

EMPLOYER GUIDE



September 2016



TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

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Printed by the authority of the State of Illinois.*

OUR MISSION:

TRS will continually deliver the retirement security promised to our members by maintaining the highest and most efficient level of service and by living our values:

- Put the best interests of others first
- Diversity
- Teamwork
- Continuous improvement

Chapter One: Introduction

Purpose of the *Employer Guide*

The *Employer Guide* is designed to help employers with the tasks of contribution payment and reporting to TRS. It also serves as a reference on TRS policies, procedures, and benefits.

TRS is not responsible for any advice and/or guidance regarding any TRS matter received from a non-TRS source. Any TRS member or employer who relies upon non-TRS advice and/or guidance does so at his, her, or its risk. To be safe, advice and/or guidance from non-TRS sources should be confirmed with TRS. Please remember, the application of TRS laws and rules and the federal statutes and regulations governing TRS can be quite complicated and not fully understood nor appreciated by those who do not deal with TRS matters on a daily basis.

Distribution of the TRS *Employer Guide*

The most current version of the guide is available on the TRS website, <http://trs.illinois.gov>. Employers can type key words within the TRS search engine to immediately find answers inside the guide. TRS encourages the use of the online edition to eliminate the possibility of referring to an outdated, printed *Employer Guide* as a reference tool.

When changes are made to the guide, an email is sent to each employer with a hyperlink to the guide and details about the changes. In addition to these updates, employers will periodically receive *Employer Bulletins*. These bulletins are addenda to the *Employer Guide* and may also be found online.

The role of the employer

Employers provide a vital link between members and TRS. They forward member and employer contributions, report member earnings and service credit information, and disseminate information about TRS to more than 159,000 active members. Information provided by employers determines members' current service credit, creditable earnings, and retirement contributions and, thus, their future retirement benefits.

Accuracy in reporting and payment is vital because benefits from TRS are based on service credit, creditable earnings, and contributions reported by employers. TRS's effectiveness in benefit administration rests largely on the reports provided by employers.

Please be advised that if the TRS Board has a reasonable suspicion that a false record has been filed with the System, it is required to report the matter to the appropriate state's attorney for investigation.

Governing statute

(40 ILCS 5/16-101 et seq.; 80 IL Adm. Code 1650.10 et seq.)

The Illinois Pension Code and the Illinois Administrative Code establish the laws, rules, and policies governing the Teachers' Retirement System.



Board rules

(40 ILCS 5/16-105, 16-163 through 16-181.2)

A 13-member Board of Trustees carries out the provisions of the Illinois Pension Code. Trustees include the state superintendent of education (ex officio); six representatives of the public who are appointed by the governor; four members of TRS who are elected by active members; and two retired members who are elected by TRS annuitants. The board appoints the executive director, who is responsible for the administration of TRS.

TRS qualified pension plan status

As a qualified pension plan subject to the Internal Revenue Code, Section 401(a), TRS members receive the benefits of

- tax-sheltering of mandatory retirement contributions in the year that they are made to TRS;
- deferral of income taxes on contributions until a member's retirement, at which time the member's effective tax rate may be lower; and
- tax-free accumulation of interest credited to each member's account.

To maintain the qualified pension plan status, TRS must meet certain Internal Revenue Service requirements, including:

- annual benefit and contribution limitations
- compensation that may be included for benefit calculation purposes
- benefit eligibility provisions
- benefit distribution limitations
- rollover restrictions

TRS is committed to maintaining compliance with all requirements for qualified pension plans.

Administrative review

(80 IL Adm. Code 1650.620 et seq.; 40 ILCS 5/16-200)

Any member, beneficiary, annuitant, or employer may appeal a TRS staff determination of a claim or interpretation of the Illinois Pension Code to the Board of Trustees Claims Hearing Committee within six months after the determination or interpretation. An appeal is initiated by filing a written request for an administrative review with the executive director. Contact the TRS Springfield office for more information about administrative reviews.

Confidentiality

(80 IL Adm. Code 1650.160)

TRS acquires information regarding a member's employment from the member's employer. All information contained in a member's record is confidential. This information is provided to the member upon request and to representatives of the member upon written request. Information may also be provided to other retirement systems subject to the Illinois Retirement Systems Reciprocal Act, the Illinois Department of Central Management Services for annuitant health



insurance purposes, and the Social Security Administration for government pension offset determination and windfall elimination purposes. Member information may also be given pursuant to a subpoena issued during court proceedings.

Publications

In addition to the *Employer Guide*, TRS publishes the *Comprehensive Annual Financial Report*, *Annual Financial Report Summary*, and the *Topics & Report* newsletter. TRS also produces the *Tier I Member Guide* and *Tier II Member Guide* and numerous brochures on a variety of benefit topics.

Publications, forms, and general information are available through the TRS website at <http://trs.illinois.gov>.

Information can also be obtained by email or telephone. You may email the Employer Services and Accounting Departments at employers@trs.illinois.gov or call at (888) 877-0890. Members may reach the Counseling Services Department by email at members@trs.illinois.gov or by calling (800) 877-7896.



Chapter Two: Membership

Teacher defined

Teachers who are certified under the provision of the Illinois School Code, employed in Illinois public common schools located outside the city of Chicago, and employed in positions requiring certification by the Illinois State Board of Education are members of TRS. The law was revised in 2013 to establish that a teacher is deemed to be certified if required to be licensed by the Illinois State Board of Education. On July 1, 2013, Illinois implemented a new system of educator licensure that replaced the previous system of educator certification.

A teacher is defined by Illinois law as any educational, administrative, professional, or other staff:

- employed in the public common schools outside the city of Chicago in a position requiring certification under the School Code.
- employed in any facility of the Illinois Department of Human Services in a position requiring certification under the School Code.
- employed as a security employee in any facility of the Illinois Department of Human Services in a position requiring certification under the School Code who was a member of TRS on June 1, 2001 or July 1, 2001, and did not elect to become a member of the State Employees' Retirement System on either June 1, 2001 or July 1, 2001.
- employed in any facility of the Illinois Department of Corrections in a position requiring certification under the School Code who was a member of TRS on May 31, 1987, and did not elect to become a member of the State Employees' Retirement System.
- employed in an educational program servicing two or more school districts in accordance with a joint agreement authorized by the School Code or by federal legislation and in a position requiring certification under the School Code.
- employed by and under the supervision and control of a regional superintendent of schools, provided this position requires the person to be certified and is in an educational program serving two or more districts in accordance with a joint agreement authorized by the School Code or federal legislation.

