



New York State Teachers' Retirement System

To: Chief School Administrators
College & University Presidents
District Contacts

Administrative Bulletin

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Limit 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 2011-9](#), the limit for the 2011-12 school year is \$245,000. The IRS limit for the 2012-13 school year will increase to \$250,000.

In the 2012-13 school year, please cease applicable mandatory contributions for all members with a date of membership on or after July 1, 1996 once earnings exceed \$250,000. This applies to both those with an annual base pay rate greater than \$250,000 and those whose earnings are expected to exceed that rate.

Members with a Date of Membership On or After April 1, 2012 – Tier 6

Chapter 18 of the Laws of 2012 supersedes IRC Section 401(a)(17) limits for Tier 6 members. For these members, 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.

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 Phyllis Hill at (800) 356-3128, Ext. 4725 with notifications or if you have any questions on this topic. *Again, please note that these members should continue to be reported to NYSTRS as part of your monthly reports.*

Administrative Bulletins dating from 2000 to the present are available on our website at www.nystrs.org. Select the Employers tab and visit the [Administrative Bulletins](#) page.