

Retirement Board

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Memorandum

To: Retirement Liaison Officers

From: Charyl Lacombe, Administrative Analyst

Date: December 16, 2024

Re: Active Member Salary Limitation

NRS 286.535 requires that the amount of compensation used to determine the retirement benefit of a member of the System must not exceed the limitations provided under 401(a)(17) of the Internal Revenue Code. Effective January 1, 2025, the Internal Revenue Service has announced the salary limitations for active members for the 2025 calendar year. For active members that were enrolled in PERS prior to July 1, 1996, the limit on reportable wages is \$520,000.00 and for members enrolled on or after July 1, 1996, the limit is \$350,000.00. Please be aware that these wages limits do not apply to participants who first became a member of the System on or after July 1, 2015.

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 via email at calacombe@nvpers.org or (775) 687-4200 extension 228.

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

1/1996 to 12/1996	\$250,000
1/1997 to 12/1998	\$265,000
1/1999 to 12/1999	\$270,000
1/2000 to 12/2000	\$275,000
1/2001 to 12/2001	\$285,000
1/2002 to 12/2002	\$295,000
1/2003 to 12/2003	\$300,000
1/2004 to 12/2004	\$305,000
1/2005 to 12/2005	\$315,000
1/2006 to 12/2006	\$325,000
1/2007 to 12/2007	\$335,000
1/2008 to 12/2008	\$345,000
1/2009 to 12/2011	\$360,000
1/2012 to 12/2012	\$375,000
1/2013 to 12/2013	\$380,000
1/2014 to 12/2014	\$385,000
1/2015 to 12/2016	\$395,000
1/2017 to 12/2017	\$400,000
1/2018 to 12/2018	\$405,000
1/2019 to 12/2019	\$415,000
1/2020 to 12/2020	\$425,000
1/2020 to 12/2020	\$425,000
1/2021 to 12/2021	\$430,000
1/2022 to 12/2022	\$450,000
1/2023 to 12/2023	\$490,000
1/2024 to 12/2024	\$505,000
1/2025 to 12/2025	\$520,000

Limitations for Members enrolled
on or after 7/1/1996

1/1996 to 12/1999	\$160,000
1/2000 to 12/2001	\$170,000
1/2002 to 12/2003	\$200,000
1/2004 to 12/2004	\$205,000
1/2005 to 12/2005	\$210,000
1/2006 to 12/2006	\$220,000
1/2007 to 12/2007	\$225,000
1/2008 to 12/2008	\$230,000
1/2009 to 12/2011	\$245,000
1/2012 to 12/2012	\$250,000
1/2013 to 12/2013	\$255,000
1/2014 to 12/2014	\$260,000
1/2015 to 12/2016	\$265,000
1/2017 to 12/2017	\$270,000
1/2018 to 12/2018	\$275,000
1/2019 to 12/2019	\$280,000
1/2020 to 12/2020	\$285,000
1/2021 to 12/2021	\$290,000
1/2022 to 12/2022	\$305,000
1/2023 to 12/2023	\$330,000
1/2024 to 12/2024	\$345,000
1/2025 to 12/2025	\$350,000

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 \$350,000.00 under the Employee/Employer contribution plan during the 2025 calendar year, the maximum that can be reported per month is \$29,166.66 ($\$345,000.00 / 12 = \$29,166.66$). If this same member is paid bi-weekly the amount reported during a 2 pay period month is \$26,923.07 and \$40,384.61 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 \$350,000 under the Employer-Paid contribution plan (paid on a bi-weekly schedule) during calendar year 2025, the reportable wages would be adjusted as follows:

$\$350,000$ (2025 salary cap) / 26 pay periods = $\$13,461.53 / 1.140283$ (Employer-Paid Factor) = $\$11,805.43 \times 2 = \mathbf{\$23,610.86}$ (2 pay period month wage). Three pay period month wage = $\mathbf{\$35,416.29}$

***Please note, the Employer-Paid Factor used above was used only for the purposes of the example. Each agency should use their specific Employer-Paid Factor for determining the appropriate reduced reportable wage.**