

Earnable compensation is governed by 5 M.R.S.A. §17001.13, and “means salaries and wages paid for services rendered in an employment position, subject to ...inclusions, exclusions, and limitations.”

The following examples are provided to assist you in identifying whether or not common types of compensation are earnable. **These examples are not all-encompassing. MainePERS urges employers to contact us at 1-800-451-9800 for determinations on any type of compensation not expressly listed below.**

### Examples of earnable compensation:

- Regular wages/Contract Salary
- Workers' compensation payments
- Retroactive payments for back wages due to reclassifications, or pay increases delayed due to bargaining, EXCEPT payments made to former employees' in any year that is after the year they retired in
- Contributions (on the gross amount) to Deferred Compensation/Defined Contribution plans or other Tax Sheltered Annuities – Employer paid into this for the employee.
- Stipends for eligible duties (contact Retirement Services for a determination)
- Overtime Pay
- Shift Differential Pay
- Longevity – provided that it is either paid annually or as an increase to the member's hourly rate. Longevity payments that are made on a one-time basis after a certain number of years of service are not considered earnable compensation. For instance, if employees are paid a one-time payment of \$500.00 after 10 years of service, the payment is not earnable compensation.

### Examples of payments that are not earnable compensation

- Vacation and/or sick leave cash-ins that are paid at any time other than immediately prior to retirement
- Comp. time cash-ins paid at any time
- Interest paid on retroactive payments
- Stipends for ineligible duties (contact Retirement Services for a determination)
- Payments for expense reimbursements or meal allowances, clothing allowances, phone allowances or vehicle allowances
- Payments from a sick leave bank or from accruals donated to a member by other employees
- Any type of bonus or incentive payments including lump sum bonus payments made for recruitment and retention or a contact signing bonus
- Cash paid in lieu of benefits
- Most forms of Administrative Leave Pay
- Any other payment that is not for services rendered or that is not paid at the time services are rendered

**When in doubt, check it out! Call Retirement Services at 1-800-451-9800 for a determination.**