



Employer Information Circular

Volume 32; Issue4

May 11, 2016

**FISCAL YEAR 2016-17
CREDITABLE COMPENSATION LIMIT FOR
DEFINED BENEFIT CALSTRS 2% AT 62 MEMBERS
AND
CASH BALANCE PARTICIPANTS SUBJECT TO PEPRA**

The purpose of this circular is to inform employers of the 2016-17 fiscal year limit on creditable compensation for CalSTRS 2% at 62 Defined Benefit Program members and Cash Balance Benefit Program participants subject to the California Public Employees' Pension Reform Act of 2013 (PEPRA).

The creditable compensation limit applies to compensation creditable to the Defined Benefit (DB), Defined Benefit Supplement (DBS) and Cash Balance (CB) Benefit programs.

PEPRA limits creditable compensation that may be counted toward CalSTRS retirement benefits for CalSTRS 2% at 62 DB members and CB participants subject to PEPRA. Education Code sections 22119.3 and 26139.5 specify the compensation limit shall not exceed 120 percent of the "contribution and benefit base," as determined under Section 430(b) of the Social Security Act (42 U.S.C. Sec. 430(b)), on January 1, 2013. The compensation limit is adjusted annually based on changes to the Consumer Price Index for All Urban Consumers (CPI-U): U.S. City Average for the month of February, rounded to the nearest thousandth, with the adjustments becoming effective annually on July 1.

The compensation limit for CalSTRS 2% at 62 DB members and CB participants subject to PEPRA effective July 1, 2016, through June 30, 2017, is \$139,320.

If you have an employee who will earn compensation in excess of this limit, please contact your CalSTRS Member Account Services representative for reporting instructions. Employer and member contributions to the DB, DBS and CB Benefit programs should not be taken on the excess amount.

If you have any questions regarding this circular, please contact your CalSTRS Member Account Services representative.