribution Limits Same as 2015 Limits**

The limits for 2016 remain the same as 2015 limits because the IRS made no cost-of-living adjustments for tax year 2016: The limits are

- \$18,000 maximum if you are under 50 years of age
- \$24,000 maximum if you are over 50 years of age. (Age 50+ “catch-up” provision allows the deferral of an additional \$6,000)
- \$36,000 “Special” Catch Up. This provision allows participants in the three calendar years prior to normal retirement age to contribute up to double the annual contribution limit (for a total of \$36,000 in 2016). The additional amount you may contribute under the “Special” catch-up option depends upon the amounts that you were able to contribute in previous years but did not. Certain other limitations also apply.

The “Special” and “50+” catch-up provisions cannot be used in the same year.

## Two Types of Contributions

### Traditional 457

- Contributions are made with before-tax dollars.
- Any potential earnings on your contributions grow tax-free, and your distribution is taxable.
- It lowers your current taxable income because you postpone paying taxes on contributions to the Plan.

### Roth 457

- Contributions are made with after-tax dollars.
- Any Roth money, including contributions and potential earnings, will grow tax-free in your account.
- Your distribution is income tax-free if you are eligible for a distribution from your Plan, and you withdraw your Roth contributions and any earnings after holding the account for at least five tax years.
- It does not change your current taxable income.

**NOTE:** The IRS annual contribution limit takes into account a combination of before and after tax dollars. For example, you may contribute 20% before-tax dollars and 80% after-tax dollars but the combination of deferral-types may not exceed the total annual contribution limit.

The limits for 403(b) plans match those of 457 plans except that 403(b) plans do not include “Special” catch-up provisions.

Any change in payroll contributions to a Deferred Compensation (457) Plan requires the completion and submission of a new salary deferral agreement form to the Deferred Compensation plan office for approval. Approvals are sent directly via e-mail to your local HR representative. HR will then forward a copy to the LCTCS central payroll office.

## Refunds of Deferred Compensation

Any refunds due to an employee must be processed by the State of Louisiana Deferred Compensation Plan, not through the LCTCS payroll system. The Louisiana Public Employees Deferred Compensation Plan may be reached by phone at 225-926-8082 or 1-800-937-7604.

## Something new:

The office of the Louisiana Deferred Compensation Plan will be moving to 9100 Bluebonnet Centre Blvd, Suite 203, Baton Rouge, LA 70809 on January 18, 2016.