

## Internal Revenue Code Section 415 Limitation Calculation

### GENERAL INFORMATION

Internal Revenue Code Section 415 limits the amount of contributions that a member of a qualified retirement plan can make to the plan for any given year.

Trustee-to-trustee transfers and qualifying rollover contributions are exempt from these limits.

The Indiana State Teachers' Retirement Fund (TRF) is a tax-qualified retirement plan, and it is bound to follow these federal law requirements. If a member contributes an amount in excess of the limit imposed under Internal Revenue Code Section 415, these excess contributions jeopardize the member's tax benefits. The table provided below enables you to calculate the maximum amount you may contribute in cash to purchase service credit under TRF without violating the limitations under Internal Revenue Code Section 415.

Using your projected gross compensation amount for the current calendar year, please complete the calculations and enter them in the fields provided. If you are purchasing service credit by making a cash contribution, please return this completed form with a personal check made payable to the Indiana State Teachers' Retirement Fund for the appropriate amount for the year(s) of service credit you desire to purchase. The aggregate amount paid for the service credit you purchase cannot exceed the number shown on Line 8 of the chart below.

A fiscal year is July 1 to June 30. A calendar year is January 1 to December 31.

### INTERNAL REVENUE CODE SECTION 415 LIMITATION CALCULATION

1. Projected gross compensation for calendar year	1.
2. Maximum limit under federal tax law (for current fiscal year)	2.
3. Total: <b>Line 1 x 3%</b> (0.03) if your contribution is <b>not</b> picked up by your school corporation (employer). If your contribution is picked up by your school corporation (employer), enter <b>0</b> .	3.
4. Total of voluntary post-tax contributions made to TRF, if any (for current fiscal year)	4.
5. Total: <b>Line 3 + Line 4</b>	5.
6. Total: <b>Line 5 – Line 2</b>	6.
7. If any other service credit purchases have been made in this calendar year, enter the amount contributed or paid here (do not include any amounts paid by rollover contribution or trustee-to-trustee transfer).	7.
8. Internal Revenue Code Section 415 Limitation, Total: <b>Line 7 – Line 6</b>	8.

The amount on Line 8 estimates the maximum amount of money a member may directly contribute in cash to the Indiana State Teachers' Retirement Fund for the calendar year to purchase service credit. If the amount on Line 8 is not large enough to allow you to purchase all the credit you want this year, you should contact TRF at (317) 232-3860 or toll-free at (888) 236-3544 to see if certain other exceptions in the federal tax law from the Internal Revenue Code Section 415 Limitation for service purchases could permit you to purchase this service.

If none of these exceptions apply, you might consider (1) making a partial purchase; **or** (2) paying for the service by making a trustee-to-trustee transfer or rollover contribution.