

Internal Revenue Code Section 415(b) Fact Sheet

Internal Revenue Code Section 415(b) – Defined Benefit Dollar Limit

Internal Revenue Code (IRC) Section 415(b) limits an individual's pension benefit amount. An individual's pension benefit amount is limited to the lesser of the OPERS benefit calculation or the IRC 415(b) limit. Only the portion of the pension benefit amount attributable to employer contributions as well as picked up employee contributions is compared to the limits under IRC 415(b).

The IRC 415(b) limit affecting public employees is the Dollar Limit. **The Dollar Limit for 2021 is \$230,000.** Under the Dollar Limit, which is adjusted based on age, the portion of the benefit amount attributable to employer contributions and picked up employee contributions may not exceed the dollar amounts for 2020, shown on the next page.

Only a small number of OPERS members are affected by the IRC 415(b) limit, which is indexed annually. Please contact OPERS for a determination of how IRC 415(b) may affect your retirement benefit.

For members impacted by the limit, OPERS has received approval from the Internal Revenue Service for its qualified excess benefit arrangement (QEBA). The QEBA permits payment of the portion of the OPERS pension benefit amount that exceeds the IRC 415(b) limit.

Internal Revenue Code Section 401(a)(17) – Compensation Limit

There is also a Federal limitation on compensation. The compensation limit (established by IRC section 401(a)(17)) is the amount beyond which no further retirement contributions may be deducted from an employee's earnable salary for a given year. This limit applies to all OPERS members, regardless of their retirement plan enrollment.

The 2021 compensation limits are:

\$290,000 for employees or elected officials establishing OPERS membership on or after Jan. 1, 1994.

\$430,000 for employees or elected officials establishing OPERS membership prior to Jan. 1, 1994. This limit is applied regardless of whether there has been a break in service or an account refund for previous service.

These limits are indexed annually.

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Retirement Age	Public Plan General Members	Public Plan Police and Fire Members
35	\$43,256	\$230,000
36	45,687	230,000
37	48,269	230,000
38	51,014	230,000
39	53,934	230,000
40	57,042	230,000
41	60,353	230,000
42	63,882	230,000
43	67,648	230,000
44	71,669	230,000
45	75,968	230,000
46	80,567	230,000
47	85,492	230,000
48	90,774	230,000
49	96,443	230,000
50	102,536	230,000
51	109,093	230,000
52	116,159	230,000
53	123,786	230,000
54	132,029	230,000
55	140,954	230,000
56	150,632	230,000
57	161,146	230,000
58	172,588	230,000
59	185,064	230,000
60	198,696	230,000
61	213,621	230,000
62	230,000	230,000
63	230,000	230,000
64	230,000	230,000
65 or older	\$230,000	\$230,000