

BUSINESS & FACILITIES UPDATE

News and developments in bidding, building,
and business

LCW LIEBERT CASSIDY WHITMORE



CalPERS Raises Pensionable Compensation Caps for 2018.

CalPERS has updated its pensionable compensation limits for Classic and Public Employees' Pension Reform Act (PEPRA) members for 2018.

The compensation limit for classic members for the 2018 calendar year is \$275,000; raised from \$270,000 in 2017. The compensation limit for new members for the 2018 calendar year is \$121,388 for Social Security Participants and \$145,666 for Non-Social Security Participants. In 2017, the compensation limits for new members was \$118,775 for Social Security Participants and \$142,530 for Non-Social Security participants. Employees with membership dates prior to July 1, 1996 are not impacted by these limits.

These new caps limit the amount of compensation taken into account under a defined benefit retirement plan. When a classic or new member reaches the applicable compensation cap, the public employer is not required to pay retirement contributions on additional compensation earned by the employee above the cap. Thus, for a classic member who earns \$280,000, in 2018, an employer is not obligated to pay retirement contributions on the \$5,000 earned after the \$275,000 cap is reached. Similarly, the employee will not pay retirement contributions on compensation earned above the cap.

Public employers must continue to monitor whether an employee meets or exceeds the 2018 caps and must notify employees when the cap is reached. Employers must also continue to report an employee's compensation earned to CalPERS, even if the compensation exceeds the applicable cap.

Note:

Employers should notify all classic or PEPRA members who are subject to the compensation limit requirements of the changes to the CalPERS caps on earnable compensation.

This article was written by [Dalisa Nisperos](#), Associate, from the San Francisco office of Liebert Cassidy Whitmore. Dalisa can be reached at (415) 512-3025 or at dnisperos@lcwlegal.com. For more information regarding the update above or about our firm please visit our website at <http://www.lcwlegal.com>, or contact one of our offices below.

To subscribe to this e-newsletter please visit: <https://www.lcwlegal.com/>

Liebert Cassidy Whitmore publishes the Business and Facilities Update as a service to our clients and other friends for informational purposes only. It is not intended to be used as a substitute for specific legal advice or opinions and the transmission of this information is not intended to create an attorney-client relationship between sender and receiver. You should not act upon this information without seeking professional counsel.

6033 W. Century Blvd.
5th Floor
Los Angeles, CA 90045
(310) 981-2000

135 Main Street
7th Floor
San Francisco, CA 94105
(415) 512-3000

5250 North Palm Ave.
Suite 310
Fresno, CA 93704
(559) 256-7800

550 West C Street
Suite 620
San Diego, CA 92101
(619) 481-5900

400 Capitol Mall
Suite 1260
Sacramento, CA 95814
(916) 584-7000