In addition, membership in the Teachers' Retirement System also includes any regional superintendent of schools, assistant regional superintendent of schools, state superintendent of education, any person employed by the Illinois State Board of Education (ISBE) as an executive, any executive of the boards engaged in the services of public common school education of which the state superintendent of education is an ex-officio member and any person who was employed by and a member of TRS on August 17, 2001, and any person hired by TRS on or after August 17, 2001.

The following individuals also are TRS members if they are certificated under the School Code:

- any employee of a school board association operating in compliance with the School Code, Article 23.
- any educational, administrative, professional, or other staff employed in a charter school operating in compliance with the Charter School Law.



- any officer or employee of a statewide or national teacher organization who has previous service credit with TRS and who is employed by the organizations and files an irrevocable election prior to January 5, 2012 to become a member, and did not receive credit for the service under any other article of the Illinois Pension Code.

Any employee who qualifies as a member of TRS becomes a TRS member as a condition of employment and is deemed to consent to deductions from his or her salary for TRS contributions.

Positions covered by TRS

To qualify for TRS membership, the positions listed below must require teacher (educator) licensure and the individuals in those positions must be teacher licensed.

Position

- Classroom teacher
- A school administrator requiring licensure under the School Code
- A chief school business official requiring licensure
- Driver's education teacher
- Homebound teacher
- Librarian
- Part-time teacher
- Retired teacher when post-retirement limitations are exceeded
- School counselor
- School nurse
- School psychologist
- School social worker
- Speech language pathologist unless contracted under 5/14-6.04 of the School Code
- Substitute teacher
- Technology specialist

Positions not covered by TRS

Individuals employed in the following positions are not members of TRS but may qualify for membership in the Illinois Municipal Retirement Fund (IMRF). A teacher who is not licensed in Illinois is not covered by TRS, even if he or she performs the duties of a classroom teacher. For more information about individuals covered by IMRF, consult the *IMRF Manual for Authorized Agents*.

Position

- A school administrator in a position not requiring licensure
- Adult education teacher
- Assistant athletic director not requiring licensure*
- Athletic director not requiring licensure*
- Athletic official with IHSA or similar contract
- Audiologist
- Behavior analyst
- Buildings and grounds manager
- Bus driver
- Cafeteria worker
- Clerical worker
- Coach unless performed by a full-time or part-time contractual teacher
- Construction manager
- Custodian
- Graduate general administrator intern
- Home educator/parent educator
- Individual aide
- Mobility instructor
- Nurse, if not licensed by ISBE
- Occupational therapist
- Paraprofessional/teacher's aide
- Physical therapist
- Physical therapist assistant
- Psychologist intern
- Retired teacher when compliant with post-retirement employment limitations
- ROTC instructor
- Secretary
- Security guard

* Depending on the job duties, these positions may or may not require licensure.



- Social worker intern
- Speech and language pathologist assistant
- Student teacher
- Student worker
- Technology director not requiring licensure*
- Transportation director
- Tutor*
- Contract speech-language pathologist under Section 5/14-6.04 of the School Code

* Depending on the job duties, these positions may or may not require licensure.

The preceding lists are not all-inclusive. As stated on page 1, teachers who are licensed under the provisions of the School Code and are employed in positions requiring licensure are members of TRS. Contact ISBE at renewal@isbe.net with any questions regarding licensure requirements.

Professional development

Providing professional development on a full-time or part-time contractual basis for a TRS-covered employer *requires* teacher licensure. Licensed individuals holding this type of position would qualify for TRS membership.

Providing professional development on an as-needed basis or providing technical assistance or in-service training of a limited duration *does not require* teacher licensure. If a teacher is only providing professional development on an as-needed basis or providing technical assistance or in-service training of a limited duration and is not employed as a full or part-time teacher for another TRS-covered employer, the earnings would not be reportable. Please refer to Chapter 3, page 4 for guidance in reporting extra-duty earnings for full and part-time contractual, substitute and part-time noncontractual teachers.

Exchange and foreign teachers

A teacher from a foreign country who is admitted by the U.S. Citizenship and Immigration Services under a J-1 or J-2 visa does not qualify for membership in TRS. A foreign teacher who is employed only under a work permit does not qualify for membership in TRS.

A teacher from a foreign country who is licensed in Illinois, not admitted as an exchange alien or on a J-2 visa, and performs the duties of a classroom teacher does qualify for TRS membership.

Paid leaves of absence and paid exchange leaves

Only individuals on paid sabbatical leaves granted in accordance with the School Code contribute to TRS. Individuals on other paid leaves of absence, including paid exchange leaves, do not contribute during the leave unless accumulated vacation, personal, or sick leave days are used. Refer to Chapter 6, Service Credit, and Chapter 7, Optional Service Credit.

Employees of regional superintendents' offices

Persons employed by a regional superintendent's office are TRS members if they are:

- educational, administrative, professional, or other staff employed in an educational program serving two or more districts in accordance with a joint agreement authorized by the School Code or federal legislation;
- employed in a position requiring educator licensure; and
- licensed.

All regional superintendents and assistant regional superintendents are TRS members.



Third-party employment agencies providing substitute teachers

Third-party employment of substitute teachers is not permitted. Substitute teachers must be employed directly by the TRS-covered employer and all required TRS and THIS Fund contributions must be remitted to TRS.

Consultants and independent contractors

An individual who contracts with an employer to provide services for which educator licensure is required qualifies as a TRS member. Contributions on earnings are required even if the contract characterizes the individual as an “independent contractor.” Paying an individual who qualifies as a TRS member through accounts payable rather than through payroll does not exempt that individual from TRS contributions.

Any individual claiming to be an independent contractor exempt from TRS membership or the post-retirement employment limitations governing annuitants must file federal Form SS-8, Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding, with the Internal Revenue Service seeking confirmation of independent contractor status. A federal Form SS-8 independent contractor determination must be filed with TRS before an individual can be considered exempt from TRS membership or the post-retirement employment limitations.

Speech-Language Pathologist

Beginning with the 2004-05 school year, Public Act 93-0110 amended the School Code (Section 105 ILCS 5/14-6.04) permitting districts to contract for speech-language pathology services while making reasonable efforts to employ a speech-language pathologist or after reasonable efforts have been unsuccessful. Contract speech-language pathologists under 105 ILCS 5/14-6.04 are not TRS members and should not be reported to TRS.

