

CITY OF	<u>Manchester Employees' Contributory Retirement System</u> <u>ADDITIONAL CONTRIBUTION CALCULATION REQUEST</u>
MANCHESTER	
EMPLOYEES'	
CONTRIBUTORY	
RETIREMENT	
SYSTEM	

SECTION I – MEMBER INFORMATION AND AUTHORIZATION

Name: _____ Date of Birth: _____

Mailing Address: _____

I, _____, hereby make application to deposit additional contributions under the provisions of Chapter 218:9 (Laws of 1973, as amended) and authorize my department to release information identified in Section II. **This request does not obligate me to make additional contributions.** I understand that the actuarial calculation MECRS will use to determine the amount of additional contributions to be paid is based on my annual rate of compensation at the time of this request. I also understand that the amount of retirement benefits that I will receive if additional contributions are made will differ from any projections provided by the MECRS because future compensation levels and interest rates will differ from the assumptions used in the projections. **I also fully acknowledge that contributions to the Additional Contribution program are available to me only upon retirement or termination of employment, without exception.**

I plan on retiring at age _____.

My planned date of retirement will be _____ / _____ / _____
mo day year

I have read Administrative Rule, Part 6, dealing with Additional Employee Contributions and have enclosed my non-refundable \$50 payment for the calculation, made payable to MECRS.

Select and sign one choice only:

_____ 50% of average final earnings at retirement.

_____ Offset early retirement reduction.

Signature and Date

SECTION II – SALARY ASSUMPTIONS FOR CALCULATION PURPOSES

(To be completed by the Retirement System)

The most recent three year compensation history for this member as recorded in Pension Pro is:

\$ _____ \$ _____ \$ _____.

Will this member be making additional contributions through payroll deductions? _____
Yes/No

Name and title of certifying Official
 Revised Jan 2023

Signature

**Manchester Employees' Contributory Retirement System
Additional Contributions Pursuant to Chapter 218:9 III
Annual Allowable Contribution Worksheet for 2023**

Internal Revenue Code Section 415 governs the amount which a member can voluntarily contribute toward various IRS regulated programs. A MECRS plan amendment created by Chapter 102 Law of 2004 (HB-320) a.k.a. the **Additional Contribution Program** is subject to those limits established by the IRS. Amounts which a member elects to contribute under the provisions of this Chapter must be considered in conjunction with their annual salary, MECRS service credit upgrades and participation in City benefit programs in order to determine the contribution limits in any given year. The worksheet below is designed to help you determine the maximum you may contribute in our MECRS Additional Contribution Program in a calendar year. Under IRS rules, the Retirement System is required to annually review the amounts contributed into the Plan and determine if any member has exceeded the applicable Section 415 limit. If a member has exceeded the limit, the amount contributed in excess of that limit will be refunded to the member.

Be sure to submit this signed worksheet with your contribution form and payment, or processing on your account may be delayed and your contribution may be disallowed and returned.

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1. Enter the amount of expected gross total compensation from the City to be reported on Form W-2 or \$66,000, whichever is less. \$ _____
 2. Enter 3.75% of your expected gross total compensation from the City for this year. \$ _____
 3. Enter the amount voluntarily paid into the MECRS in the form of "Service Credit Upgrades" made pursuant to Chapter 218:12,VI including any amount not yet paid but otherwise scheduled to be paid until the end of the year. \$ _____
 4. Enter the dollar value of Chapter 218:9,III contributions that you may have already made in this calendar year including those through payroll deduction. \$ _____
 5. Enter the amount of contributions made to City sponsored 403(b), or 457 plans including any amount not yet paid but otherwise scheduled to be paid until the end of the tax year. \$ _____
 6. Enter the amounts allocated to Section 125 plans including any amount not yet paid but otherwise scheduled to be paid until the end of the tax year. \$ _____
 7. Add lines 2, 3, 4, 5 and 6. \$ _____
 8. Subtract line 7 from line 1. \$ _____

This is an estimate of the maximum you can contribute for the current tax year.
If you currently have payroll deductions for this program, be sure to take future deductions for this year into consideration.

