

MEMORANDUM

TO: All Retirement Boards

FROM: Joseph E. Connarton, Executive Director

RE: 2015 Limits under Chapter 46 of the Acts of 2002

DATE: January 5, 2015

Prior PERAC Memos (# 27/2002, # 45/2002, and #17/2003) briefly outlined Chapter 46 of the Acts of 2002. This law brought the Massachusetts Retirement Law into compliance with Federal Limitations on the compensation used to calculate retirement allowances and the dollar amounts of retirement allowances. This provision generally affects only the highest paid employees and will not apply to most retirement system members.

The regulations regarding Section 401(a)(17) (compensation limit) and Section 415 (benefit limit) of the Internal Revenue Code are quite complex and can vary under individual circumstances. The general compensation limit for 2015 is \$265,000. The general benefit limit for 2015 is \$210,000 per year for a member retiring at age 65 although this limit is generally reduced for retirement prior to age 62. These limitations are indexed each year.

Please contact our Actuary, Jim Lamenzo, if you have any questions.

