Status **Draft** PolicyStat ID **21187063**

San Bernardino County Employees' Retirement Association

Origination	11/7/2019	Area	Benefits
Last Approved	N/A	Applicability	SBCERA systemwide
Effective	9/3/2026		
Last Revised	N/A		
Next Review	9/3/2029		

Adjustment to the Pensionable Compensation Limit Policy

POLICY NO. 023

I. Purpose

The purpose of this Policy is to establish a mechanism by which the pensionable compensation limit is adjusted each year for Tier 2 members pursuant to the California Public Employees' Pension Reform Act of 2013 (PEPRA), as amended by Senate Bill No. 13 (SB 13).

II. Background

PEPRA, as amended by SB 13, limits the pensionable compensation used to calculate the defined benefit paid to a Tier 2 member (membership dates on or after January 1, 2013) who retires from the system. The statute specifies the method for calculating the 2013 calendar year pensionable compensation limit (calculated at 120% of the federal Social Security limit for all members except those employed by the Law Library; limits for members employed by the Law Library are set at 100% of the Social Security Limit), and requires subsequent adjustments to the limit be based on the annual changes to the Consumer Price Index for All Urban Consumers: U.S. City Average (CPI-U), calculated by dividing the CPI-U for the month of September in the calendar year preceding the adjustment by the CPI-U for the month of September of the previous year, rounded to the nearest thousandth.

To encourage all California public retirement systems to use a uniform pensionable compensation limit, the California Actuarial Advisory Panel (CAAP) issued a non-binding calculation of the adjustment to the pensionable compensation limit for calendar year 2014, which is calculated pursuant to PEPRA, as amended by SB 13. CAAP also intends to provide the calculation adjustment to California public retirement systems, including SBCERA, in future years.

III. Guidelines

A. SBCERA will use the CAAP calculation to provide for a uniform adjustment to the pensionable compensation limit on an annual basis, based on the following:

   i. SBCERA recognizes the CAAP is an advisory organization only; therefore, the Chief Executive Officer (CEO) or designee is required to independently evaluate the CAAP calculation and concur with it.

   ii. If the CEO or designee concurs with the CAAP calculation, the adjusted limit will be used, in compliance with PEPRA, as amended by SB 13. No Board action will be required to implement the CAAP derived limit.

   iii. If the CEO or designee does not concur with the CAAP calculation, the CEO shall notify the Board, and recommend an appropriate limit for the Board's approval.

   iv. The CEO or designee will report to the Board the CAAP calculated adjustment to the pensionable compensation limit on an annual basis, either by written communication or as an informational item at a Board meeting.

IV. Process Review

The Board shall review this Policy if CAAP no longer provides their annual adjustment letter to SBCERA to ensure that the policy remains relevant and appropriate.

Approval Signatures

Step Description	Approver	Date
HR Final Review & Distribution	Iliana Carreon	9/10/2024

Applicability

SBCERA, SBCERA Internal