Employers must complete a form certifying that the requirements of Section 5/14-6.04 of the School Code have been met. If employers have a contract speech-language pathologist under Section 5/14-6.04 of the School Code, they should contact TRS Employer Services.

Speech-language pathologists not under Section 5/14-6.04 of the School Code continue to be members of TRS.

Tier I and Tier II membership

Public Act 96-0889 added a new section to the Pension Code that applies different benefits to anyone who first contributes to TRS on or after January 1, 2011 and does not have any previous service credit with a pension system that has reciprocal rights with TRS. These members are referred to as Tier II members.

A teacher or administrator is a **Tier I** member if he/she:

- worked for a TRS-covered employer in a licensed position (including subbing) prior to Jan. 1, 2011;
- became a member of TRS prior to Jan. 1, 2011 but took a refund of his/her TRS contributions;



- became a member of a retirement system that has reciprocal rights with TRS prior to Jan. 1, 2011; or
- became a member of a reciprocal system prior to Jan. 1, 2011 but took a refund.

Please note that nonlicensed, extra-duty work (such as coaching) done prior to Jan. 1, 2011 does not qualify the person for Tier I membership.

A teacher or administrator is a **Tier II** member if he/she:

- never worked in a licensed position for a TRS-covered employer prior to Jan. 1, 2011;
- never was a member of a reciprocal retirement system prior to Jan. 1, 2011.

For additional information regarding benefits for Tier I and Tier II members, please refer to Chapter 11, Retirement Benefits and Chapter 13, Death Benefits.

Membership date

(80 IL Adm. Code 1650.310)

The effective date of membership in TRS is the date of employment as recorded by the employer. If the employer has not recorded the date of employment, the date of membership is the first payroll day for which contributions are required.

Enrollment as a member

Each new member must complete a Member Information and Beneficiary Designation (MIBD) form. This form provides TRS demographic and beneficiary information for the member. Completion of this form also allows an account at TRS to be established for the member. It is important that the form is sent to TRS as soon as the member completes it to ensure that TRS has the member's current mailing address and beneficiary designation.

Whenever a member wishes to change a previously designated beneficiary, he or she must complete a new MIBD form. Such a change may be necessary due to a change in the member's family status (e.g., marriage, birth, divorce, or death).

Employees covered by Medicare

All TRS members hired after March 31, 1986, including retired TRS members who teach, and all persons who change employers after March 31, 1986, are subject to the Medicare tax. Annexations, consolidations, and transfers result in continuing employment; therefore, Medicare contributions are not required for members hired before April 1, 1986. The total Medicare tax is 2.9 percent of salary: the employer pays 1.45 percent and the member pays 1.45 percent.

During the 2003-04 school year, TRS conducted a one-time Medicare-only referendum for members who had been continuously employed since March 31, 1986. These members were given the opportunity to elect to prospectively participate in Medicare. In June 2004, TRS notified employers of those members who elected to contribute to Medicare, and they began making contributions and accumulating Medicare credit for salary earned on or after July 1, 2004.

TRS does **not** collect the Medicare tax. This tax is paid directly to the Internal Revenue Service.



Employees covered by Social Security

Active and retired members of TRS cannot contribute to Social Security on earnings covered by TRS. The Social Security Administration considers annuitants of a retirement system as “covered” by the system. Therefore, retired TRS members employed as substitute teachers cannot contribute to Social Security.

Earnings that are not reportable to TRS (e.g., bus driving and paraprofessional/teacher’s aide), are subject to Social Security and may be reportable to the Illinois Municipal Retirement Fund (IMRF).

If you have questions regarding proper withholding, refer to the grid on page 8. This grid lists various extra duties and teaching positions performed by active and retired teachers and whether TRS or Social Security and/or Medicare should be withheld. Please use this for general guidance and contact the Social Security Administration for specific questions.

Social Security notification requirements for employees

The Social Security Protection Act of 2004 requires employers to provide a written notice to **new** employees not covered by Social Security who begin work on or after January 1, 2005. The notice informs TRS-covered employees that they are not covered by Social Security, but are covered by a public retirement system (TRS). The notice also provides an explanation of the affect a pension based on earnings not covered by Social Security can have on an employee’s Social Security benefit, such as a reduction due to Government Pension Offset (GPO) Provision or Windfall Elimination Provision (WEP).

All TRS members hired after January 1, 2005 must be provided with the notice and sign the form because TRS members do not contribute to Social Security. Please use the Social Security number as the employee’s identification number. The TRS code (TRS employer number) should be used for the employer’s identification number. Copies of the signed forms must be sent to the TRS Springfield office, where they will be filed in the members’ records.

The notice is available on the Social Security Administration web site, www.socialsecurity.gov/form1945. The page contains information on the notice and how the form can be downloaded or ordered from the site.

Questions about the notification requirements should be directed to the Social Security Administration, (800) 772-1213, or the employer’s local Social Security office.

Employees covered by IMRF

Many employees of school districts are covered by the Illinois Municipal Retirement Fund (IMRF), and contributions must be made for those employees to that retirement fund. IMRF members must also contribute to Social Security. Consult the *IMRF Manual for Authorized Agents* for more information.

If a licensed teacher is employed as a teacher for part of the school day and in a non-TRS-covered position (e.g., paraprofessional/teacher’s aide or secretary) for the remainder of the day, report to TRS earnings and service information for the portion of the day the individual is employed in the TRS-covered position. Do not report earnings or service information to TRS from the non-TRS-covered position, but evaluate the noncovered position separately for possible IMRF coverage. Please refer to Example 13 in Chapter 5.



Employees who are TRS annuitants

Do not collect TRS contributions from retired employees who are receiving an annuity from TRS unless TRS post-retirement employment limitations are exceeded. See Chapter 10, Post-Retirement Matters, for information about post-retirement employment limitations.

Notification of felony conviction

TRS members who have been convicted of work-related felonies are not eligible for TRS membership and benefits. According to the Illinois Compiled Statutes (40 ILCS 5/16-199):

Felony conviction. *None of the benefits provided for in this Article shall be paid to any person who is convicted of any felony relating to or arising out of or in connection with his or her service as a teacher.*

The School Code (105 ILCS 5/21-23b) requires the employing school board to notify ISBE and TRS of any felony conviction of a TRS member. The employer should contact the TRS Office of General Counsel as soon as possible if a TRS-covered employee is charged with a work-related felony and apprise the office of any developments in the case.