I _____ hereby certify that I have calculated the estimated eligible amount of contributions allowed for the present plan year as shown above and that I am not, to the best of my knowledge, exceeding the allowable contribution levels established by the IRS.

Signature

Date:

Manchester Employees' Contributory Retirement System
Instructions for Annual Allowable Contribution Worksheet
Additional Contributions Pursuant to Chapter 218:9 III

Line 1. The Annual Allowable Contribution rate calculation begins with the lesser of the *Inflation Adjusted Contribution Limit for a whole year or your projected gross annual salary for that same calendar year. Your year to date gross payroll should appear on your most recent pay stub. If you are only part way through a calendar year, you may need to project what your salary will be for the remainder of the year.

Line 2. Regardless of whether the number on Line 1 is the Inflation Adjusted Contribution Limit or your gross annual salary, multiply your gross annual salary by 3.75% and enter that amount on Line 2.

Line 3. If you have made or plan to make voluntary "Service Credit Upgrades" in this calendar year, enter the total of such contributions in this calendar year on Line 3.

Line 4. If you have already made lump sum contributions for "Additional Contributions" in this calendar year, and if you are already making additional contributions via payroll deductions, estimate the total of all year to date contributions on Line 4.

Line 5. If you made tax sheltered contributions to an employer sponsored Deferred Compensation Plan, 457(h) for City employees or 403(b) plans for Education Affiliated employees, estimate the total of year-to-date contributions for this calendar year plus any contributions you plan to make in the balance of this calendar year and enter it on Line 5.

Line 6. Add together the all employer sponsored tax deferred health and dental premiums you expect to pay for the calendar year through your Section 125 Plan on Line 6.

Line 7. Add all of the values entered on lines 2 through 6 on Line 7. This is the amount which cannot be allowed in the calculation of new and additional contributions to your Additional Contribution account in this calendar year.

Line 8. Subtract Line 7 from Line 1. The results are the amount in new or additional funds that you are allowed to contribute to your Additional Contribution account for the balance of this calendar year.

*The Inflation Adjusted Contribution Limit is a value which was originally set at \$41,000 and is adjusted for inflation each year by the Internal Revenue Service. The current amount of the Inflation Adjusted Contribution Limit is shown on Line 1 of the Annual Allowable Contribution Worksheet.

PART 6: ADDITIONAL EMPLOYEE CONTRIBUTIONS

6.1 Purpose: Chapter 218:9, III as enacted by the Legislature in the 2003 session, provides that subject to the adoption of administrative rules and approval of the Trustees, Members may make additional contributions to the Retirement System prior to termination of active service with the employer to fund an additional annuity benefit or offset the actuarial reduction for early retirement. The purpose of this rule is for the Retirement System to provide for the orderly administration of additional contributions by Members for the purposes set forth above.

6.2 Additional Benefits: The maximum benefit that can be purchased is a benefit that combined with the Member's regular annuity will equal up to 50% of the Member's Average Final Earnings at the selected retirement date. Alternatively, a Member can purchase a benefit that will offset the actuarial reduction for early service retirement set forth in Chapter 218:14, I. Members must select either the increased Final Average Earnings Benefit or the early service retirement offset benefit. Members may not purchase additional service. If a Member's additional contributions result in the Member receiving a benefit at retirement that exceeds the limit described above, the excess contributions will be refunded to the Member with regular interest.

6.3 Calculation of Additional Contributions: Upon written request by means of an Additional Contribution Request form, the Retirement System will determine the additional contribution to be made by the Member if the Member desires to receive the maximum benefit or to offset the early retirement reduction. The additional contribution will be actuarially determined based on the Member's age, base rate of pay, years of service and other information available at the time of the Member's request. Members will be informed that the actual benefit that the Member will receive if additional contributions are made will differ from the initial projections because at the time of retirement, actual compensation levels and interest rates will differ from the assumptions used in the actuarial calculations. The Retirement System will not automatically recalculate the amount of additional contributions needed to fund the additional benefit. A Member must contact the Retirement System for a recalculation if actual wages differ materially from anticipated levels used in an original calculation. Members will be required to pay an administrative fee to offset the actuarial cost incurred by the Retirement System to calculate the additional contributions. This fee will consist of an initial payment of fifty dollars (\$50) which will be used to determine the amount a member would have to contribute to achieve their desired benefit level. Before a member is allowed to formally commence such payments, an additional fee of one hundred dollars (\$100) will also be required of the member. The payment of the additional one hundred dollars (\$100) shall entitle the member to free recalculations but not to exceed one per plan year.

