



To: Chief School Administrators  
College and University Presidents  
District Contacts  
Employer Secure Area Contacts

## **Administrative Bulletin**

*Issue No. 2018-5*

*May 2018*

### **Limits on Reportable Compensation Used in Benefit Calculations**

#### **Members with a Date of Membership on or After July 1, 1996 – Tiers 4 and 5**

Section 401(a)(17) of the Internal Revenue Code limits the amount of annual compensation that can be used in computing benefits for System members with a membership date on or after July 1, 1996. As advised in Administrative Bulletin 2017-5 the limit for the 2017-18 school year was \$270,000.

The IRS limit for the 2018-19 school year will be \$275,000.

During the 2018-19 school year, please cease applicable mandatory contributions for all members with a date of membership on or after July 1, 1996 who have an annual base pay rate greater than \$275,000 or whose actual or expected earnings will exceed that figure.

#### **Members with a Date of Membership on or After April 1, 2012 – Tier 6**

For Tier 6 members, in accordance with Retirement and Social Security Law Section 601(l), any wages earned during a school year in excess of the New York State governor's annual salary (currently \$179,000) are excluded from pension calculations.

As such, for all members with a date of membership on or after April 1, 2012, please do not deduct employee contributions once the pensionable earnings limit of \$179,000 is reached.

#### **All Members**

The earnings limits described above do not impact the reporting of salary or service credit. Even if the above limits are exceeded, you must continue to report all salary paid and days worked. Any earnings reported in excess of the appropriate limits will be adjusted at year-end, as will contributions.

We will continue to notify you when IRS limits are adjusted for increases in the cost-of-living index. Likewise, we will notify you if the governor's salary changes. Changes in either will affect when deductions for employee contributions should cease.

Please call our Employer Reporting Unit at (800) 348-7298, Ext. 6220 with notifications or if you have any questions on this topic.

*Administrative Bulletins dating from 2005 to the present are available on our website at [NYSTRS.org](http://NYSTRS.org). Select Employers and visit the Administrative Bulletins page.*