OPERS EMPLOYER Notice

December 23, 2013

Ohio Public Employees Retirement System • 277 East Town Street • Columbus, Ohio 43215

Note:
Withholding and remitting retirement contributions in excess of IRS limits results in additional paperwork for the employer.

Excess withholding also results in delayed delivery of some earned salary due to affected employees.

2014 IRS Compensation and Contribution Limits

Who should read this notice
Finance directors, human resources and payroll professionals

Situation overview
Each year, the Internal Revenue Service (IRS) establishes two specific limits, the *compensation limit* and the *contribution limit*, about which employers should be knowledgeable.

- The *compensation limit,* the threshold 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 *compensation limits* for 2014 are as follows:

  - For employees or elected officials establishing OPERS membership on or after Jan. 1, 1994, the *compensation limit* for 2014 increases to $260,000. The limit for 2013 is $255,000.
  - For employees or elected officials establishing OPERS membership prior to Jan. 1, 1994, the *compensation limit* for 2014 increases to $385,000. This limit is applied regardless of whether there has been a break in service *or* an account refund for previous service. The limit for 2013 is $380,000.

- The *contribution limit,* the threshold established by IRC section 415(c)(1)(A), is the maximum amount an employee may contribute to a defined contribution plan. The IRS defines the OPERS Member Directed Plan as a qualified defined contribution plan.

  - The *contribution limit* to a defined contribution plan for 2014 increases to the lesser of 100 percent of an employee's compensation *or* $52,000. The limit for 2013 is $51,000.
  - Employee and employer contributions, additional deposits paid by the employee to OPERS, and service purchases are all included when applying the contribution limit.
  - Certain contributions to the OPERS Traditional Pension Plan or Combined Plan may also be subject to this limit. These include mandatory contributions that are not picked up by the employer, Additional Annuity program contributions, and voluntary deposits to the Combined Plan.

What employers need to do
Monitor your records of each employee's reported earnable salary to make sure you are only deducting and remitting contributions up to the maximums allowed by the IRS. To help with this effort, OPERS will also monitor reported earnable salary and contributions subject to these IRS guidelines. Please be aware that OPERS will contact you if any of your employees are nearing these limits.

(More information on back)

OPERS
1-888-400-0965
www.opers.org

Why this is important
Although these limits may affect only a small number of your employees, monitoring these IRS mandated limits is important because any retirement contributions deducted and remitted in excess of the limits will result in a refund and a delay to your employees of part of their salary. If an employee contribution is sent in error, OPERS will initiate the process to refund those contributions.

Changes to the *Employer Manual*
There are no *Employer Manual* changes resulting from the information contained in this *Employer Notice.*

Whom to contact for more information
After you review this *Employer Notice*, contact your Employer Outreach representative with questions or comments at 888-400-0965, or by e-mail at employeroutreach@opers.org.

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