

Retirement Board

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Memorandum

To: Retirement Liaison Officers

From: Sonya Hellwinkel, Director
Employer, Production & Pension Services

Date: February 1, 2018

Re: Revised 2017 and 2018 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 (CPI).

Due to an adjustment in the rolling three year average of the CPI, the active member salary limitations for calendar years 2017 and 2018 have been revised. The 2017 limit is \$202,120.00 and the limit is \$203,979.50 for calendar year 2018. A worksheet which explains how to adjust a member's wage if they meet the salary limitation under the Employer-Paid contribution plan is attached.

If you have any questions or concerns please contact me at (775) 687-4200 extension 269 or Charyl Lacombe at (775) 687-4200 extension 228.

**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 example:

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 2018 calendar year, the maximum that can be reported per month is \$16,998.29 ($\$203,979.50 / 12 = \$16,998.29$).

If this same member is paid bi-weekly the amount reported during a 2 pay period month is \$15,690.73 and \$23,536.10 during a 3 pay period month.

Employer-Paid contribution plan example:

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 2018, the reportable wages would be adjusted as follows:

$\$203,979.50$ (2018 salary cap) / 26 pay periods = $\$7,845.37 / 1.1400$ (example Employer-Paid Factor) = $\$6,881.90 \times 2 = \mathbf{\$13,763.80}$ (2 pay period month wage). Three pay period month wage = $\mathbf{\$20,645.69}$.