MEMORANDUM

DATE: December 13, 2019

TO: Chief Human Resources Officers and Chief Business Officers

FROM: Lisa Joe, Director of Retirement Programs & Services

SUBJECT: 2020 Retirement Plan Limits

CC: Tracey Cook, Teresa MaCartney, Juanita Hicks, Edward Tate, Karin Elliott, Becky Prince

Eligible employees of the University System of Georgia (USG) participate in one of two qualified retirement plan options:

(1) the Optional Retirement Plan (ORP)/Regents Retirement Plan – a defined contribution plan; or

(2) the Teachers Retirement System of Georgia (TRS) – a defined benefit plan.

- ORP/Regents Retirement Plan is a calendar year plan (Jan. 1 – Dec. 31). The new limits for ORP will go into effect beginning of the next calendar year (Jan 2020).

- TRS is a fiscal year plan (July 1 – June 30). The new limits for TRS will go into effect at the beginning of the next fiscal year (July 2020).

Some of our member institutions may have employees who transferred to the USG from another State of Georgia agency and retained their membership in the Employees’ Retirement System (ERS).

Should you have questions regarding the 2020 Retirement Plan Limits for employees under ERS, please call (404) 350-6500 or go to the following link for the ERS website at http://www.ers.ga.gov.

2020 IRC Section 401(a) (17) Limits:

Both of the USG qualified retirement plan options are deemed to be Section 401(a) (17) plans under the Internal Revenue Code (IRC). IRC Section 401(a) (17) identifies the maximum wage, or compensation, that may be used for computing retirement benefits. For 2020, the maximum compensation that is to be used for computing retirement benefits is $285,000.

Please remember the following important facts:

- The IRC Section 401(a) (17) maximum salary limitation applies only to those ORP employees hired on or after Jan. 1, 1996.

- The IRC Section 401(a) (17) maximum salary limitation applies only to those TRS employees hired on or after July 1, 1996.
The Internal Revenue Service allowed public employee retirement systems, such as TRS and ORP/Regents Retirement Plan, to grandfather in all employees hired prior to these respective 1996 dates, with no maximum salary limitation.

**2020 IRC Section 415 Limits:**
The IRS also imposes limits on the amount of contributions that may be allocated to an employee’s defined contribution retirement plan accounts in any one year. This is known as an IRC Section 415 limit.

- For 2020, the IRC Section 415 limit is 100% of compensation or the lesser of $57,000. The 415 limit applies to the ORP and the 403(b) plans. They are subject to separate 415 limits. (This does not apply to TRS)

- A USG ORP plan participant may allocate his/her contributions among three different approved vendors. If an ORP participant divides his/her investment among multiple vendors, the minimum investment for any vendor must be at least 10 percent.

- The three approved vendors for the University System of Georgia ORP are Fidelity, TIAA, and AIG (formerly VALIC).

OneUSG will monitor the total employee and employer contributions for the ORP and employee contribution for the 403(b) participants to ensure that the 2020 IRC Section 415 limit of $57,000 is not exceeded.

- Each plan is subject to a separate 415 limit.

- These plans are not aggregated in determining the 415 contribution limit.

- *Please note that contributions made to the 457(b) plan are excluded from the IRC Section 415 limit.*

**2020 IRC Section 403(b) and 2020 IRC Section 457(b) Elective Deferral Plan Limits:**

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<thead>
<tr>
<th>Elective Deferral</th>
<th>$19,500</th>
<th>Elective Deferral</th>
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<tr>
<td>403(b) Age 50 Catch-Up</td>
<td>$6,500</td>
<td>457(b) Age 50 Catch-Up</td>
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