Duty	TRS	Medicare	Social Security
A F.T or P.T. teacher at a district prior to April 1, 1986, who teaches summer school.	X		
A F.T or P.T. teacher at a district after March 31, 1986, who teaches summer school.	X	X	
A F.T or P.T. teacher at a district prior to April 1, 1986, who performs summer extra duties that are related to the academic program, such as curriculum writing.	X		
A F.T. or P.T. teacher at a district after March 31, 1986, who performs summer extra duties that are related to the academic program, such as curriculum writing.	X	X	
A F.T. or P.T. teacher who performs summer work not involving teaching or supervising students or related to the academic program.		X	X
A F.T. or P.T. teacher from a neighboring school district who teaches summer school.	X	X	
A F.T. or P.T. teacher from a neighboring school district who performs summer extra duties related to the academic program.	X	X	
A F.T. or P.T. teacher from a neighboring school district who performs summer extra duties not related to the academic program.		X	X
A substitute or hourly teacher during the school year who teaches summer school.	X	X	
Substitute or hourly teacher during the school year who performs summer extra duties that do not require licensure, but are related to the academic program.		X	X
A substitute or hourly teacher during the school year who performs summer extra duties that do not require licensure and not related to the academic program.		X	X
A substitute or hourly teacher who performs extra duties during the school year that do not require licensure, but are related to the academic program.		X	X
A substitute or hourly teacher who performs extra duties during the school year that do not require licensure and are not related to the academic program.		X	X
A teacher who has never taught for a TRS-covered employer and teaches only summer school.	X	X	
A retired teacher who teaches during the school term.		X	
A retired teacher who teaches summer school that requires licensure.		X	
A retired teacher who performs extra duties that do not require teacher licensure, but are related to the academic program (does not count against post-retirement employment limitations).		X	
Earnings that are in excess of 401(a)(17) limits.		X	
Earnings that are in excess of Tier II limits.		X	



Chapter Three: Creditable Earnings

Creditable earnings defined

In general, “creditable earnings” are forms of compensation that are recognized by TRS as salary for reporting and retirement purposes. TRS accepts many, but not all, types of compensation. The Illinois Administrative Code defines “salary” for TRS reporting purposes; the definition is reproduced at the end of this chapter.

Creditable earnings are the basis upon which member contributions, employer contributions, and benefits are calculated.

Types of creditable compensation

Reportable creditable earnings include (but are not limited to) the following compensation items for active TRS members:

- salary for regular contractual teaching duties
- wages for substitute teaching
- wages for homebound teaching
- earnings for extra duties performed during the school year (See “Payment for extra duties”)
 - contractual teachers: extra duties related to teaching or the academic program, or involving supervision of students
 - noncontractual teachers: only extra duties requiring teacher licensure
- earnings for summer school (See “Summer earnings”)
- bonuses
- honorariums paid to union officers
- longevity stipends
- wages while using vacation, sick leave, and personal days
- severance payments received by a member or becoming due and payable to a member prior to or with the final regular paycheck or last day of work (See “Severance payments/Lump-sum payments”)
- contributions to qualified plans eligible for tax-deferral under the Internal Revenue Code, Sections 401(a), 403(b), and 457(b)
- contributions to flexible benefit plans (See “TRS flexible benefit plans”)
- any portion of the 9.4 percent member retirement contributions paid by the employer as a benefit (See “Employer-paid 9.4 percent retirement contributions”)
- member 2.2 upgrade costs paid by the employer as a benefit (See “Severance payments/Lump-sum payments”)
- member optional service costs paid by the employer as a benefit (See “Severance payments/Lump-sum payments”)



- salary or back wage payments resulting from contract buy-outs, labor litigation, and settlement agreements (See “Settlement agreements and judgements”)
- county stipends paid to regional and assistant regional superintendents
- stipends paid to administrators for serving as a board officer or clerk
- gift cards given in lieu of payments that qualify as salary. Gift cards given for work performed must be reported on an accrual basis. Follow lump-sum guidelines for reporting gift cards given as a bonus (*i.e.* perfect attendance).
- payment from the Illinois State Board of Education to national board certified teachers for mentoring and/or professional development (reportable on an accrual basis).

Noncreditable compensation

The following compensation items do not qualify as creditable earnings and must not be reported to TRS:

- payments to substitute or part-time noncontractual (hourly) teachers for extra duties that do not require licensure (See “Payment for extra duties”)
- severance payments becoming due and payable and paid to a member after receipt of the final regular paycheck or last day of work (See “Severance payments/Lump-sum payments”)
- lump-sum payments made after a member’s death (See “Severance payments/Lump-sum payments”)
- worker’s compensation payments
- jury duty payments
- member THIS Fund contributions paid by the employer as a benefit
- employer TRS and THIS Fund contributions
- Medicare tax paid by the employer as a benefit
- contributions to or distributions from nonqualified deferred compensation plans (*e.g.*, Rabbi trusts)
- employer-paid fringe benefits (unless they are included in a reportable flexible benefit plan) including:
 - health insurance
 - dental insurance
 - life insurance
 - disability insurance
- expense reimbursements and allowances (regardless of whether they are paid to the member or to the provider of the service or product) including:
 - housing allowance
 - dependent care reimbursements
 - moving expenses
 - medical care reimbursements
 - cellular phone reimbursement
 - tuition reimbursements
 - travel reimbursements and allowances
 - legal fee reimbursements
 - automobiles provided by the employer
 - contributions to medical savings accounts
 - membership dues
 - publication subscriptions



- options to receive salary in lieu of expense allowances or reimbursements
- compensation that would violate qualified pension plan requirements including:
 - tax-deferred payments to nonqualified deferred compensation plans (e.g., Rabbi trusts)
 - discriminatory flexible benefit plans for school years 1992-93 through 1998-99 (See “TRS flexible benefit plans”)
 - nonpersonal services income (e.g., sign-on bonuses)
- earnings and contributions on earnings that exceed the established limit for qualified pension plans. The earnings limitations are required only for members establishing TRS membership after June 30, 1996. These limitations are:

Effective Dates	Limitation
1996-97	\$150,000
1997-98	\$160,000
1998-99	
1999-00	
2000-01	\$170,000
2001-02	
2002-03	\$200,000
2003-04	
2004-05	\$205,000
2005-06	\$210,000
2006-07	\$220,000
2007-08	\$225,000
2008-09	\$230,000
2009-10	\$245,000
2010-11	
2011-12	
2012-13	\$250,000
2013-14	\$255,000
2014-15	\$260,000
2015-16	\$265,000
2016-17	

TRS will inform employers when the compensation limit changes.

