

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

DATE: November 18, 2021

PAYROLL LETTER #21-018

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

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

This letter is to provide additional clarification of the Maximum Compensation Limits for CalPERS members. On April 30, 2021, the State Controller's Office (SCO) implemented 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 Public Employees' Pension Retirement Act (PEPRA) for all PEPRA members.

With the implementation of this system change, the monitoring and contribution reporting changed the accumulation of pensionable compensation to begin and restart on January 1 of each calendar year. Therefore, employees may reach the Maximum Compensation at a later pay period contrary to previous calendar years' method of monitoring and reporting of contribution. SCO has started issuing retirement contribution refunds for those employees that reached the Maximum Compensation limits in the December 2020 pay period and will finish by December 31, 2021. If SCO's refund process inadvertently missed any employees then Agencies must send in a STD. 674 to request a refund after December 31, 2021.

For additional information on the Max Compensation Limits payroll system implementation, refer to [SCO Payroll Letter 21-004](#) and [Payroll Procedures Manual Section H 211.1](#).

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 |
| 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 |

| <u>SUBJECT AREA</u> | <u>CONTACT</u> | <u>TELEPHONE NUMBER/EMAIL</u> |
|--|---|--|
| Escalation Email Inbox (HR Supervisors and Managers) | Personnel and Payroll Services Division SCO | PPSDOps@sco.ca.gov |
| Affordable Care Act (ACA) | | acasupport@sco.ca.gov |
| Cal Employee Connect Feedback | | connectfeedback@sco.ca.gov |
| Cal Employee Connect | | connecthelp@sco.ca.gov |
| California Leave Accounting System (CLAS) ConnectHR | | Clas@sco.ca.gov connecthrhelp@sco.ca.gov |
| Management Information Retrieval System (MIRS) | | ppsdmirs@sco.ca.gov |

SCO Key Initiatives:

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

JEB:AFB:PMAB