6.4 Payment of Additional Contributions: A Member must complete an Additional Contribution Request form to deposit additional contributions, and file it with the Retirement System. Additional Contributions made by the Member cannot be paid with tax deferred money and rollovers from tax deferred plans are not allowed. Additional contributions, unlike the regular employee contribution, must be made on an after-tax basis. A Member may choose to contribute a lesser amount of additional contributions, or not at all, but not a greater amount. Upon approval by the Board of Trustees, the Retirement System will mail the Member a statement of additional contributions identifying the maximum annual amount that a Member may contribute between January 1 and December 31 of the year. A Member may remit additional contributions through payroll deductions if the City of Manchester is agreeable. Members must provide the City with a copy of their statement of additional contributions. Members whose additional contributions are not remitted through payroll deduction will need to include a voluntary additional contribution form with each of their payments. The Retirement System will not send reminder notices to Members. If the contributions are remitted through payroll deduction, the Member must also notify the City payroll department of the change. Payments for Additional Contributions are limited to active contributing members. Vested deferred members

are prohibited from enrolling in the Additional Contribution program or from adding to their account balance after they become vested deferred members.

6.5 Interest on Additional Contributions: Additional contributions will earn regular interest as defined in Chapter 218:4, XIV. The regular interest rate (currently 5.0%) is subject to change, which will affect the funding of an additional annuity through additional contributions.

6.6 Return of Additional Contributions: At retirement, the Member may choose to receive the additional contributions as an additional annuity, or, the Member may withdraw the additional contributions in cash, plus credited interest, in lieu of an additional monthly annuity. Members also are entitled to receive a return of additional contributions at any time after termination of employment. Both the regular contributions and additional contributions must be withdrawn if the Member chooses to take a refund of contributions. However, Members may not withdraw additional contributions or interest earnings, or collect an additional annuity prior to termination of employment. If a Member is awarded a work-related disability under Chapter 218:15, III, the additional contributions will be refunded with regular interest. If death benefits are paid under Chapter 218:16, I, the additional contributions will be refunded with regular interest. If death benefits are paid under Chapter 218:16, II, the additional contributions will be used to increase the service retirement allowance as described in Chapter 218:16, II(b). If regular contributions are refunded in connection with a death benefit described in Chapter 218:16, or in any other situation addressed by Chapter 218:16, the additional Member contributions will also be refunded with regular interest.

6.7 Miscellaneous: Because all additional contributions are made on an after-tax basis, the additional contributions will not be reported as taxable income to the Member at Retirement unless by special arrangement, not otherwise prohibited by law, the employer consents to make such payments on behalf of the employee. However, interest earnings on additional contributions will become taxable income to the Member when received from the Retirement System as a lump-sum distribution or an additional annuity.

6.8 COLA on Additional Contribution Portion of Monthly Benefits: When a member elects to retire and further elects to receive the payment of any additional contributions in the form of an additional monthly annuity, and following that election, at such time as the Board of Trustees are successful in granting a cost of living adjustment for retirees otherwise qualified to receive such increases pursuant to Chapter 218:20 and Administrative Rule 7, then the application of the said COLA shall not apply to the additional contribution portion of the monthly benefit in effect. The cost of COLAs have been included in the cost calculation provided by the Actuary for the purchase of additional benefits under the provisions of Chapter 218:9,III and have been based upon an assumption of a 3% annualized COLA. Whereas this 3% COLA is pre-funded, it shall be automatically applied to the additional contribution portion of that monthly benefit after the completion of one year from the effective date of retirement. Under no circumstances shall any COLA be awarded on additional contribution amounts withdrawn as a lump sum at the time of retirement.