- Earnings and contributions that exceed the established limit for Tier II members. The earnings limitations are applicable only to members establishing membership with TRS or a reciprocal system after December 31, 2010. The limitations will change each year.



These limitations are:

Effective Dates	Limitation
2010-11	\$106,800.00
2011-12	\$108,882.60
2012-13	\$109,971.43
2013-14	\$110,631.26
2014-15	\$111,571.63
2015-16	

TRS will inform employers when the compensation limit changes. If a Tier II member works a partial year, reportable creditable earnings are prorated based upon the annual salary rate limitation. For example, a Tier II member works six out of 12 months at a rate of \$200,000. He earns \$100,000 ($\$200,000 \div 12 \times 6$). His annual salary rate would be reported as \$111,571.63 and his creditable earnings as \$55,785.82 ($\$111,571.63 \div 12 \times 6$). Please note that the reportable earnings would be prorated based on the district's method of proration (e.g. daily, monthly, pay period, etc.).

- Any amount paid in lieu of discontinued or decreased nonreportable benefits, or reported in lieu of previously reported compensation, where the conversion occurs in the member's final seven years of service for the purpose of increasing the member's final average salary. TRS presumes any decrease in noncreditable compensation in the last seven creditable school years is for the purpose of increasing final average salary.

Payment for extra duties

TRS guidelines for reporting extra duty wages vary depending upon the member's employment type.

- Full-time or part-time contractual teachers - Payments for extra duties that involve teaching or supervising students and other assignments related to the academic program are reportable as creditable earnings, regardless of whether the extra duties require licensure. This also applies to those who are contractual teachers at one district and perform extra duties at another district.
- Substitute or part-time noncontractual (hourly) teachers - If the Illinois State Board of Education requires teacher licensure for the extra duty, the wages are reportable to TRS as creditable earnings. If teacher licensure is not required for the extra duty, the wages are not reportable to TRS.

The Illinois State Board of Education, not the individual employer or TRS, determines whether a position or extra duty requires licensure. Extra duties that do not involve teaching or supervising students and that are not related to the academic program are not reportable. Earnings for positions that are not reportable to TRS (e.g., bus driver or teacher's aide) are subject to Social Security and may be reportable to the Illinois Municipal Retirement Fund (IMRF). Consult the IMRF Authorized Agents Manual for specific guidelines.



Extra duties requiring licensure

Stipends or wages paid for these extra duty positions are reportable to TRS for all active licensed teachers, including substitute and part-time noncontractual (hourly) teachers. (See Chapter 2, Membership, for additional information regarding positions that qualify for TRS membership.)

Examples of reportable extra duties requiring licensure include, but are not limited to:

- Acting Principal
- Assistant Athletic Director*
- Assistant Band Director
- Athletic Director*
- Band Director
- Building Trades Instructor
- Computer Lab Instructor (if during the school day)
- Co-op or Work Study Coordinator
- Department Chairperson
- Driver's Education Instructor
- Homebound Teaching
- Internal Substitution
- Night Class Teacher (K-12)
- Vocational Director

** Based on guidance from ISBE, these positions may or may not require teacher licensure depending on the job duties involved.*

Extra duties not requiring licensure but related to the academic program and/or requiring the supervision of students

Stipends or wages paid for these positions and duties are reportable to TRS for only full-time and part-time contractual teachers. Do not report any additional days worked for performing extra duties not requiring licensure. These wages are not reportable for substitutes and part-time non-contractual (hourly) teachers. Examples of reportable extra duties that do not require licensure include, but are not limited to:

- Art Club Sponsor
- Audio Visual and Video Club Sponsor
- Band Assistant
- Bell Choir Sponsor
- Bleacher Bums Sponsor
- Bowling Club Sponsor
- Boys Club Sponsor
- Bus Loading Supervisor
- Bus Monitor
- Business Club Sponsor
- Chaperone for events such as dances and bus trips
- Cheerleading Sponsor
- Chess Club Sponsor
- Chorus Sponsor
- Class Sponsor
- Coach (Athletic or Team Sports)
- Concession Manager
- Curriculum Planning
- Debate Sponsor
- Detention/Discipline Monitor
- Drama Club Sponsor
- FFA Sponsor
- FHA Sponsor
- Fitness Program Supervisor
- Flag Squad Sponsor
- Food Service Program Manager
- Forensics Sponsor
- Game Announcer*
- Girls Club Sponsor
- Golf Club Sponsor
- Hallway Supervisor
- In-school Suspension Supervisor
- Instructor at Teacher Institute
- Intramural Sports Supervisor
- Journalism Club Sponsor
- Lifesaving Instructor
- Literary Club Sponsor
- Lunchroom Supervisor
- Math Honor Society Sponsor
- Math Team Sponsor
- Mentor
- Music Production Director
- Music Production Technical Director
- National Honor Society Sponsor
- Newspaper Sponsor
- Pep Club/Booster Club Sponsor
- Physical Activities School Director
- Playground Supervisor
- Pom Pom Squad Sponsor

** Reportable as creditable earnings provided that the member is responsible for supervising students while performing these duties.*



- Professional Development (see Chapter 2, page 3)
- Prom Sponsor
- Registration Worker
- Safety Patrol
- Scholastic Bowl Sponsor
- Science Club Sponsor
- Scorekeeper*
- Special Olympics
- Speech Club Sponsor
- Speech Judge
- Student Council Advisor
- Student Teacher Supervisor
- Study Hall Supervisor
- Supervisor of Students at School Events
- Swim/Aquatics Club Sponsor
- Teaching after school under 21st Century Grant**
- TV News Service Director
- Technical Director of Musical Productions
- Theater Business Manager
- Ticket Taker*
- Timekeeper*
- Translator
- Twirler Club Sponsor
- Tutoring
- Usher
- Web Site Coordinator/Maintenance
- World Languages Sponsor
- Writers Club Sponsor
- Yearbook Business Advisor
- Yearbook Editor

* Reportable as creditable earnings provided that the member is responsible for supervising students while performing these duties.

