

IRS Limits

**An overview of
IRS limits placed
on qualified
retirement plans
such as OCERS**



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IRS LIMITS: 401(a), 415(b) & (m)

The Orange County Employees Retirement System (OCERS) is considered a “qualified” plan under federal tax laws. If you became a member of OCERS on or after January 1, 1990, you will be subject to limitations outlined in specific sections of the Internal Revenue Code, including Section 401(a), 415(b) and Section 415(m).

EARNINGS LIMIT

Section 401(a) limits the amount of compensation OCERS can consider when calculating your Final Average Salary.

RETIREMENT BENEFIT PAYMENT LIMIT

Section 415(b) limits the annual dollar amount of retirement benefits paid from a tax qualified retirement system such as OCERS. The dollar figure is reduced for benefits commencing before age 62 and increased for benefits commencing after age 65 (however, employees of a fire department or sheriff’s department may be exempt from the “before 62” reduction if they have a minimum of 15 years of full-time fire department or sheriff’s department service credit in OCERS).

Section 415(m) establishes a replacement program funded by your employer.

WHAT DOES IT ALL MEAN?

These IRS limits may affect certain highly paid or long-service members, certain members receiving disability benefits or certain beneficiaries receiving survivor benefits. If the limits affect your retirement benefits, you will be notified by Member Services.

It is important to remember that if you are affected by the limit, you will still receive your total retirement allowance, but some of it will be paid by OCERS and some will be paid through a replacement benefit plan established by your employer.

For more information on benefit limits, please go to the “Retired Members” tab of OCERS’ Web site, www.ocers.org and click on the “Tax Information” button.

IRS SAFETY DEFINITION

The IRS recognizes Safety Members as police officers and firefighters. However, Probation Officers and District Attorney Investigators are not considered Safety Members by the IRS, and are covered by General Member limits.