IRS Contribution Limits and OSU Retirement Programs

Human Resources

Benefits and You

The OSU Defined Contribution Plan (DCP), (for employees who were hired prior to July 1, 2004), the OSU Alternate Retirement Plan (ARP), (for employees hired on or after July 1, 2004), and Oklahoma Teachers' Retirement (OTRS) are qualified under Internal Revenue Code 401(a). The Internal Revenue Code restrictions on employer-paid contributions make the following information important to employees with higher income levels.

Limits on Employer Contributions: The Omnibus Budget Reconciliation Act of 1993 restricts employer-paid contributions by imposing a salary limit under Internal Revenue Code (IRC) Section 401(a)(17). This law affected Governmental plans in 1996. The IRC salary limit changes periodically as it is indexed to the Consumer Price Index. Below are the limits for the respective plan years:

$205,000 effective July 1, 2004
$210,000 effective July 1, 2005
$220,000 effective July 1, 2006
$225,000 effective July 1, 2007
$230,000 effective July 1, 2008
$245,000 effective July 1, 2009
$245,000 effective July 1, 2010
$245,000 effective July 1, 2011
$250,000 effective July 1, 2012
$255,000 effective July 1, 2013

OSU Contributions: For continuous, regular employees hired prior to July 1, 2004, OSU contributes 11.5% of salary toward participant retirement accounts. The OSU contributions are used for the required member contributions to Oklahoma Teachers' Retirement System (OTRS) if the employee participates in OTRS. The excess contributions, after satisfying OTRS, are paid to TIAA-CREF. For eligible employees not participating in OTRS, all OSU contributions are forwarded to TIAA-CREF.

Continuous, regular employees hired on July 1, 2004 or thereafter, elect whether to participate in the ARP with OSU contributing 11.5% of pay to TIAA-CREF or to participate in OTRS with OSU paying the member contributions.

OTRS Impact: OTRS requires contributions on total compensation (salary plus benefits) without regard to the IRC salary limit for members enrolled prior to July 1, 1996. When an employee reaches his/her IRC salary limit within the fiscal year, OSU-paid contributions cease. However, OTRS members enrolled prior to July 1, 1996 are still responsible for OTRS contributions on any contributory compensation that exceeds the salary limit, so the employee must cover the cost of the additional OTRS contributions through salary reduction.

OSU Human Resources developed this information for the convenience of OSU employees. It is a brief interpretation of more detailed and complex materials. If further clarification is needed, the actual law, policy, and contract should be consulted as the authoritative source. OSU continually monitors benefits, policy, and procedures and reserves the right to change, modify, amend, or terminate benefit programs at any time.