

# SERVANT SOLUTIONS RETIREMENT PLAN

## 2024 CONTRIBUTION LIMITS

The combined annual contribution limit for employer and employee retirement plan contributions for tax year 2024 is

**\$69,000**



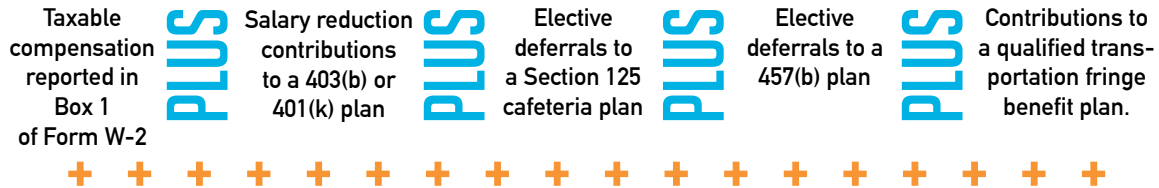
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**OR**

100% of the employee's  
"includible compensation"

{ housing allowance paid to a minister  
is NOT included, per the IRS. }

It is important to note that "includible compensation" is defined by the IRS as follows:



A pastor receives \$30,000 in wages per year and claims housing allowance of \$10,000. The W-2 shows \$20,000 in Box 1 as regular wages and \$10,000 in Box 14 as housing allowance. His or her combined annual contribution would be capped at \$20,000 since that is the amount of includible compensation received.

## ANNUAL CONTRIBUTIONS CAN COME FROM FOUR SOURCES:

**1**

### CHURCH/EMPLOYER CONTRIBUTIONS (PLAN CLASSIFICATION TYPE "D")

- Tax-deferred
- Paid and remitted by the church/employer as a fringe benefit (i.e. above and beyond the employee's salary or regular wages)
- Not reported to the employee as income on Form W-2

**2**

### PARTICIPANT BEFORE-TAX CONTRIBUTIONS (PLAN CLASSIFICATION TYPE "A")

- Tax-deferred
- Subject to a limit of \$23,000 (+\$7,500 over age 50)\* combined for Before-Tax, Roth, and After-Tax for tax year 2024
- Paid (via salary reduction) by the participant and remitted by the church/employer based on a salary reduction agreement between the employer and employee. The salary reduction agreement, which must be kept on file by the employer, reduces the participant's taxable income and, therefore, current tax liability.
- Reported on Form W-2 in Box 12 (Code E), but NOT included in Box 1 as a part of wages. For non-credentialed employees, this amount would, however, be reported and taxed as a part of Social Security Wages and Medicare Wages in Boxes 3 and 5.

**3**

### PARTICIPANT ROTH CONTRIBUTIONS (PLAN CLASSIFICATION TYPE "H")

- After Tax
- Subject to a limit of \$23,000 (+\$7,500 over 50)\* combined for Before-Tax, Roth, and After-Tax for tax year 2024
- Paid (via salary reduction) by the participant and remitted by the church/employer based on a salary reduction agreement between the employer and employee. The salary reduction agreement, which must be kept on file by the employer, reduces the participant's net pay and the participant's entire salary is subject to all applicable tax withholding requirements.
- Reported on Form W-2 in Box 12 (Code BB), and included in Box 1 as a part of wages. For non-credentialed (lay) employees, this amount would still be reported and taxed as a part of Social Security Wages and Medicare Wages in Boxes 3 and 5.

**4**

### PARTICIPANT AFTER-TAX CONTRIBUTIONS (PLAN CLASSIFICATION TYPE "G")

- Typically paid by the participant on a personal check
- It could also be remitted on a church/employer check if withheld from net pay (after taxes)
- Subject to a limit of \$23,000 (+\$7,500 over 50)\* combined for Before-Tax, Roth, and After-Tax for tax year 2024

\* Participants over 50 years of age are permitted to increase their participant contribution limit by \$7,500 (combined for both Before-Tax and Roth) for tax year 2024. This is sometimes referred to as a "catch-up provision". This means they can contribute \$23,000 plus \$7,500 for a total of \$30,500. It is also important to note that if the participant maximizes the annual participant contribution, the annual church/employer contribution limit is increased to \$76,500 or 100% of includible compensation, whichever is the lesser.

Combined contributions from all four sources cannot exceed the annual contribution limit of \$69,000 (or \$76,500 if the participant is over 50 years of age and utilizing the catch-up provision, or 100% of includible compensation if less than \$69,000.

It is also important to note that a qualified rollover from another retirement plan does not count against the annual contribution limit.