**Section 4440.220 Effect of COLA without a Lump Sum Component on 415(b) Testing**

Effective on and after January 1, 2003, for purposes of applying the IRC section 415(b) limit to a member with no lump sum benefit, the following will apply:

a) a member's applicable 415(b) limit will be applied to the member's annual benefit in the member's first limitation year without regard to any automatic cost of living adjustments;

b) to the extent that the member's annual benefit equals or exceeds the limit, the member will no longer be eligible for cost of living increases until the benefit plus the accumulated increases are less than the 415(b) limit;

c) in any subsequent limitation year, a member's annual benefit, including any automatic cost of living increases, shall be tested under the then applicable 415(b) limit including any adjustment to the IRC section 415(b)(1)(A) dollar limit under IRC section 415(d), and the related Treasury Regulations (26 CFR 1.415(b)).