** This position would require licensure if the teacher is teaching a credit recovery class.

Nonreportable positions and duties

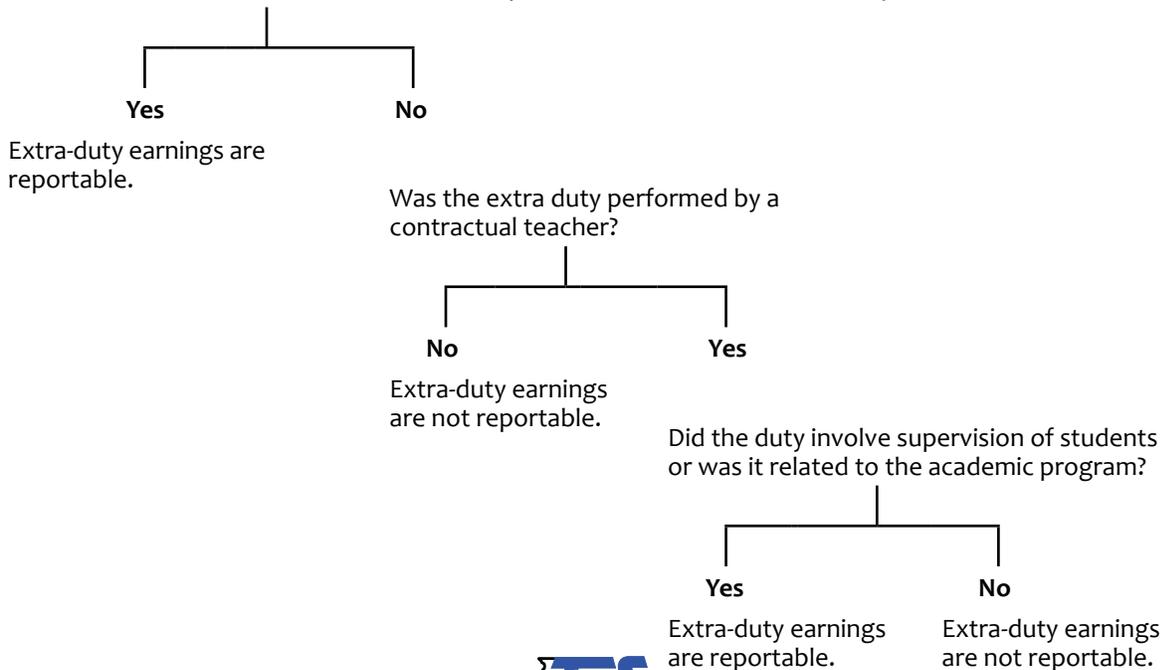
Stipends and wages paid for these duties are not reportable to TRS. (See Chapter 2, Membership, for additional information regarding positions that do not qualify for TRS membership.)

Examples of nonreportable positions and duties include, but are not limited to:

- Asbestos removal
- Bus driving
- Cafeteria work
- Clerical assignments in business office
- Computer hardware and software maintenance
- Construction manager
- Custodial or maintenance work
- Noncertified administrative positions
- Scorekeeping, announcing
- games, time-keeping, ticket taking, and security at school events if the duties do not involve supervision of students
- Paraprofessional/Teacher's Aide

Extra-duty earnings

Does the Illinois State Board of Education require teacher licensure for the duty?



Summer earnings

Summer school and summer extra duties requiring teacher licensure

Wages for performing summer duties that require teacher licensure are reportable for all active TRS members. Summer earnings that require teacher licensure are reportable to TRS regardless of the member's employment type or contract status. Examples of reportable summer duties that require licensure include: summer school teaching, summer substitute teaching, and summer homebound teaching.

Summer extra duties not requiring teacher licensure

Like the regular school term, TRS guidelines for reporting summer extra duty wages that do not require teacher licensure vary depending upon the member's employment type.

- **For full-time (F) or part-time contractual teachers (P) during the school term**

Payments for summer extra duties that involve teaching or supervising students and other assignments related to the academic program are reportable as creditable earnings.

- **For substitute (S) or part-time noncontractual/hourly (H) teachers during the school term**

Payments for summer extra duties that do not require teacher licensure are not reportable as creditable earnings. Summer duties that do not require teacher licensure include: summer curriculum writing, summer coaching, and summer workshop participation.

For members who are full-time or part-time contractual teachers during the school term, these types of summer extra duties are reportable to TRS. For members who are substitute or hourly teachers during the school term, these types of summer extra duties are **not** reportable to TRS. The same guidelines now apply to both summer extra duties and extra duties during the school term. Chapter 5 provides information regarding employment types.

If a member is employed as a contractual (F or P) teacher with one employer during the regular school term and also works for a second employer during the summer months performing reportable summer extra duties, the member's extra duty wages from the second employer are reportable to TRS using employment type (E).

Service credit

TRS recognizes service credit for performing duties that require teacher licensure under the School Code. Service credit is granted for days worked Monday through Friday. When a member performs summer work for which teacher licensure is required, the employer must include the additional days on the Annual Report of Earnings.

Accrual reporting requirements

TRS requires earnings be reported on an accrual basis. Accrual reporting requires earnings to be reported in the period in which services are performed, which may not coincide with the period in which earnings are paid. Creditable earnings for services performed from July 1 through June 30 should be reported on each year's Annual Report of Earnings. When a summer assignment begins in June and continues into July, the related earnings must be reported in the fiscal year in which the service was performed, regardless of when payment is actually issued to the member (see "End-of-career salary increases").



Example:

A teacher is employed to teach a 20-day summer school session for which she receives \$1,000 on August 1. Summer school begins the last week of June and ends the third week of July. The \$250 accrued earnings for five days worked in June must be reported as days paid and as creditable earnings for the school year ended June 30. The remaining \$750 earned in July must be reported as days paid and as creditable earnings in the school year beginning July 1. See Chapter 5, “Summer school” and “Accrual accounting” for additional examples.

Noncovered employment

Earnings are not reportable to TRS for members employed only during the summer months to perform duties that do not involve teaching or supervising students or are not related to the academic program (for example, maintenance or custodial duties). The member would contribute to Social Security on these earnings. The member may also be required to contribute to the Illinois Municipal Retirement Fund (IMRF) on these earnings. Contact IMRF for more information.

