

members affected by the amendment are those who receive more than \$2400 per fiscal year and have elected to limit their contributions to \$200 per month. As an example, a member receiving \$3600 per year payable in 12 instalments of \$300 each, who limited his contributions to \$200 per month will now be required to contribute on his entire salary of \$300 per month during the first 8 months of the year. At this time, he will have contributed on \$2400 of earnings and having limited his contributions to \$200 per month will not be required to make any contributions during the last four months of the fiscal year. A member receiving \$2400 per year or less is not affected at all since either under the original act or the act as amended, the member would be required to pay on all of his salary each month. Likewise the members receiving more than \$2400 per year who has elected to contribute on all of his salary is not affected since he would have contributed each month on all of his salary.

Since the employer is required to match the employee's contributions on only the first \$2400 per fiscal year of salary earned, in every case when the employee has contributed on \$2400 in the fiscal year, will require a breaking of the monthly payroll in order that the employer does not match the employee's contributions in excess of \$2400 during the fiscal year.

For example, let us assume that a member receives \$225 per month and has elected to contribute at the rate of 5 percent on all of his salary. This means, of course, that he expects to contribute 5 percent of his annual salary of \$2700. During the first 10 months of the year he will have contributed on \$2250 and the employer has matched his contributions during this period. At the end of the eleventh month he will have contributed on salary in the amount of \$2475 but in this month the employer will match his contributions on only \$150 of his \$225 salary. Having done this the employer will have matched his contri-

butions on the first \$2400 and from then on the employer will not be required to match his contributions during the balance of the year.

While this breaking of a monthly payroll sometime late in the fiscal year may seem a little inconvenient to the clerk of the district or the payroll department of the agency, it must be remembered that under the old system the clerk or paymaster was required to break down every payroll as between \$200 and \$225, since the employer was only permitted to match the first \$200 per month. The amendment will operate to the advantage of a member receiving more than \$200 per month who may reach retirement age during the fiscal year. A member who receives as much as \$2400 during the first eight or nine months of the fiscal year and then is eligible to retire will have been matched on the entire \$2400 permitted which will be reflected in a little higher pension if he retires at that time. Under the old system he would have lost the employer matching contributions during the last three or four months of the fiscal year. While those members receiving more than \$2400 per year and who have elected to limit their contributions to \$200 per month will find that larger deductions will be made from their pay checks until the \$2400 mark has been reached, by the same token from that point on during the balance of the fiscal year, no deduction whatever for the retirement fund will be made from their pay checks.

The same difficulties arose in the case of state employees or employes of political sub-divisions employed on an hourly basis, who are paid on a weekly, bi-monthly or some other basis than once each calendar month.

For example, an employe who has limited his contributions to \$200 per month earns, and is paid \$106.00 for the first half of the month. He was required to contribute on the entire \$106.00 and the employer was required to match his contribution since at that point his monthly earnings