

2010 Internal Revenue Code 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) limits may affect retirement benefits.

IRC 401(a)(17) Limits

If you first became an SDCERA member on or after July 1, 1996, 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 2010 is \$245,000.

IRC 415(b) 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, in order to avoid any impact to its employees, 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 County employee 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 2010 is \$195,000 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 for those employed in a police* or fire department who meet certain service requirements.) Review the table below for the applicable dollar limit for members retiring in 2010.

IRC Maximum Pension Benefit Limits

AGE	2010 ANNUAL DOLLAR LIMITS FOR MOST MEMBERS	AGE	2010 ANNUAL DOLLAR LIMITS FOR MOST MEMBERS
41	\$49,623	53	\$103,020
42	\$52,564	54	\$110,044
43	\$55,706	55	\$117,672
44	\$59,065	56	\$125,969
45	\$62,661	57	\$135,013
46	\$66,514	58	\$144,891
47	\$70,648	59	\$155,704
48	\$75,087	60	\$167,566
49	\$79,862	61	\$180,613
50	\$85,004	62	\$195,000
51	\$90,549	63	\$195,000
52	\$96,539	64	\$195,000
		65+	\$195,000

* Only those employed in the County of San Diego's Sheriff's department

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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 increases in 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 those 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.