



North Carolina Department of State Treasurer

RICHARD H. MOORE
STATE TREASURER

325 NORTH SALISBURY STREET
RALEIGH, NORTH CAROLINA 27603-1385

January 10, 2005

MEMORANDUM

TO: Employers of Members of the
Teachers' and State Employees' Retirement System,
Local Governmental Employees' Retirement System, and
Consolidated Judicial Retirement System

FROM: Michael Williamson, Director

SUBJECT: Annual Compensation Limits in 2005
For Retirement System Contributions

Federal and State laws impose limitations on the compensation of members that is reportable and subject to contributions to qualified retirement plans. These limitations may be adjusted from year-to-year pursuant to Section 401(a)(17)(B) of the Internal Revenue Code. The limitations for calendar (tax) year 2005 are as follows:

For any member of a State-administered retirement system who was hired prior to January 1, 1996, the annual limit on compensation subject to retirement contributions in calendar (tax) year 2005 has been increased to \$315,000.

For any employee hired on and after January 1, 1996 who is a member or becomes a member of a State-administered retirement system, the annual limit on compensation subject to retirement contributions in calendar (tax) year 2005 has been increased to \$210,000.

Inasmuch as a member's membership service is credited according to the months for which contributions are received by a retirement system, employers should notify this Division in January, 2006 as to members whose compensation exceeded the limits during calendar year 2005 and, for each of these members, the months for which compensation was paid but not reportable. This action will ensure that each affected member will receive credit for each month of service.

Questions about the annual limitations on compensation subject to retirement system contributions should be addressed to the Member Services Section of this Division.

Please Route To: Chief Administrative Officer
Chief Financial Officer
Budget/Personnel Officers

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Phone: (919) 508-5176

website: www.treasurer.state.nc.us

The Department of State Treasurer includes Local Government Commission Teachers' and State Employees' Retirement System, Local Governmental Employees' Retirement System, Public Employees' Social Security Agency, Legislative Retirement Fund, Escheats Fund, and Tax Review Board.

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