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MCERA.org

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To: Marin County Employees' Retirement Association  
Participating Employers

From: Jeff Wickman *JW*  
Retirement Administrator

**SUBJECT: 2023 Compensation Limits for Classic and PEPRA Members**

The purpose of this letter is to notify all Marin County Employees' Retirement Association (MCERA) participating employers of changes to the compensation limits for employees who are MCERA members. **It is imperative this information be communicated to your payroll department or payroll provider, so your systems can be modified to comply with the new limits.** These limits, for both Classic and Public Employee Pension Reform Act (PEPRA) members, are applicable for the 2023 calendar year.

Section 401(a) (17) of the Internal Revenue Code (IRC) provides earnings limits on annual compensation that can be taken into account for purposes of providing benefits under qualified retirement plans for some Classic MCERA members. The compensation limit for Classic members for calendar year 2023 has increased to **\$330,000**.

Government Code Section 7522.10 provides the authority for the earnings limit for all PEPRA members. The compensation limit for PEPRA members for calendar year 2023 has increased as follows:

- Social Security participants: **\$146,042**
- Non-Social Security participants: **\$175,250**

These compensation limits for both Classic and PEPRA members do not limit the salary an employer can pay, but rather limit the amount of compensation that may be used by MCERA when calculating a member's retirement benefit.

Employers should cease deducting member and employer contributions once the member has exceeded the compensation limit on an annual basis. **Employers must continue to report service credit hours and compensation even if the earnings limit is reached.** In addition, compensation reported should be only that which is pensionable, as described in MCERA's Policy Regarding Compensation Earnable and Pensionable Compensation Determinations, which is available at [www.mcera.org](http://www.mcera.org), under Board Policies. The limits begin anew at the start of each calendar year; therefore, deducting contributions should resume each January 1st.

If a new PEPRA member is hired during the calendar year, employers are only responsible for tracking and paying contributions up to the Pensionable Compensation cap paid by the current employer for the current calendar year.

Employers should notify all Classic or PEPRA members who are subject to the compensation limit requirements.

If you have any questions please contact Michelle Hardesty, Assistant Retirement Administrator, at (415) 473-3613 or by email at mhardesty@marincounty.org.