MCASF Local 725 Defined Contribution Retirement Plan

Building on what's already working for you

Elective Contributions

Whether your retirement feels far away, or is on the horizon, the benefits that will support you later in life are being built throughout your career. Each time you work covered hours, participating employers make contributions toward your retirement benefits under the Collective Bargaining Agreement between Local 725 and MCASF. Those contributions help fund two separate retirement plans: your traditional **Defined Benefit Pension Plan** and your **Defined Contribution Retirement Plan.**

This handout explains a unique feature of the Defined Contribution Plan: **Elective Contributions.**

Does retirement feel far off?

It can be difficult to think about retirement when there are so many reasons to spend every dollar you earn today. The employer-paid contributions going into your Defined Contribution account are an important benefit and provide the foundation for your Defined Contribution retirement savings.

One advantage of your Defined Contribution Plan is that each year you also have the opportunity to make **Elective Contributions,** which enable you to contribute additional amounts to increase your retirement account beyond what your employer is contributing.

Growing over time

Money contributed to your retirement account is invested, giving your savings the opportunity to grow and generate additional earnings over time. The longer money remains invested, the more time it has for that compounding effect to work. That is one reason why even a modest Elective Contribution, invested now and consistently over time, can grow into substantial retirement savings. It's also a great reason to consider making Elective Contributions early in your career.

Someone contributing $4.00 per work hour and averaging 40 hours per week would add about $8,320 a year to retirement savings. Over 30 years, that is nearly $250,000 in additional contributions, before including any investment earnings.

Investment earnings could increase that amount substantially over time. Over the course of a career, regularly setting money aside can make a meaningful difference in the retirement savings you build.

There's a tax benefit, too

Pre-tax Elective Contributions generally reduce the amount of your income that is subject to federal income tax for the year. That means contributing to your retirement account may also reduce your current federal income tax bill. The amount of tax savings will vary based on your income, filing status and other tax circumstances.

Make the Plan work for you

How much you contribute is a personal decision. You may decide to make an Elective Contribution for the first time, continue with an amount that already works for you, or increase your current hourly amount.

When it comes to selecting your Elective Contribution, there is no single amount that is right for everyone. What matters is understanding the opportunity you have and deciding whether adding your own contributions makes sense for you.

Note, however, that Elective Contribution amounts are capped each calendar year under federal law. For 2027, you can contribute up to an estimated maximum of $25,500 in Elective Contributions for the year.

CATCH UP CONTRIBUTIONS

Turning 50 by the end of 2027? You have an additional opportunity to save

As retirement gets closer, having the opportunity to save more can become especially valuable. If you will be age 50 or older by December 31, 2027, you may make **Catch-up Contributions** in addition to the regular Elective Contribution amount. For 2027, the estimated Catch-up Contribution limit is $8,500, which could allow eligible participants to contribute up to an estimated $34,000 in total.

You may not have been able to save as much earlier in your career, your financial circumstances may have changed, or retirement may simply be close enough now that increasing your savings has become a higher priority. Catch-up Contributions give you an additional opportunity to build on the retirement savings you have already accumulated.

What are the next steps?

Please review the participant letter and election form for contribution limits, election requirements and other important information. Elective Contribution selections for 2027 must be made no later than November 30, 2026. The Benefit Services team is available to answer your questions. Contact us at (754) 777-7735 or through the Contact Us tab at www.725benefits.org.

Planning for retirement?

You don't have to wait until retirement is around the corner to ask questions about how your retirement benefits work. Even if retirement is many years away, meeting with Benefit Services to understand how your retirement benefits are calculated and paid can be an important part of your long-term retirement planning. Our staff can help you review your statements, understand the benefits you've earned, and explain how your two retirement plans work together.

Are you subscribed to our e-newsletter?

Our e-newsletter is designed with you in mind, featuring helpful tips, wellness resources and important information for plan participants. Explore links to videos, tools and classes focused on supporting your physical and mental health while staying up to date on important plan news, benefits information and upcoming opportunities.

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