



BROWN

Benefits Office
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To: Faculty and Staff
From: Drew Murphy, Director of Benefits *Drew Murphy*
Date: December 11, 2008
Re: **IRS Contribution Limits for Retirement Plans for 2009**

IRS regulations limit the maximum contributions an employee can make to a tax-deferred retirement plan. The updated limits for calendar year 2009 are as follows:

VOLUNTARY CONTRIBUTIONS

For Employees Under Age 50:

The voluntary tax-deferred contribution limit is raised to **\$16,500**.

For Employees Ages 50 and Above:

If you are age 50 or over during calendar year 2009 you are allowed an additional "catch-up" contribution of up to \$5,500 for 2009. Your total voluntary tax-deferred contribution limit for the year is **\$22,000**.

The \$16,500 or \$22,000 limits represent the total annual amount an employee may contribute on a voluntary tax-deferred basis to all retirement plans in which they participate during the calendar year, including another employer's 401(k) or 403(b) plan. Mandatory contributions to the Brown University Legacy Retirement Plan do not count toward this limit.

Special "Catch-Up" Contribution:

Employees with 15 or more years of service to Brown may be eligible for an additional "catch-up" tax-deferred contribution if they have under-contributed in prior years. The Benefits Office will notify employees in the spring if they are eligible under this rule. If you are eligible and age 50 or over, you must use your catch-up contribution before you use the additional \$5,500 described above.

For All Employees:

Most Brown employees who are regularly scheduled to work at least 18.75 hours a week may contribute to a Brown University 403(b) account. If you are not now contributing, consider doing so in 2009 to reduce your taxes and save for retirement.

OVERALL LIMIT

The overall, combined limit for employer, employee basic and voluntary contributions is 100% of your eligible salary, up to **\$49,000** for employees under age 50 (or **\$54,500** for employees age 50 or over) at the end of the calendar year.

We encourage all employees to periodically review their contributions. If you are a participant in the Deferred Vesting Plan, remember that in any month in which you do not contribute, there is no University "matching" 1% or 2% contribution (the "basic" University contribution continues as long as your eligible compensation does not exceed the IRS limit, \$245,000 in 2009).

VESTING IN UNIVERSITY CONTRIBUTIONS

Employee contributions to any of the Brown retirement plans are always fully vested, or nonforfeitable.

If you are a participant in the Brown University **Legacy Retirement Plan**, you are fully vested in Brown's contributions. The vesting schedule for the University's contributions to the **Deferred Vesting Plan** is shown in the following table.

Completed Years of Brown University Service	Vested Percentage of University Contributions
Less than two	0%
Two but less than three	20%
Three but less than four	50%
Four but less than five	75%
Five or more	100%

INVESTMENT OPTIONS

Contributions to Brown's retirement plans may be directed to either TIAA-CREF or Fidelity, or to both. Contributions may be invested as indicated below:

CARRIER	EMPLOYEE BASIC CONTRIBUTIONS (IF REQUIRED)*	EMPLOYEE VOLUNTARY CONTRIBUTIONS	UNIVERSITY CONTRIBUTIONS
FIDELITY INVESTMENTS	All Fund Groups**	All Fund Groups**	All Fund Groups** except: Select Portfolio
TIAA-CREF Retirement Annuity	All TIAA and CREF Accounts	All TIAA and CREF Accounts	All TIAA and CREF Accounts
TIAA-CREF Group Supplemental Retirement Annuity	All TIAA and CREF Accounts	All TIAA and CREF Accounts	Not Available

*Refers to participants in the Brown University Legacy Retirement Plan

**Includes Calvert Funds for certain participants "grandfathered" under a previous plan

If you have questions regarding this memorandum or would like information about changing your voluntary contribution amount, please contact the Benefits Office at extension 3-2141.