

2017 Internal Revenue Code Compensation and Benefit Limits

Most SDCERA Members can easily determine future retirement income based on the formula described in the SDCERA *Retirement Plan* booklet or by using the Retirement Benefit Calculator on the SDCERA website. For a relatively few Members, however, Internal Revenue Code (IRC) Section 401(a)(17) and 415(b), and CALPEPRA Compensation limits, may affect retirement benefits.

IRC 401(a)(17) Compensation Limits

If you first became an SDCERA Member on or after July 1, 1996, and are in Tier I, A or B; IRC 401(a)(17) limits the amount of compensation that may be used to calculate your retirement benefit. The limit is adjusted annually; the maximum annual compensation that can be used to calculate your retirement benefit for 2017 is \$270,000.

CalPEPRA Compensation Limits

The amount of compensation used to calculate retirement benefits for Tier C Members is limited under the California Public Employees’ Pension Reform Act of 2013 (PEPRA). The 2017 limit on compensation for General, Tier C Members is \$118,775 and for Safety, Tier C Members is \$142,530. These limits may be adjusted annually based on changes in the Consumer Price Index for All Urban Consumers.

IRC 415(b) Benefit Limits

Section 415(b) limits the amount of retirement benefits that you may receive or accrue under a qualified retirement plan, such as SDCERA. This IRC cap on the annual maximum retirement payment may reduce the annual retirement benefits you receive from SDCERA. However, the County Board of Supervisors adopted a supplemental plan (known as the Excess Benefit Plan) that will make up the difference in retirement pay for any retiring Tier I, Tier A or Tier B Member who is impacted by the IRC Section 415(b) limitation.

The Section 415(b) limits vary based on your age at retirement, the date you became an SDCERA Member, your membership classification, and the retirement option you chose. For example, the dollar limit for 2017 is \$215,000 at age 62. If a retirement benefit is paid prior to reaching age 62, the limit will be adjusted downward. (This adjustment is not applicable to those employed for 15 years or more the with the San Diego County Sheriff’s Department.) Review the table below for the applicable dollar limit in 2017.

IRC Maximum Pension Benefit Limits

AGE	2017 ANNUAL DOLLAR LIMITS FOR MOST MEMBERS	AGE	2017 ANNUAL DOLLAR LIMITS FOR MOST MEMBERS
41	\$55,329	52	\$107,189
42	\$58,591	53	\$114,326
43	\$62,074	54	\$122,053
44	\$65,797	55	\$130,436
45	\$69,779	56	\$139,547
46	\$74,044	57	\$149,466
47	\$78,616	58	\$160,288
48	\$83,523	59	\$172,119
49	\$88,797	60	\$185,083
50	\$94,472	61	\$199,322
51	\$100,588	62+	\$215,000

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The limit is also reduced if you have less than 10 years of membership in SDCERA. In determining whether this limit has been exceeded, only benefits provided by employer contributions are included. The limit does not apply to the portion of your benefit attributable to after-tax member contributions. The dollar limit is adjusted periodically based on the Consumer Price Index. If your retirement benefit is affected by the Section 415(b) limit when you retire, SDCERA will notify you.

Excess Benefit Plan (Authorized Under IRC Section 415(m))

For Tier I, Tier A and Tier B members affected by this IRC Section 415(b) limit, the County Board of Supervisors adopted a nonqualified retirement plan, the Excess Benefit Plan, under IRC Section 415(m). This plan will pay the difference between your SDCERA earned benefit and the maximum permissible under Section 415(b). This difference in the amount that will be paid to you pursuant to the IRC Section 415(m) plan will provide to you a total payment equal to your SDCERA earned benefit. Tier C members are not eligible to participate in the Excess Benefit Plan.