



Memorandum # 17/2003

Commonwealth of Massachusetts | Public Employee Retirement Administration Commission
Five Middlesex Avenue, Third Floor, Somerville, MA 02145
Ph 617 666 4446 | Fax 617 628 4002 | TTY 617 591 8917 | www.mass.gov/perac
Robert E. Tierney, *Chairman* | A. Joseph DeNucci, *Vice Chairman*
C. Christopher Alberti | Kenneth J. Donnelly | Eric A. Kriss | James M. Machado | Donald R. Marquis
Joseph E. Connarton, *Executive Director*

MEMORANDUM

TO: All Retirement Boards

FROM: Joseph E. Connarton, Executive Director

RE: 2003 limits under Chapter 46 of the Acts of 2002

DATE: May 29, 2003

PERAC Memos # 27/2002 and # 45/2002 briefly outlined Chapter 46 of the Acts of 2002. This law brings 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 affects only the highest paid employees and will not apply to most retirement systems and most retirement system members.

A number of systems that have members who are or may be affected by these limitations have contacted us over the past year. We have reviewed the individual circumstances for these members. For any system that has not contacted us with but has potentially affected members, please review PERAC Memo # 27/2002 which provides more detailed criteria.

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 compensation limit for 2003 is generally \$200,000 (the same as the 2002 limit, however it may be higher in certain situations). The general benefit limit for 2003 is \$160,000 per year for a member retiring at age 65 (the same as the 2002 limit, although this limit is generally reduced for early retirement). These limitations are indexed each year.

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