

New York City Deferred Compensation Plan Year-End Reminders

Annual Contribution Limits Increase in 2025

Higher Catch-up Contribution Amount for Participants Age 60 to 63

Beginning in 2025, a higher catch-up contribution limit applies for participants who are ages 60, 61, 62 and 63. For 2025, this higher catch-up contribution limit is \$11,250 instead of \$7,500. These individuals will have a catch-up contribution of \$11,250, bringing their total 2025 contribution limit to \$34,750.

Maximum Annual Contribution Amounts Change in 2025

The regular annual contribution increased by \$500 from \$23,000 to \$23,500. Participants age 50 or older may contribute up to an additional \$7,500 for a total of \$31,000.

Because of these increases, participants may need to adjust their deferral percentage should they wish to reach the new annual goal amounts. Participants can change their deferral percentage by either 1) accessing the telephone voice response system at (212) 306-7760 and pressing "1" or 2) visiting the DCP website at nyc.gov/deferredcomp and clicking on Sign In/Set Up Account.

The table below explains the most you can defer into the Deferred Compensation Plan in 2025, based on which plans you participate in and your age.

<i>If you participate in the...</i>	<i>Your maximum contribution amount will be...</i>
457	\$23,500
457 and are at least 50 years of age	\$31,000
457 and in 2025 you attain age 60, 61, 62, or 63	\$34,750
401(k)	\$23,500
401(k) and are at least 50 years of age	\$31,000
401(k) and in 2025 you attain age 60, 61, 62, or 63	\$34,750
457 and 401(k)	\$47,000
457 and 401(k) and you are at least 50 years of age	\$62,000
457 and 401(k) and in 2025 you attain age 60, 61, 62, or 63	\$69,500
457 and Deferral Acceleration for Retirement (DAR)*	\$47,000 (\$23,500 in regular deferrals and \$23,500 in DAR deferrals, if applicable)
NYCE IRA	\$7,000
NYCE IRA and are at least 50 years of age	\$8,000

* DAR is available to participants who have underutilized 457 deferrals. Annual contribution limit is doubled for each of the three calendar years before reaching "Normal Retirement Age." Additional "over age 50" and "age 60-63" contribution limits are not included when calculating underutilized deferrals and cannot be used in the same year(s) DAR is used.

Year-End Reminders

Understanding Your Form W-2

The amount you contributed to the Deferred Compensation Plan in 2024 will be reflected in Box 12 of your 2024 Form W-2.

- The code "G" before the dollar amount represents pre-tax 457 contributions.
- The code "EE" represents Roth 457 (after-tax) contributions.
- The code "D" before the dollar amount represents pre-tax 401(k) contributions.
- The code "AA" represents Roth 401(k) (after-tax) contributions.

For income tax filing purposes, your adjusted gross income (reportable income) will be reflected in Box 1. THIS WILL HAVE ALREADY BEEN ADJUSTED BY PRE-TAX 457 AND PRE-TAX 401(k) AMOUNT(S) IN BOX 12.



Did You Receive a Distribution from the Plan in 2024?

If you received a distribution payment during 2024, you will receive a 2024 Form 1099-R from the Plan's recordkeeper, Voya Financial.

Expecting a Distribution Check Soon?

Please note that if you make any account transfers immediately prior to the processing of your distribution, this will delay your check or Direct Deposit.

Direct Deposit

Whether you are going to receive a disbursement from the Plan as a distribution payment, a loan or hardship request, setting up direct deposit will ensure that you receive your payment quickly and securely. The Deferred Compensation Plan Direct Deposit Form is available from the Forms and Downloads section of the Plan's website at nyc.gov/deferredcomp.

Payroll Deferral Notes

If you contribute to the City's 401(k) Plan and the VDC Program, combined contributions (employee and employer) cannot exceed \$70,000 in 2025.

Changing Agencies?

If you are changing agencies, you must complete a Change Form telling us the name of the new agency as soon as possible in order to avoid a break in your deferred compensation deductions. If you joined the Deferred Compensation Plan in lieu of paying FICA tax and experience a break in deductions due to an agency change, you may no longer meet the criteria for contributing to the Plan in lieu of FICA. You may be required to contribute to both until you re-qualify.

Changing Your Address?

You must inform the Plan if you have a change of address. You can either complete and notarize a Change Form indicating your new address or sign into your account through the Plan's website at nyc.gov/deferredcomp to make your change online. And, don't forget to change your beneficiaries' address information, if they moved with you.

Changing Beneficiary Information

You can continue to use the Change Form to change the beneficiaries you designated to receive your account or the amounts you want each beneficiary to receive, but you are required to have the form notarized. Make life simpler and make any beneficiary changes online.

Annual Report

The Plan no longer mails copies of The City of New York Deferred Compensation Plan/New York City Employee IRA Comprehensive Annual Financial Report to participants. The annual report is available online in the Forms and Downloads section of the Plan's website at nyc.gov/deferredcomp.

Leaving City Service Soon?

If you are retiring or leaving City service, please note that you are not required to make any decisions regarding the distribution of your account immediately. You are able to postpone withdrawals up until you reach age 73, at which time you must begin taking your annual Required Minimum Distributions.

To attend a Distribution Planning webinar to learn more about your distribution options, call (212) 306-5050, or register online at nyc.gov/deferredcomp.

Contributing to the NYCE IRA for 2024?

Contributions to the New York City Employee (NYCE) IRA should be sent directly to the NYCE IRA lockbox. Visit nyc.gov/nyceira to download the Deposit Form, which includes payment and mailing instructions. Checks must be received in the lockbox no later than 4 business days prior to the tax filing deadline (excluding extensions).

New in 2025 - Funding your NYCE IRA through payroll deductions will be available by the end of the first quarter allowing you to contribute to the NYCE IRA on a regular basis throughout the year. The NYCE IRA just got even NICER!



Flexible Spending Accounts Program and 414(h) Pension Pick-up

- **Box 14 of the Form W-2**

Box 14 will contain the entry “IRC 125” which will represent the total pre-tax dollars used for paying health insurance premiums in the Medical Spending Conversion Program (MSC), the pre-tax dollars used for dependent care expenses in the Dependent Care Assistance Program (DeCAP), and the pre-tax dollars used for out-of-pocket medical expenses in the Health Care Flexible Spending Account (HCFSA).

The entry “IRC 414H” pertains to the pre-tax dollars used to pay pension or VDC Program contributions. These two dollar amounts in Box 14, IRC 125 and IRC 414H, are pre-tax for federal tax purposes, but not for New York State and New York City tax purposes. Consequently, they must be added back in the area designated for that purpose on the New York State tax return at the time you file your taxes.

- **Box 10 of the Form W-2**

If you participate in DeCAP, you will also see the amount set aside for this purpose listed in Box 10. You must also attach Form 2441 Child Dependent Care Expenses to your Form 1040. If you file Form 1040A, you must file a Schedule 2 form, as well. For New York State tax purposes, the DeCAP amount in Box 10 can be ignored since the same amount is included in the IRC 125 amount in Box 14. It is there for federal tax purposes as a record of dollars deferred for dependent care expenses.

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