Dear Participant:

It is important for you to be aware that the Internal Revenue Code limits how much may be deposited into your 403(b) account each tax year. The Pension Protection Act of 2006 made permanent the 403(b) maximum contribution provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001. You will find information on the second page of this letter explaining the current contribution limits. Please note that if you are age 50 or older, there is a special provision that allows you to exclude a higher amount of your income.

You are encouraged to obtain IRS Publication 571, “Tax-Sheltered Annuity Programs for Employees of Public Schools and Certain Tax-Exempt Organizations.” It is available from the IRS by calling 1-800-TAX-FORM (829-3676), or on the Web at


It contains helpful information on how to calculate your contribution limits. Also, you may want to consult with your own local tax advisor to ensure any tax liability is met.

If you have any questions concerning this information, or want to increase your contributions to your Nazarene 403(b) account, please contact the Pensions and Benefits office. It is a pleasure to be of service.

See Maximum Contribution Chart on second page
The **Elective Deferral Limit** is the maximum contribution that can be made on a pre-tax basis to a 401(k) or 403(b) plan (Internal Revenue Code section 402(g)(1)). Some refer to this as the salary reduction limit or employee limit. This limit is indexed to inflation and may adjust annually in $500 increments.

The **Annual Contribution Limit** is the maximum annual contribution amount that can be made to a participant’s account (IRC Section 415). This limit is actually expressed as the lesser of the dollar limit or 100% of the participant’s compensation, applied to the combination of employee contributions, employer contributions and employer APS contributions. This limit is indexed to inflation and may adjust annually in $1,000 increments.

**Catch-Up Contributions:** The Pension Protection Act (PPA) of 2006 made permanent the EGTRRA 2001 rules which allow certain individuals aged 50 and over to make so-called “catch-up” contributions, in addition to the elective deferral limits. This limit is indexed to inflation and may adjust annually in $500 increments.

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<td><strong>Catch-Up Contributions</strong></td>
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**Aggregation of Plans:**
If a Participating Employer has adopted the Nazarene 403(b) Retirement Savings Plan and maintains another 403(b) Plan, any qualified plan, or plan using individual retirement accounts, they are responsible for monitoring compliance with respect to the provisions of the Plan and Internal Revenue Service Regulations applicable to plans that are aggregated for compliance and limitation purposes.