

**OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 005 – ADMINISTRATION**

1 **459-005-0525**

2 **Ceiling on Compensation for Purposes of Contributions and Benefits**

3 (1) This administrative rule shall be construed consistently with the requirements of
4 the Internal Revenue Code (IRC) Section 401(a)(17) relating to the limitation on annual
5 compensation allowable for determining contribution and benefits under ORS Chapters
6 238 and 238A.

7 (2) For purposes of this rule:

8 (a) "Annual compensation" means "salary," as defined in ORS 238.005 and 238.205
9 with respect to Chapter 238 and in 238A.005 with respect to Chapter 238A paid to the
10 member during a calendar year or other 12-month period, as specified in this rule.

11 (b) "Eligible participant" means a person who first becomes a member of PERS
12 before January 1, 1996.

13 (c) "Employer" means a "public employer" as defined in ORS 238.005, for the
14 purposes of this rule as it applies to Chapter 238. For the purposes of this rule as it
15 applies to Chapter 238A, an "employer" means a "participating public employer" as
16 defined in 238A.005.

17 (d) "Noneligible participant" means a person who first becomes a member of PERS
18 after December 31, 1995.

19 (e) "Participant" means an active or inactive member of PERS.

20 (3) For eligible participants, the limit set forth in IRC Section 401(a)(17) shall not
21 apply for purposes of determining the amount of employee or employer contributions
22 that may be paid into PERS, and for purposes of determining benefits due under ORS
23 Chapters 238 and 238A. The limit on annual compensation for eligible participants shall
24 be no less than the amount which was allowed to be taken into account for purposes of

1 determining contributions or benefits under former ORS 237.001 to 237.315 as in effect
2 on July 1, 1993, for calendar years before 2020. Beginning in ~~[2024]~~ 2025, the limit on
3 annual compensation taken into account for purposes of determining contributions or
4 benefits under ORS Chapter 238 or 238A for eligible participants shall be measured on a
5 calendar year basis, and shall not exceed ~~[\$232,976]~~ \$238,567 per calendar year.

6 (4) For noneligible participants, the annual compensation taken into account for
7 purposes of determining contributions or benefits under ORS Chapters 238 and 238A
8 shall be measured on a calendar year basis, and shall not exceed ~~[\$232,976]~~ \$238,567
9 per calendar year beginning in ~~[2024]~~ 2025.

10 (5) A participant employed by two or more agencies or instrumentalities of a PERS
11 participating employer in a calendar year, whether concurrently or consecutively, shall
12 have all compensation paid by the employer combined for determining the allowable
13 annual compensation under this rule.

14 (6) PERS participating employers shall monitor annual compensation and
15 contributions to assure that reports and remitting are within the limits established by this
16 rule and IRC Section 401(a)(17).

17 (7) For a participant, Final Average Salary under ORS 238.005 with respect to
18 Chapter 238 and under 238A.130 with respect to Chapter 238A shall be calculated
19 based on the amount of compensation that is allowed to be taken into account under this
20 rule.

21 (8) With respect to ORS Chapter 238, creditable service, as defined in 238.005,
22 shall be given for each month that an active member is paid salary or wages and
23 allowable contributions have been remitted to PERS, or would be remitted but for the
24 annual compensation limit in this rule. With respect to Chapter 238A, retirement credit as
25 determined in 238A.140, shall be given for each month that an active member is paid

1 salary or wages and allowable contributions have been remitted to PERS, or would be
2 remitted but for the annual compensation limit in this rule.

3 (9) Beginning in 2020, the limitation on annual compensation under sections (3) and
4 (4) of this rule will be indexed by cost-of-living adjustments in subsequent years as
5 provided in the Consumer Price Index for All Urban Consumers, West Region (All
6 Items), as published by the Bureau of Labor Statistics of the United States Department
7 of Labor.

8 Stat. Auth.: ORS 238.630, 238.650, 238A.370 & 238A.450

9 Stats. Implemented: ORS 238.005 & 238A.005