



2025 Annual Retirement Compensation Max FAQs

Retirement Max

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What is Retirement Max?

Each year the Internal Revenue Code (IRC) 401(a)(17) provides a dollar limitation on benefits and contributions under qualified retirement plans, including the California Public Employees' Retirement System (CalPERS).

Compensation limits for both Classic and PEPRA (New) members do not limit the salary an employer can pay, but rather limits the amount of compensation taken into account under the defined benefit plan.

As employees reach their maximum contributions allowable, the SCO payroll processing system would stop employer and employee retirement contributions from withholding once an employee reaches the annual compensation.

Who does the Annual Retirement Compensation Max apply to?

Employees who became members of CalPERS on or after July 1, 1996, are subject to the IRC 401(a)(17) limit. Employees with membership dates before July 1, 1996, are not impacted by these limits.

How do I know what the annual retirement compensation limit is?

The annual limit depends on the CalPERS retirement enrollment level of the employee, either Classic or PEPRA members.

Annually in, CalPERS will issue a Circular Letter to all CalPERS employers informing them of the annual limits for that year. The Social Security Participant status also defines the annual limit.

For example, per [Circular Letter: 200 001-25](#) issued January 02, 2025:

Compensation Limits

The compensation limit for classic members for the 2025 calendar year is \$350,000. Employees with membership dates prior to July 1, 1996, are not impacted by these limits. The compensation limits for classic members during calendar years 2021 through 2024 are:

2024	2023	2022	2021
\$345,000	\$330,000	\$305,000	\$290,000

The compensation limit for PEPRA members for the 2025 calendar year is:

Year	Social Security Participants	Non-Social Security Participants
2025	\$155,081	\$186,096

The compensation limits for PEPRA members during calendar years 2021 through 2024 are:

Year	Social Security Participants	Non-Social Security Participants
2024	\$151,446	\$181,734
2023	\$146,042	\$175,250
2022	\$134,974	\$161,969
2021	\$128,059	\$153,671

How do I know if an employee needs a refund?

The employer (SCO) is responsible for monitoring when an employee meets or exceeds the annual retirement compensation limit. Once a participant reaches the annual retirement 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. my|calPERS 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, my|calPERS will notify you, the current employer, when the member reaches or exceeds the annual retirement compensation limit. Monitoring and contribution reporting begins anew at the beginning of each calendar year.

For questions or concerns, please contact the Personnel and Payroll Services Division, [Statewide Customer Contact Center](#) at (916) 372-7200.

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