

Maximum Earnings Subject to Contribution

IRS Section 401(a)(17) of the Internal Revenue Code limits the amount of compensation that is subject to retirement contributions for active employees entering PSERS membership on or after July 1, 1996*.

- For employees who became PSERS' members before July 1, 1996*, there is no maximum earning level beyond which retirement contributions should not be made. Contributions must be made on all qualifying earnings for these employees, regardless of how much they earn in a calendar year.
- For employees who became PSERS' member on or after July 1, 1996, the maximum amount of earnings that qualify for retirement contributions may not exceed the limitation. The limit for a PSERS fiscal year is the IRS announced limit for the calendar year in which such fiscal year begins. If an employee earns more in a fiscal year than the limit, all salary that exceeds this limit should be reported in the EXSAL (Excess Salary) field on the employee's Work Report Records for the remainder of that Fiscal year. No retirement contributions should be made on this excess salary. The salary limitation for the last 10 years is as follows:

Calendar Year	Reportable Compensation Limit
2020	\$285,000
2019	\$280,000
2018	\$275,000
2017	\$270,000
2016	\$265,000
2015	\$265,000
2014	\$260,000
2013	\$255,000
2012	\$250,000
2011	\$245,000
2010	\$245,000
2009	\$230,000

If a determination period consists of fewer than 12 months, the compensation limit for that year will be multiplied by a fraction, the numerator of which is the number of months in the determination period and the denominator of which is 12. **Example:** For an employee who works for 5 months in 2016, the reportable compensation limit would be \$110,417 ($\$265,000 \times 5/12$).

* If a refund or retirement exists, examine Contract Record table for first subsequent rehire date (Start Date) that occurred after the last refund/retirement.

i. If the rehire date is greater than or equal to 7/1/1996, the member is subject to the 401(a)(17) limitations.

ii. If the rehire date is less than 7/1/1996, then the member is not subject to the 401(a)(17) limitations.