

Retirement Board

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Memorandum

To: Retirement Liaison Officers

From: Charyl Lacombe, Manager
Pension Services

Date: December 27, 2019

Re: 2020 Active Member Salary Limitation for Members Enrolled
On or After July 1, 2015

The 2015 Legislature passed Senate Bill 406 modifying the Public Employees' Retirement System, the Judicial Retirement System and the Legislative Retirement System. Provisions within the bill limit the amount of compensation used to determine the retirement benefit of a person who first became a member of these Systems on or after July 1, 2015. The limitation is adjusted annually based on the rolling three year average of the Consumer Price Index.

For effected members, the active member salary limitation for calendar year 2020 is \$211,970.43. Attached is a worksheet which explains how to adjust a member's wage if they meet the salary limitation under the Employer-Paid contribution plan.

If you have any questions or concerns please contact me at (775) 687-4200 extension 228 or Terry Hart at (775) 687-4200 extension 265.

**Active Member Salary Cap Summary
For Members Enrolled on or after July 1, 2015**

The limitation for active members is tracked on a calendar year basis (January through December). The amount of wages (and contributions) reported to PERS depends upon the contribution plan the employee participates under.

Employee/Employer contribution plan sample:

If a member was enrolled in PERS on or after July 1, 2015 and earned an annual salary of \$300,000 under the Employee/Employer contribution plan during the 2020 calendar year, the maximum that can be reported per month is \$17,664.20 ($\$211,970.43 / 12 = \$17,664.20$). If this same member is paid bi-weekly the amount reported during a 2 pay period month is \$16,305.42 and \$24,458.12 during a 3 pay period month.

Employer-Paid contribution plan sample:

If the member is under the Employer-Paid contribution plan, the Employer-paid factor must be used to reduce the reportable wages.

For example, if a member that was enrolled in PERS on or after July 1, 2015 earned \$300,000 under the Employer-Paid contribution plan (paid on a bi-weekly schedule) during calendar year 2020, the reportable wages would be adjusted as follows:

$\$211,970.43$ (2020 salary cap) / 26 pay periods = $\$8,152.70$ / 1.1400 (Employer-Paid Factor) = $\$7,151.50 \times 2$ = **$\$14,302.99$** (2 pay period month wage). Three pay period month wage = **$\$21,454.49$** .