

## **Contribution to a Tax- Deferred Savings Plan- 2012**

The Economic Growth and Tax Relief Act of 2001 increased the amount individuals may contribute to a tax deferred savings plan. It also allows individuals to contribute to a tax deferred annuity (ex: TIAA-CREF) and the New York State Deferred Compensation Program without coordinating amounts. This means individuals who choose to do so, may contribute the maximum amounts allowed to each plan.

The normal contribution limit, which applies to both the tax-deferred annuity and deferred compensation program, is 100% of salary to a **maximum of \$17,000 for 2012**.

Individuals are eligible to contribute an additional amount if they are age 50 or over during the 2012 calendar year. **The additional amount for 2012 is \$5,500.**

Individuals in the tax deferred annuity plan who have at least 15 years of **full-time** service with their current **employer may be eligible to contribute an additional amount not to exceed \$3000 per year and \$15,000 total lifetime.**

If an individual chooses to exceed the normal contribution amount and has 15 years of full-time service and is age 50 or over, the excess contributions will be applied to the 15 year rule first per IRS regulation.

Individuals in the NYS Deferred Compensation Program are eligible to contribute twice the normal amount (\$34,000 for 2012) in each of the last years before their normal retirement date. In those three years, individuals may not contribute the additional amount (age 50 or over) described above. Please contact the NYS Deferred Compensation program for further details and requires forms at 1-800-422-8463.

When you begin receiving income from either a tax deferred annuity or a deferred compensation plan, you may exclude up to \$20,000 of income per year from New York State income taxes if you are over the age of 59 1/2.