

News & Notes

Winter 2025-2026

Retirement Plan Contribution Limits (2026): Annual Additions Limit and Deferral Limit

The IRS limits the amount of money that may be contributed to retirement plans. These limits are updated annually. There are two main types of contribution limits to the FCMM Retirement Plan: the **overall limit on annual additions** and the **elective salary deferral limit**.

The **limit on annual additions**, also known as the 415(c) limit, includes employer contributions of related employers plus all salary deferral contributions made to *any* 403(b) or 401(k) plan in a calendar year. For 2026, this limit is the **lesser of \$72,000 or 100% of “includible compensation”**, which the IRS defines as *excluding* a minister's housing allowance.

The **elective salary deferral limit**, also known as the 402(g) limit, includes all pre-tax and Roth elective deferrals made to any 403(b) or 401(k) plans in a calendar year. The 2026 salary deferral limit is **\$24,500**. The employee's total elective deferrals to all plans combined cannot exceed the annual deferral limit.

A participant of age 50 or older can make additional age-based catch-up deferral contributions, beyond these limits, of up to **\$8,000** in 2026. (Higher catch-up provision for ages 60-63: Participants who attain age 60, but are not older than age 63, by the end of the calendar year may contribute up to a higher "super" catch-up limit of **\$11,250**. This amount remains unchanged for 2026.)

Effective in 2026, the IRS has imposed a **Roth catch-up requirement** on some catch-up contributions—specifically those made by *high income earners* who are not ministers. A FICA-taxed employee who earned more than \$150,000 in 2025 is not permitted to make pre-tax catch-up contributions in the current year; any catch-ups must be

designated as Roth contributions which do not reduce taxable income. This wage qualification does not apply to ministers who are treated properly as SECA-paying dual status employees; they may make catch-up contributions as pre-tax and/or Roth-designated as they choose.

The examples below illustrate some of these limits.

Example 1

The Reverend Bill Smith has a cash salary of \$15,000 and a \$25,000 housing allowance, for a total compensation of

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Option C Lifetime Fund Rate for 2026

The FCMM Board of Trustees has set the rate of earnings for the Lifetime Fund (Option C) of **6%** for 2026. (Note: This rate is net of fees, so the effective annual rate for comparison with mutual funds would be 6.74%. FCMM fees are subtracted each quarter from mutual funds.)

Option C is a collective investment fund that aims to provide to members long-term earnings that are steady and comparable to the market with less volatility. Previous rates have been: 4% in 2025; 6% in 2024; 2% in 2023; 4% in 2022; 8% in 2021; 4.5% in 2020; 3.5% in 2019; 4% in 2018; and 3% in 2017.

Because of the long-term nature of the Option C Lifetime Fund, invested funds can be transferred to other Options only once in a 12-month period. The Lifetime Fund is structured to offer reliable value towards a monthly income benefit ("annuity") for which 100% of accrued value can be converted. If funds are instead transferred or withdrawn, a fair market value (reduction) may be applied

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Contribution Limits (2026)

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\$40,000. He does not participate in any retirement programs other than this Plan and his employer makes no contributions to any retirement programs on his behalf. The maximum he may contribute to the Plan is \$15,000. Rev. Smith cannot include the housing allowance in determining his maximum contribution amount.

Example 2

The Reverend Sam Jones is in the same situation as Rev. Smith except that he has a cash salary of \$60,000 and a housing allowance of \$15,000, for a total compensation of \$75,000. The maximum amount he may contribute to the Plan for 2026 is \$24,500 (assuming he is not eligible to make any catch-up contributions).

Example 3

The Reverend George Davis has a cash salary of \$30,000 and a housing allowance of \$25,000, for a total compensation of \$55,000. His employer contributes 15% of his compensation* to the retirement plan annually, or \$8,250 ($\$80,000 \times 15\% = \$8,250$). The maximum deferral amount he may contribute to the plan in 2026 is \$21,750 ($\$30,000 - \$8,250 = \$21,750$).

Example 4

The Reverend Kenneth Roberts turns 62 in 2026. He has a

2026 Deadline for Distributions/Conversions

If you are planning to request a distribution (cash withdrawal, rollout, or Roth conversion) of FCMM Retirement Plan funds this year, please note that your request must be received in good order no later than **December 8, 2026**, to qualify as a 2026 transaction and to be completed before end of year.

To initiate a distribution, call FCMM Client Services at (800) 995-5357 to obtain the applicable 2026 form. The FCMM staff member will ask questions to verify your identity. After determining the appropriate form, FCMM will email it to you.

We recommend sending the form well in advance of the deadline to avoid processing delays in the event the submitted form requires correction or clarification.

2026 Overall Annual Additions Limit: [the lesser of] \$72,000 or 100% of includible compensation.

2026 Salary Deferral Limit: \$24,500

Additional catch-up limit starting at age 50: \$8,000

Special higher catch-up limit for those who turn ages 60-63 in 2026: \$11,250

cash salary of \$40,000 and a housing allowance of \$30,000, for a total compensation of \$70,000. He does not participate in any retirement programs other than this Plan and his employer makes no contributions to any retirement programs on his behalf. The maximum deferral amount he may contribute to the plan in 2026 is \$35,750. This deferral amount is allowed by applying both the regular salary deferral limit (\$24,500) and the higher "super" catch-up limit for those who attain age 60 but are not older than age 63 in 2026 (\$11,250).

**Note, the employer must use total compensation (salary plus housing allowance) when calculating a contribution amount based on a percentage rate. Includible compensation which excludes housing allowance only applies when determining an individual's contribution limits.*

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Option C

when accrued value is greater than current market value. For more information on Option C and other Investment Options, see Form 31 Investment Option Descriptions.

For information about performance and portfolio makeup for FCMM managed funds, see annual Form 40 Performance Reports.

