From:	Lena Young-Gallardo
To:	BSD-CBO List; Persadmin List; BSD-FinMgrsMeet List; Newpy List
Cc:	BSD-ExecutiveStaffList
Subject:	Bulletin - 2026 CalPERS Compensation Limits
Date:	Tuesday, January 6, 2026 11:54:41 AM
Attachments:	Bulletin - 2026 CalPERS Compensation Limits for Classic and New Members.pdf image001.png

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Good afternoon,

Please see the attached bulletin regarding the calendar year 2026 CalPERS compensation limits for both Classic and PEPRA members. Please note these are not actual limits on the amount an employer can pay a CalPERS employee, but limits on the amount of compensation that can be included for retirement benefit purposes.

To view the original CalPERS circular, please use the link below:
https://www.calpers.ca.gov/employers/policies-and-procedures/circular-letters/200-001-26

Thanks,
Lena

Transforming lives through education
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San Bernardino County Superintendent of Schools
Transforming lives through education

Ted Alejandre
County Superintendent

DATE: January 6, 2026

TO: Chief Business Officials, Personnel Administrators, Fiscal Services Directors, and Payroll Staff
San Bernardino County School Districts, Community Colleges, County Office of Education, and Charter Schools

SUBJECT: **CalPERS 2026 Compensation Limits for Classic and New Members**

CalPERS has issued Circular Letter 200-001-26 to inform employers of the 2026 compensation limits for Classic and New Public Employee Pension Reform Act (PEPRA) members and provide guidelines on how to report payroll when Internal Revenue Code (IRC) or PEPRA limits have been reached in a calendar year. **The employer should notify all Classic or New members (PEPRA) who are subject to the compensation limit requirements.**

The compensation limit for Classic members for the 2026 calendar year is $360,000. Employees with membership dates prior to July 1, 1996, are not impacted by these limits.

Classic member compensation during 2022-2025:

2025	2024	2023	2022
$350,000	$345,000	$330,000	$305,000

The compensation limit for new members for the 2026 calendar year depends on their participation in Social Security.

The compensation limit for the 2026 calendar year is:

Year	Social Security Participants	Non-Social Security Participants
2026	$159,733	$191,679

The compensation limits for new members (PEPRA) during 2021-24 were:

Year	Social Security Participants	Non-Social Security Participants
2025	$155,081	$186,096
2024	$151,446	$181,734
2023	$146,042	$175,250
2022	$134,974	$161,969

These limits for both member categories are applicable for the 2026 calendar year. **Compensation limits for both Classic and New members do not limit the salary an employer can pay, but rather limits the amount of compensation taken into account under the defined benefit plan.** Classic and New members should not make contributions on compensation that exceeds the limit for each calendar year. In addition, all compensation reported to CalPERS should exclude items such as overtime, automobile allowances, lump sum payouts, etc.

The employer is responsible for monitoring when an employee meets or exceeds the limit. Once a participant reaches the compensation limit, the employer must continue reporting compensation as earned; however, employer and employee contributions should no longer be reported for the rest of the calendar year. **The compensation limits have been entered into COMPASS.edu, and when an employee reaches the threshold, no contributions will be withheld.**

CalPERS will track Classic and new member earnings over multiple CalPERS contracting agencies and will notify District Financial Services (DFS) when a member reaches or exceeds their compensation limit. DFS will notify the district and give direction on how to report compensation for the remainder of the calendar year for any member that reaches the compensation limit who was hired in the middle of the calendar year from another CalPERS agency. Monitoring begins anew at the beginning of each calendar year. Therefore, contribution reporting should resume each January 1 for your employees.

Impact on Final Compensation

For Classic School members, final compensation is the average annual compensation earnable for a 12 consecutive-month period of employment.

Classic members' retirement allowances are subject to final compensation limits under IRC 401(a)(17). The calculation of each 12-month period shall be subject to the annual compensation limit in effect for the calendar year in which the 12-month period begins. If final compensation exceeds 12 months, each 12-month period is calculated based on the applicable annual compensation limit for that 12-month period.

For new members, final compensation is the average annual pensionable compensation for a 36-consecutive-month period of employment.

New members' retirement allowances are subject to pensionable compensation limits under Government Code section 7522.10. The pensionable compensation limit (used to calculate final compensation), is calculated based on the limit in effect for each calendar year and the number of days per year included in the final compensation period.

If you have any questions regarding this bulletin or reporting beyond the compensation limit, please call Michelle Johnston at (909) 388-5731.

Sincerely,

Ted Alejandre
County Superintendent of Schools

Signed Lena Young-Gallardo
Lena Young-Gallardo, Director
District Financial Services

lyg:kb