

## Internal Revenue Code 415(b) Limits

### Fact Sheet

Internal Revenue Code Section 415(b) imposes a dollar limit on the benefit amount the State Retirement Agency of Maryland (SRA) can pay from tax-deferred plan funds.

Because members may retire at a relatively early age with a high percentage of highest final average salary (FAS), a few members may encounter this limit.

The 415(b) limit increases as the age at retirement increases. See the abbreviated table on the right for those retiring in 2012. The table outlines the annual benefit limitation amounts for non-disability, non-police retirees. This is a very complicated limit, but the SRA believes this information may be helpful to our members.

Prior to retirement, you may estimate whether your benefit may be affected by this 415(b) limit as follows:

1. Request an estimate of your retirement allowances by submitting an Application for an Estimate of Service Retirement Allowance. This form is available from your Retirement Coordinator and also online at our website, [sra.maryland.gov/](http://sra.maryland.gov/).
2. Once you have received a Notice of Retirement Allowance Estimate, compare the estimated amount listed as your Basic Allowance to the amount in the table on the right for the retirement age used to determine your estimated benefit. Remember to annualize (multiply by 12) the amount listed as your Basic Allowance since the abbreviated 415 table reflects annual allowances.
3. If your annualized estimated Basic Allowance is less than the amount shown in the table, you should not be subject to the 415(b) limit. However, the limit may be further reduced if you plan on selecting one of the optional forms of benefits.
4. If your annualized estimated Basic Allowance is more than amount shown in the table, you may be subject to the 415(b) limit.

If item 4 above applies to you, further analysis by the SRA's actuary will be required to determine if your actual benefit at retirement will be limited.

Given the cost of such actuarial analysis and the need to do the analysis with actual retirement information, the SRA will wait until it has received your Retirement Application before requesting the actuarial analysis.

If the actuary determines that your benefit exceeds the 415(b) limit at retirement, the SRA will pay you directly the maximum amount permitted under 415(b). Please note that cost of living adjustments are also subject to the 415(b) limits as adjusted.

**Before you decide to retire, make certain you have a current Notice of Retirement Allowance Estimate. The SRA strongly urges you to consult with a qualified tax adviser who is familiar with your particular financial facts and circumstances, including any plans other than SRA-sponsored plans in which you may have participated.** You may direct your questions to the SRA at (410) 625-5555 or (800) 492-5909.

*This fact sheet provides general information about the effect of Internal Revenue Code Section 415(b) limits on SRA benefits. Your rights, benefits, and obligations as a SRA member are governed by the State Personnel & Pensions Article of the Maryland Annotated Code, the Rules of the Maryland State Retirement System and Federal law, all of which take precedence over any interpretations in this fact sheet.*

### **Abbreviated Table of Section 415 Limits for 2012**

*Limit increases each  
month a member ages*

<u>Age</u>	<u>Limit (\$)</u>
50	87,387
51	93,075
52	99,218
53	105,862
54	113,062
55	120,878
56	129,378
57	138,640
58	148,752
59	159,817
60	171,953
61	185,295
62	200,000
63	200,000
64	200,000
65	200,000

Limitation amounts  
are based upon annual  
retirement allowance.  
(Monthly x 12)