Annuity Fund
of Local No. One, I.A.T.S.E.

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Annuity Fund and 401(k) Maximum Contributions for 2025

We have compiled an explanation on how the different IRS limits for 2025 impact your Annuity Fund and 401(k) contributions for Local One. Note that the numbers shown here only apply to calendar year 2025 and are subject to change.

1. **Maximum 401(a)(17) annual compensation amount considered: $350,000 in wages**

   The eligible percentage of gross wages that your employer contributes to the Annuity Fund, pursuant to the Collective Bargaining Agreement (CBA), **only applies to gross wages up to $350,000**. Contributions received on gross wages in excess of $350,000 will be returned to the employer with an explanation.

   For example, if your employer contributes 15% of gross wages to the Annuity Fund on your behalf and you earn $375,000 in 2025, the employer contribution is limited to $52,500 (15% of $350,000). Any amounts received in excess of the IRS limits will be returned to the employer.

   The 401(a)(17) annual compensation amount is per employer. If you earn $345,000 at Employer A and $60,000 at Employer B, your wage base for contributions will not be limited since you earned less than $350,000 for each employer.

2. **Annual elective 401(k) deferral limit (not including “catch-up”): $23,500**

   If your CBA allows for 401(k) salary deferrals into the Fund, the annual maximum 401(k) contributions is $23,500. This maximum does not apply to Annuity contributions made by your employer. It only applies to the elected 401(k) deferrals from your paycheck. However, the $23,500 maximum applies to all 401(k) contributions coming into our Plan or any other Plan, regardless of how many employers you have a salary deferral agreement. This is an individual limit and applies to all plans to which deferrals are made.

   In other words, if you contribute the maximum $23,500 into your Local One 401(k) sub-account with Employer A, you are not able to contribute any additional 401(k) money from Employer B.

   Any 401(k) contributions received in excess of the allowable amount are returned to the employer with an explanation. Excess 401(k) contributions will be paid to the participant and are considered taxable income. If they are returned to your employer before they are invested at Empower, your employer will pay them to you as wages. If the limit is hit after the 401(k) contributions were invested, Empower will issue a payment at the beginning of the following year of any excess 401(k) contributions and interest earned on the excess, with a 1099-R.

3. **Annual 401(k) catch-up limit (ages 50 through 59; and ages 64 and older): $7,500**

   If you are over age 50, the IRS allows “catch-up” contributions, in addition to the deferral limit of $23,500 listed above. Ages 60 to 63 have a separate limit which is described in #4.

   If you are ages 50 through 59, or 64 and older, the elective 401(k) deferral limit is **$31,000** ($23,500 plus $7,500). This maximum does not apply to Annuity contributions made by your employer. It only applies to the elected 401(k) deferrals from your paycheck. However, the same $31,000 maximum applies to all 401(k) contributions coming into our Plan, regardless of how many employers you have a salary deferral agreement with in Local One.

   Any 401(k) contributions received in excess of the allowable amount are returned to the employer with an explanation. Excess 401(k) contributions will be paid to the participant and are considered taxable income. If they are returned to your employer before they are invested at Empower, your employer will pay them to you as wages. If the limit is hit after the 401(k) contributions were invested, Empower will issue a payment at the beginning of the following year of any excess 401(k) contributions and interest earned on the excess, with a 1099-R,

4. **Annual 401(k) catch-up limit (ages 60 to 63): $11,250**

   Starting in 2025, if you are ages 60 to 63, the IRS allows increased “catch-up” contributions in addition to the deferral limit of $23,500 listed above.

   If you are ages 60 to 63, the elective 401(k) deferral limit is **$34,750** ($23,500 plus $11,250). This maximum does not apply to Annuity contributions made by your employer. It only applies to the elected 401(k) deferrals from your paycheck. However, the same $31,000 maximum applies to all 401(k) contributions coming into our Plan, regardless of how many employers you have a salary deferral agreement with in Local One.

   Any 401(k) contributions received in excess of the allowable amount are returned to the employer with an explanation. Excess 401(k) contributions will be paid to the participant and are considered taxable income. If they are returned to your employer before they are invested at Empower, your employer will pay them to you as wages. If the limit is hit after the 401(k) contributions were invested, Empower will issue a payment at the beginning of the following year of any excess 401(k) contributions and interest earned on the excess, with a 1099-R,

5. **Maximum 415(c) annual addition to Plan Account (both 401(k) and Employer contributions combined, excluding catch-up contributions): $70,000**

   The total additions to your account, including both employer and employee contributions is **$70,000.** Note this amount is increased for catch-up contributions if you are 50 or older. If you are eligible for the $7,500 contribution catch-up in #3 above, your maximum annual additions are $77,500 ($70,000 plus $7,500). If you are eligible for the $11,250 contribution catch-up in #4 above, your maximum annual additions are $81,250 ($70,000 plus $11,250).

   For example, if your employer contributes $50,000 on your behalf based on your gross wages and you contributed $23,000 (the maximum 401(k) deferral amount), your total annual additions have exceeded the $70,000 limit. Accordingly, $3,000 of 401(k) salary deferrals would be returned to your Employer with an explanation.

Note: if an individual's total contributions (employer and participant deferrals) exceed the maximum permitted by the IRS, the excess will first be applied against 401(k) contributions received (if available) and will be returned to you at the beginning of the following year (adjusted for investment earnings and losses). Such amount will be reported on a 1099-R and considered taxable income in the year the refund is received. Employer contributions in excess of the maximum permitted by the IRS will be returned to the employer. This process will allow the Fund to ensure that the maximum employer contributions are received based on your gross wages.

6. **If you are deferring salary to this and another plan, you should contact your tax advisor about the applicable limits.**

Please let us know if you have any questions.

The Annuity Fund of Local No. One, I.A.T.S.E.