Severance payments/lump-sum payments

Severance and lump-sum payments that are paid or due and payable prior to or concurrent with the receipt of the member’s final paycheck for regular earnings or prior to the member’s last day of work are reportable as creditable earnings. Severance payments becoming due and payable to the member after receipt of the final regular paycheck and last day of work are not reportable. Typically severance payments may include compensation for accumulated sick leave or vacation days, employer payment of a member’s 2.2 upgrade cost or optional service balance, retirement incentives, and contract buy-outs.

A lump-sum payment made to a member in years prior to the member’s final year of employment is reportable in the school year paid.

Examples:

- On June 15, a teacher paid over 12 months retires. His last paycheck for regular earnings is received August 25. He receives retirement incentive payments, pursuant to an agreement, on July 15 and August 30. The July 15 payment is reported to TRS; the August 30 payment is not reported since it occurred and was payable after the last paycheck.
- An administrator terminated service March 1. On March 15, she received her final regular paycheck and a lump-sum payment for accumulated vacation days. On May 1, she received a contract buy-out payment. The March 15 amount is reportable; the May 1 amount is not reportable because it was payable after her final paycheck was issued.
- A teacher paid over 12 months received his last regular paycheck on August 25. On August 28, he resigned and received severance pay on September 4. The severance pay is not reportable to TRS.
- A nine-month teacher retired and received her last regular paycheck on June 15. On July 15, her former employer approved and issued a bonus payment. The bonus is not reportable to TRS.
- A teacher paid over 12 months resigned and retired August 21. He received his last regular paycheck on August 22. A retirement incentive is payable upon resignation. Due to payroll processing time requirements, the payment was not actually made until August 30.



The retirement incentive is reportable since it became due and payable prior to the date he received his last regular paycheck.

- An administrator paid over 12 months submitted his resignation on July 1 to be effective the following April 30. His retirement incentive of \$10,500 was paid with his monthly paychecks from July through April. The \$10,500 is reportable to TRS.
- A nine-month teacher retired effective May 30, the last day of school. He received his final regular paycheck on May 25 and a retirement incentive on May 30. The retirement incentive is reportable since it was paid on the teacher's last day of work.
- A teacher submitted his resignation on April 15, 2015, to be effective the last day of the following school term (June 1, 2016). Retirement incentives were paid May 2, 2015; July 15, 2015; and May 1, 2016. The first May payment is reportable as 2014-15 creditable earnings. The July 15, 2015 and May 1, 2016 payments are reportable as 2015-16 creditable earnings.

Payments issued after a member's death

Accrued salary issued to a member's estate is recognized as creditable earnings. However, lump-sum payments issued after a member's death are not recognized as creditable earnings.

Example:

A teacher died on March 3. On March 15 his employer issued a check for \$4,520. This check included \$20 for extra duties completed in February, \$3,000 accrued teaching salary for days of service through March 3, \$500 for unused personal leave days, and a \$1,000 bonus. The \$3,000 accrued salary and \$20 extra duty payment are reportable as creditable earnings. The payments for unused personal leave days and bonus are not reportable to TRS as creditable earnings.

Employer payment of optional service and 2.2 upgrade costs

When an employer pays a TRS optional service accounts receivable or the 2.2 upgrade cost for a member as additional compensation, the payment may be reportable as creditable earnings. Please follow reporting guidelines established for lump-sum payments when determining the reportability of employer payments for a member's accounts receivable balance. The check's issue date to TRS for a member's optional service or 2.2 upgrade payment is considered the date paid when applying the lump-sum rules. An Employer's Payment Coupon should be completed and returned with the employer payment. (See Chapter 7, Optional Service Credit and Payment Options.)

If an employer paid a member's 2.2 upgrade cost and the member later reimburses the employer for any amounts that are refunded to the member due to the recalculation of the upgrade cost, the employer must complete an Employer's Report of Adjustment to Earnings form to reduce the annual salary rate and creditable earnings in the year the upgrade cost was originally reported as creditable earnings.

If an employer pays an amount due for the member THIS Fund contributions due on optional service credit, the amount paid for health insurance is not reportable as creditable earnings.

See Chapter 7, Optional Service Credit and Payment Options, for more information on the payment of optional service credit.



Bonus payments subject to forfeiture

Any lump-sum payments that are subject to forfeiture or conditioned upon the occurrence of a future event (e.g., retirement) are creditable earnings in the school year that they are paid to the member. However, if the condition upon which the payment is based does not occur and the payment is repaid to the employer, the employer must notify TRS. TRS will process an adjustment to remove the forfeited payment from previously reported creditable earnings.

Payment for future services

Payments at termination for future services are not reportable as creditable earnings.

Example:

A teacher retired June 15 and received a \$6,000 bonus. In return, she agreed to teach the next school year for 100 days without pay. The normal substitute rate is \$60 per day. The bonus is not reportable as creditable earnings.

In addition, a member who prearranges post-retirement employment may not be eligible to retire. (See Chapter 10, Post-retirement Matters.)

Salary conversions

TRS must make informed actuarial predictions of its future liabilities. It cannot act as a prudent, informed plan and at the same time allow members to withhold contributions on substantial earnings amounts until the last few years before retirement. Therefore, the definition of salary reportable to TRS as creditable earnings excludes converted benefits. Any amount paid in lieu of discontinued or decreased nonreportable benefits (or reported in lieu of previously nonreported compensation) will be excluded from creditable earnings if the change in compensation structure occurs during the member's final seven years of service.

If a non-reportable benefit item is discontinued or decreased within the member's last seven creditable school years of employment, TRS presumes the benefit was converted to salary for the purpose of increasing the member's final average salary. To overcome this presumption, the member or employer must submit evidence to TRS that clearly and convincingly proves that the change in compensation structure was due to

- a change in a collectively bargained agreement applicable to all individuals covered by the agreement,
- a change in employer policies affecting a group of similarly situated members, some of whom are not within seven years of retirement eligibility, or
- a change in family status.

The documentation must clearly establish that the change in compensation structure was not for the purpose of increasing the member's final average salary.

Example:

Administrator A received a \$2,500 travel allowance annually. Three years before retirement, Administrator A's travel allowance was discontinued and his salary was increased. For each of the final three years of service, TRS will exclude \$2,500 of Administrator A's salary from creditable earnings.



