

## Highest Earnable Compensation

Your SBCERA retirement benefit is based on four factors: your age at retirement, years of service credit, your benefit formula and your **highest 12-consecutive months of earnable compensation.**

By definition, **“earnable compensation”** is your base pay, plus any additional payable items as outlined in your Memorandum of Understanding (MOU) between you and your employer. SBCERA members have various MOUs. Therefore, it is difficult to summarize the items that may be included in your earnable compensation. For example, some members can include items such as on-call pay, benefit dollars or applicable cash outs in their earnable compensation calculation while others may only include their base pay. SBCERA encourages you to consult with your payroll specialist, human resources representative and/or MOU to determine what items may be included in your earnable compensation. Some common inclusions or exclusions have been listed in this article.

In addition, when determining your benefit amount your **“highest”** earnable compensation for any 12-consecutive months as a member of SBCERA will be used. This could be your last year of employment or 5 years prior. It is whenever you made the most in 12-consecutive months. As you prepare for retirement, SBCERA can assist you in determining your highest 12-consecutive months of earnable compensation. Please keep in mind, when you receive your annual member statement with estimates or generate a benefit estimate online, these calculations typically do not include your entire or highest earnable compensation. Certain additional pay items cannot be determined until you retire or request a specific benefit estimate from an SBCERA Retirement Representative. To request a benefit estimate, contact SBCERA or complete and return a “Benefit Estimate & Member Statement Request” form. This form can be found at [www.SBCERA.org](http://www.SBCERA.org).

**Please note:** If your MOU allows cash outs of certain types of leave, i.e. administrative, holiday, annual or vacation leave, these cash outs **may** be included in your earnable compensation calculation **only if** the cash outs were both **earned and cashable** during your highest 12-consecutive months of pay.

In addition, most employers impose maximum earned and cashable limits, which would also apply to the earnable compensation calculation. For example, currently, an exempt County employee may be able to cash out 300 hours of vacation; but, for purposes of determining the highest earnable compensation only the amount they are able to accrue in a 12-month period, or 160 hours, is included in the calculation.

Again, you must review your own respective MOU for specific details of what items may apply to you or consult directly with your payroll specialist and/or human resources representative for a list of approved items.

### COMMON INCLUSIONS:

- On-Call or Call Back Pay
- Flexible Benefit Dollars
- Uniform Allowance
- Shift Differential Pay
- Bilingual Pay
- Automobile Allowance
- Applicable Leave Cash-Outs
- Cell Allowance

### COMMON EXCLUSIONS:

- Overtime Pay (never included in earnable compensation)
- Employer 401k Deferred Compensation Match
- Employer 457b Deferred Compensation Match
- Medical Premium Subsidy
- Dental Premium Subsidy