

Active Member Salary Cap Summary

NRS 286.535 Limitation on compensation used to determine retirement benefit.

Notwithstanding any other provision of law, the amount of compensation used to determine the retirement benefit of a member of the System must not exceed:

1. For persons who first became members of the System before July 1, 1996, the limitation provided by section 401(a)(17) of the Internal Revenue Code (26 U.S.C. 401(a)(17)), as that section existed on July 1, 1993.

2. For persons who first became members of the System on or after July 1, 1996, the limitation provided by section 401(a)(17) of the Internal Revenue Code (26 U.S.C. 401 (a)(17)), as that section existed on July 1, 1996.

Limitations for Members enrolled before July 1, 1996		Limitations for Members enrolled on or after 7/1/1996	
1/1996 to 12/1996	\$250,000	1/1996 to 12/1999	\$160,000
1/1997 to 12/1998	\$265,000	1/2000 to 12/2001	\$170,000
1/1999 to 12/1999	\$270,000	1/2002 to 12/2003	\$200,000
1/2000 to 12/2000	\$275,000	1/2004 to 12/2004	\$205,000
1/2001 to 12/2001	\$285,000	1/2005 to 12/2005	\$210,000
1/2002 to 12/2002	\$295,000	1/2006 to 12/2006	\$220,000
1/2003 to 12/2003	\$300,000	1/2007 to 12/2007	\$225,000
1/2004 to 12/2004	\$305,000	1/2008 to 12/2008	\$230,000
1/2005 to 12/2005	\$315,000	1/2009 to 12/2011	\$245,000
1/2006 to 12/2006	\$325,000	1/2012 to 12/2012	\$250,000
1/2007 to 12/2007	\$335,000	1/2013 to 12/2013	\$255,000
1/2008 to 12/2008	\$345,000	1/2014 to 12/2014	\$260,000
1/2009 to 12/2011	\$360,000	1/2015 to present	\$265,000
1/2012 to 12/2012	\$375,000		
1/2013 to 12/2013	\$380,000		
1/2014 to 12/2014	\$385,000		
1/2015 to present	\$395,000		

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.

If a member was enrolled in PERS on or after July 1, 1996, and earned an annual salary of \$300,000 under the Employee/Employer contribution plan during the 2012 calendar year, the maximum that can be reported per month is \$20,833.33 ($\$250,000 / 12 = \$20,833.33$). If this same member is paid bi-weekly the amount reported during a 2 pay period month is \$19,230.77 and \$28,846.15 during a 3 pay period month.

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, 1996 earned \$300,000 under the Employer-Paid contribution plan (paid on a bi-weekly schedule) during calendar year 2011, the reportable wages would be adjusted as follows:

$\$245,000$ (2011 salary cap) / 26 pay periods = 9,423.08 / 1.112963 (Employer-Paid Factor) = $\$8,466.66 \times 2 = \mathbf{\$16,933.32}$ (2 pay period month wage). Three pay period month wage = $\mathbf{\$25,399.98}$.