

# GUIDELINES FOR GENERAL EMPLOYEES

## CALENDAR YEAR 2012

### MAP & RSVP CONTRIBUTION LIMITS

If you are interested in contributing more money into the City's tax-deferred programs, MAP (401k) & RSVP (457), the following information will help you determine what your individual contribution limits should be. Please remember that certain factors can affect your total MAP contribution, such as, overtime pay, salary increases & certain supplemental pay. So if you are trying to contribute 'as much money as possible', be sure to leave some room for growth because you do not want to exceed the maximum contribution amounts explained below.

General employees will want to contribute their first 5% into the MAP plan because of the 'matching' at retirement. For more information on the City 50% match, refer to the CHOICES handout. Additional contributions above 5%, are not eligible for the matching, but are still an excellent tax-deferred opportunity with good investment choices. The main difference between MAP and RSVP with regard to the 'additional' contribution is that the MAP Plan has more flexible choices at retirement - but if you plan to leave the City prior to age 55, there may be tax penalties in MAP which make RSVP a more attractive choice. The CHOICES information will highlight the differences between the two plans in more detail.

If you still have questions after reading the information and completing the worksheet, the Retirement Office or Prudential will be glad to assist you. However, these limits are set by the IRS and the responsibility of adhering to these limits is ultimately *yours*.

#### The rules regarding the maximum contribution limits are:

**MAP**                      \$17,000 per calendar year

**RSVP**                     \$17,000 per calendar year

For 2012, there is no coordination between the MAP 401(k) and RSVP (457) plans.

You can contribute up to \$17,000 in each plan. (see Example A).

If you are age 50 or over, you can contribute \$22,500 in each plan. (see Example B).

**The best way to use this packet is to review all of the information included before starting on your individual calculation. The packet consists of three handouts: 1) This handout reviews the MAP/RSVP Contribution Limits and has several different examples on the back. 2) The Worksheet is designed to help you determine your individual contribution limits in the two plans. And finally, 3) the CHOICES handout compares the differences between MAP & RSVP.**

## General Employees - Examples

### **Example A Under age 50 – Limit of \$17,000 in both the MAP and RSVP plans.**

*Annual Base Salary is \$42,000 (\$1,615.39 bi-weekly) and expects to earn \$4,000 in overtime pay..*

Step 1 (Salary):	Annual Salary is (42,000+4,000)	\$46,000 (#1)
Step 2 (MAP):	\$17,000 max for calendar year 2012	\$17,000 (#2)
Step 3 (RSVP):	\$17,000 max for calendar year 2012	\$17,000 (#3)

#### **This employee can contribute the maximum of \$17,000 in both MAP and RSVP.**

Under MAP, you would subtract 5% of your annual salary from \$17,000 ( $\$46,000 \times 5\% = \$2,300.00$ ). The remaining balance of \$14,700.00 ( $\$17,000 - \$2,300 = \$14,700.00$ ) is divided by the number of pay dates remaining in the calendar year (e.g., if there are 24 pay dates remaining in 2012, you would divide \$14,700.00 by 24. You could contribute up to \$612.50 in Unmatched MAP each pay period.

If you already made contributions into Unmatched MAP during this calendar year, you need to subtract that amount before dividing the amount remaining by the number of pay dates.

As there could be penalties associated with partial or lump sum withdrawals at retirement/termination under the MAP plan, you may want to consider contributing additional amounts over the 5% first to RSVP.

Under RSVP, simply divide \$17,000 by the number of pay dates remaining in the calendar year. For instance, if there are 24 pay dates left in the calendar year, divide \$17,000 by 24. You could contribute up to \$708.33 per pay period. If you have already made contributions into RSVP during this calendar year, you need to subtract that amount from \$17,000 before dividing by the pay dates remaining in the year.

### **Example B Age 50 or over – Limit of \$22,500 in both the MAP and RSVP.**

*Annual Base Salary is \$32,600 (\$1,253.85 bi-weekly) and does not earn any overtime.*

Step 1 (Salary):	Annual Salary is (32,600)	\$32,600 (#1)
Step 2 (MAP):	\$22,500 max for calendar year 2012	\$22,500 (#2)
Step 3 (RSVP):	\$22,500 max for calendar year 2012	\$22,500 (#3)

#### **This employee can contribute up to the maximum of \$22,500 in both MAP and RSVP.**

Under MAP, you would subtract 5% of your annual salary from \$22,500 (i.e.,  $\$32,600 \times 5\% + \$1,630.00$ ). The remaining balance of \$20,870.00 ( $\$22,500 - \$1,630.00 = \$20,870.00$ ) would be divided by the number of pay dates remaining in the calendar year (e.g., if there are 24 pay dates remaining in 2012, you would divide \$20,870.00 by 24). You could contribute up to \$869.58 in unmatched MAP each pay period.

If you have already made contributions into Unmatched MAP during the calendar year, you need to subtract the amount before dividing the amount remaining by the number of pay dates.

As there could be penalties associated with partial or lump sum withdrawals at retirement/termination under the MAP plan, you may want to consider contributing additional amounts over the 5% first to RSVP.

Under RSVP, simply divide \$22,500 by the number of pay dates remaining in the calendar year. For instance, if there are 24 pay dates left in the calendar year, divide \$22,500 by 24. You could contribute up to \$937.50 per pay period. If you have already made contributions into RSVP during the calendar year, you need to subtract that amount from \$22,500 before dividing by the pay dates remaining in the year.