

BERRYESSA SCHOOL DISTRICT

Payroll Department Update 403(b) & 457 Plans

Eligibility to Participate

All Berryessa SD employees are eligible to participate in both 403(b) and 457 plans.

Since contributions are deducted from your monthly salary, please make sure that your requested monthly contribution amount does not exceed your monthly salary. This is especially relevant to part-time employees whose hours and salary fluctuate from month to month.

If your contribution exceeds your salary, your entire contribution will be suspended. Then to restart your contributions, you will need to submit a new Salary Reduction Agreement (SRA) to payroll.

Department Contacts

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2026 Retirement Plan Contribution Changes: Limits Increased and New Roth Requirements for "High Earners"

The Internal Revenue Service (IRS) has announced increased contribution limits for 403(b) and 457 plans for 2026. Additionally, the SECURE 2.0 Act introduces a new mandatory Roth contribution requirement for age-based catch-up contributions that affects "High Earners". For specific questions about your personal situation, please contact your financial advisor or tax professional.

2026 Annual Contribution Limit Table

Plan Type	Annual Contribution (Basic Limit)	Age 50-59 & Age 64+ Catch-Up	Ages 60-63 Catch-Up
403(b)	\$24,500	\$8,000	\$11,250
457	\$24,500	\$8,000	\$11,250
Total	\$49,000	\$16,000	\$22,500

Mandatory Roth Catch-Up for High Earners

Starting January 1, 2026, the SECURE 2.0 Act mandates that all age-based catch-up contributions (for ages 50+) for "High Earners" must be made as **after-tax Roth** contributions. Pre-tax contributions are still permitted for the standard "Basic" annual limit.

Who is a "High Earner"?

A "High Earner" is defined as an individual (age 50 or older) whose wages, as reported in Box 3 of Form W-2 for the prior year, were \$150,000 or more. For the 2026 plan year, this threshold is based on your 2025 wages.

Action Required:

If you qualify as a "High Earner" and wish to make catch-up contributions, they must be directed to a designated after-tax Roth account. Please verify with your plan administrator or payroll department that your contribution elections are set up correctly to comply with this new IRS requirement.