

STATE CONTROLLER'S OFFICE
PERSONNEL AND PAYROLL SERVICES DIVISION
P.O. BOX 942850
SACRAMENTO, CA 94250-5878

DATE: April 29, 2021

PAYROLL LETTER #21-004

TO: All Agencies/Campuses in the Uniform State Payroll System

FROM: Jil Barraza, Chief
Personnel and Payroll Services Division**RE: IMPLEMENTATION OF MAXIMUM COMPENSATION LIMITS FOR CALPERS MEMBERS**

On April 30, 2021, the State Controller's Office (SCO) will implement a change to the payroll processing system to stop employer and employee retirement contributions once an employee reaches the annual compensation limit per Section 401(a)(17) of the IRC for some Classic members and Government (Gov.) Code section 7522.10 of the PEPRA law for all PEPRA members.

Monitoring and contribution reporting begin on January 1 of each calendar year. The end date of the payroll earned period determines which calendar year the period falls in. Compensation limits for both Classic and PEPRA members do not limit the salary an employer can pay; they limit the amount of compensation considered under the defined benefit plan.

Once a participant reaches the annual compensation limit, the employer must continue reporting compensation as earned; however, employer and employee contributions should no longer be reported for the rest of the calendar year. Therefore, you will continue to see SUBJ wages in the "RETIREMENT" section of Pay History, even though the employer and employee contributions have stopped.

Sample RETIREMENT section of pay HIST screen when employee has reached limit:

<<-----RETIREMENT----->>			
SUBJ	W/H	ST-SHR	ID / RATE
5054.98	0.00	0.00	2M*.08000

MyCalPERS will track Classic and PEPRA member earnings over multiple CalPERS contracting agencies. Therefore, if a member is hired in the middle of the year from another CalPERS agency, myCalPERS will notify the current employer when the member reaches or exceeds the compensation limit. Please refer to CalPERS Circular Letter 200-001-21 current compensation limits.

Classic Members:

The compensation limit for Classic members for the 2021 calendar year is **\$290,000**.

PEPRA Members:

The compensation limit for PEPRA members for the 2021 calendar year is:

\$128,059 (subject to OASDI)

\$153,671 (NOT subject to OASDI)

To validate if an employee is enrolled in a CalPERS Classic or PEPRA plan please refer to the **E-LVL** field in the “RETIREMENT INFORMATION” section of the PIMS/RST screen.

Sample PIMS/RST Screen:

-----R E T I R E M E N T I N F O R M A T I O N-----									
SYSTEM	E-LVL	COVERAGE-GP	SURVIVOR	SS/MED	ACC CODE	RET RATE	SAFETY	OPTIONAL	
PERS-1	P	10043	NO	YES	DM	.0800	MIS	9	

CalPERS Enrollment Levels Values:

B = PEPRA Member (NOT Subject to OASDI)

C = Classic Member

N = Non CalPERS contributing

P = PEPRA Member (Subject to OASDI)

S = Super Classic Member*

***Employees with a membership date prior to July 1, 1996, are not subject to Maximum Compensation limits.**

Incorrect member Enrollment Levels could cause errors including, but not limited to, miscalculation of employer and employee contributions, delays in processing member retirement benefits, inaccurate retirement estimates, incorrect payment of benefits, and a reduction in retirement benefits. Each Agency must ensure employees hired on or after January 1, 2013 certify in writing whether they are members of another public retirement system and are thus subject to reciprocity as defined in Code of Regulations section 579.3(b). The Agency should work with CalPERS’ Employer Account Management Division (EAMD) to ensure all employees are enrolled at the appropriate Enrollment Levels and make adjustments, if necessary, to any impacted active and retired member accounts in accordance with Government Code section 20160. If you have any questions please call CalPERS’ Customer Contact Center at **888 CalPERS** (or **888-225-7377**).

PPM changes to add Section H 211.1 and updates to Section H 214 will be released in May 2021. For additional questions, please use the following contact information:

<u>SUBJECT AREA</u>	<u>CONTACT</u>	<u>TELEPHONE NUMBER/EMAIL</u>
Program Administration (e.g., rules, regulations, benefits/pay impacts)	Personnel Services Branch CalHR	(916) 323-3343/ psb@calhr.ca.gov

<u>SUBJECT AREA</u>	<u>CONTACT</u>	<u>TELEPHONE NUMBER/EMAIL</u>
General Payroll Procedures Disability Payroll Procedures Employment History Procedures	Statewide Customer Contact Center SCO	(916) 372-7200
HR Suggestions Email Inbox (All HR Staff)	Personnel and Payroll Services Division SCO	PPSDHRSuggestions@sco.ca.gov
Escalation Email Inbox (HR Supervisors and Managers)	Personnel and Payroll Services Division SCO	PPSDOps@sco.ca.gov

SCO Key Initiatives:

- [Cal Employee Connect Project](#)
- [CalATERS Replacement Project](#)
- [California State Payroll System Project](#)

JEB:AB:PM