



## RETIREMENT PROGRAMS & SERVICES

To: Benefit Managers, Benefit Representatives, Retirement Administration Service Center, Health Care Facilitators, and the UCPath Shared Service Center

From: Melissa Rad, Actuarial Services Group

Date: November 16, 2020

Re: **2021 Indexed Dollar Amounts for Tax-Qualified Retirement Plans and Social Security Wage Base**

The Internal Revenue Service announced the 2021 dollar amounts provided under qualified pension plans and tax sheltered annuity arrangements that have been indexed for cost-of-living increases. We have also included the 2021 Social Security wage base for your reference. The new amounts are as follows, with the corresponding 2020 amounts shown for comparison purposes:

Type of Limit	2021	2020	Applied to:
<b>§415(b) Dollar Limit</b>	\$230,000	\$230,000	Maximum UCRP benefit payments during Calendar Year
<b>§415(c) &amp; 457(e)(15) Annual Additions Limit</b>	\$58,000	\$57,000	After-tax and pretax UC & Participant contributions to the Defined Contribution (DC) Plan during the Calendar Year (separate limits for each plan)
<b>§402(g) Elective Deferral Limit<sup>1</sup></b>			
Under age 50 on 12/31/21	\$19,500	\$19,500	Participant pretax deferrals to the 403(b) Plan & 457(b) Plan during the Calendar Year (separate limits for each plan).
Age 50 or over on 12/31/21	\$26,000	\$26,000	The catch-up amount for 2021 remains unchanged at \$6,500
<b>Annual Maximum Covered Compensation (Effective July 1<sup>st</sup> of Plan Year<sup>2</sup>)</b>			
<b>§401(a)(17) Limit</b>	\$430,000	\$425,000	Contributions for UCRP Members with an original UCRP entry date prior to 7/1/1994
	\$290,000	\$285,000	Contributions for UCRP Members with an original UCRP entry date on/after 7/1/1994 who are not 2016 Tier Members <sup>3</sup> Contributions to the DC Plan for Savings Choice Participants & Supplemental Benefits for 2016 Tier Members
<b>PEPRA Limit</b>			
2016 Tier Members Paying into Social Security	\$128,059	\$126,291	Contributions for UCRP 2016 Tier Members with an original UCRP entry date of July 1, 2016 and later
Not paying into Social Security	\$153,671	\$151,549	
<b>SS Wage Base<sup>4</sup></b>	\$142,800	\$137,700	For Calendar Year, the Taxable Wage Base for the Old Age, Survivors, and Disability Insurance (OASDI) component of the Federal Insurance Contributions Act (FICA) taxes.

cc: Acting Vice President Lloyd  
Actuarial Services Group  
Pension & Retirement Programs

<sup>1</sup>Eligible Participants may still make additional contributions under special catch-up provisions. For the 403(b) eligible Participants may make additional contributions of up to \$3,000. For the 457(b) eligible Participants may make additional contributions that are limited to the lesser of either: twice the current contribution limit (\$19,500 x 2 = \$39,000) or the current contribution limit (\$19,500) plus the cumulative unused contribution limits for the prior three years. Note that this provision is not applicable if using the over-age-50 deferral limit.

<sup>2</sup>Applicable starting July 1<sup>st</sup> for contribution purposes and at the beginning of each 12-month period for Highest Average Plan Compensation (HAPC) purposes.

<sup>3</sup>The IRC 401(a)(17) limit also applies to an employee in the 2016 Tier who either had an initial entry date prior to 7/1/2016, was a Safe Harbor employee prior to 7/1/2016, or had a CalPERS Membership date prior to 1/1/2013 (if reciprocal provision applies)

<sup>4</sup>The payroll tax rates for employers and employees for OASDI component and the Medicare Hospital Insurance (HI) component will remain at 6.20% and 1.45%, respectively. All wages are subject to the payroll tax for HI. An additional 0.9% HI payroll tax rate will apply on wages over \$200,000 for single filers, over \$250,000 for joint filers, and over \$125,000 for those married filing separately.