Example:

Administrator B received board-paid health insurance. Five years before retirement, Administrator B's employer converted the board-provided insurance benefit into a flexible benefit plan and began offering him the option to receive \$10,000 cash in lieu of health insurance. The flexible benefit plan was not offered to any other employees. For each of the final five years of service, TRS will exclude the \$10,000 flexible benefit plan compensation from Administrator B's creditable earnings.

End-of-career salary increases

When a member retires, the employer is required to pay TRS a contribution equal to the actuarial value of pension benefits that result from any salary increase over 6 percent that is used in the final average salary calculation. The contribution does not apply to salary increases awarded under contracts or collective bargaining agreements entered into, amended, or renewed prior to June 1, 2005. Additional exemptions from employer contributions for salary increases over 6 percent apply only in specified circumstances. See Chapter 8, Excess Costs, for more information on employer contributions and exemptions. Salary increases up to 20 percent per year with the same employer will still be used in the calculation of the member's final average salary (See Chapter 11, Retirement Benefits). **TRS will continue to recognize the full salary as creditable earnings.**

As discussed on page 7, TRS requires earnings to be reported on an accrual basis. Accrual reporting requires earnings to be reported in the fiscal year the work was performed, which may not coincide with the period in which earnings are paid. Salary for work performed cannot be deferred and reported in a later fiscal year or never reported.

Employers may provide members with retirement incentives. Retirement incentives identified or paid as salary increases in the member's final year(s) of employment must be reported to TRS on an accrual basis. If a member receives an increase in his/her salary, the entire salary is reportable as creditable earnings for the period worked, even if the increase exceeds 6 percent. It is not permissible for the employer to exclude any portion of the member's earned salary from creditable earnings, even if payment of the salary increase (or a portion of the salary increase) is delayed until after the member's retirement. The total accrued salary is reportable as creditable earnings, regardless of when it is paid.

In addition, if a member performs reportable extra duties such as coaching, lunchroom supervision, class sponsorship, internal substitution, etc., and receives creditable compensation, the earnings must be reported to TRS as creditable earnings regardless of whether the member's earnings increase by more than 6 percent.

TRS does not recognize renegotiations of prior year base salaries. Once the salary has been set and the services have been rendered in full, TRS will not recognize a retroactive change to a member's base salary for a prior fiscal year when the change is agreed upon after the June 30 ending date of the affected school year. Therefore, if an employer requires a member to repay salary increases received due to a change in the member's retirement plans, TRS will not process an adjustment to reduce the prior year's creditable earnings. Instead, TRS will recognize the repayment as a reduction of creditable earnings for the year in which repayment occurs or the final year of service if repayment occurs after retirement.



If a member receives a retirement incentive that is not identified or paid as a salary increase, but is identified as a bonus or lump sum and is paid in one or two lump-sum payments, the lump sum reporting guidelines are applicable. Any lump sums paid prior to or concurrent with receipt of the member's final paycheck for regular earnings or the last day of employment are reportable as creditable earnings. Lump-sum payments that are not due and not issued until after the member's final regular paycheck and after the last day of employment, are not reportable as creditable earnings.

For lump-sum payments made to a member in years prior to the final year, refer to the reporting guidelines on page eight and the example on page nine. If a member is required to repay lump-sum retirement incentives as a result of changes in his/her retirement plans, please refer to "Bonus payments subject to forfeiture" on page 10.

Examples:

Teacher A received a 20 percent increase in salary over the prior year's salary (\$50,000) as a retirement incentive ($\$50,000 \times 1.20 = \$60,000$). The total salary of \$60,000 is reportable as creditable earnings because the retirement incentive is an increase in salary. Even if a portion of the \$60,000 was paid after Teacher A's last day and after her final paycheck, \$60,000 is reportable because accrual reporting requires the earnings to be reported in the fiscal year the work was performed regardless of when the earnings were paid.

Teacher B received a base salary of \$51,000 for his final year of teaching. Teacher B also received a \$10,000 lump-sum retirement incentive equal to 20 percent of the prior year's base salary of \$50,000. \$2,000 of the retirement incentive was paid with his last paycheck for regular earnings on August 21 and \$8,000 was paid in September after his last day of work and after his last regular paycheck. In accordance with the lump-sum reporting guidelines, \$2,000 of the retirement incentive is reportable as creditable earnings and \$8,000 of the retirement incentive is not reportable as creditable earnings. Therefore, his reportable salary is \$53,000 (\$51,000 current salary plus \$2,000 reportable lump sum).

Teacher C received the same salary and retirement incentive as Teacher B; however, he also earned \$7,500 for coaching. Teacher C's reportable salary is \$60,500.00 (\$53,000 + \$7,500).

Settlement agreements and judgements

When a TRS-covered employer and member enter into a settlement agreement or contract buy-out to resolve a disputed action or other employment issue, the member's creditable earnings and service credit may be impacted by the terms of the agreement. TRS must review each settlement agreement to determine the amount of creditable earnings and service credit that can be recognized. The Illinois Pension Code, Section 16-158.1, authorizes the audit of school district records.

Retroactive settlement agreements

To ensure the reportability of service and earnings credit in settlement agreements covering a retroactive time period while a member was away from his or her teaching position, the settlement agreement must contain:

- the time period for which the member would have received salary or service credit,
- a statement that the settlement is an award of back salary, and



- the salary amount the member would have been paid during the period covered by the settlement agreement had the employment issue not arisen.

Contributions on retroactive settlement agreements are based upon the salary the member would have otherwise earned if not for the employment issue. All required contributions must be paid within one year after the date of the settlement agreement; otherwise interest is charged at the applicable statutory rate from the date of the agreement.

Prospective settlement agreements

To ensure the reportability of service and earnings credit in settlement agreements covering a prospective time period, the settlement agreement must contain:

- the time period for which the member is to receive service credit (not to exceed one year),
- a statement declaring that the member is to be employed in a position requiring licensure, and
- a statement confirming that the member will continue to receive the same salary on regular pay dates and fringe benefits to which he or she would be entitled.

If the agreement contains a resignation date, the date must not be prior to the end of the time period covered by the settlement agreement.

Court judgements

To ensure the reportability of service and earnings credit awarded pursuant to a judgement of a court of law, the judgement order must contain:

- the time period for which the court determines the member should have received salary or service credit,
- a statement that the judgement is an award of salary, and
- the amount of salary the member would have received during the period covered by the judgement.

Contributions on judgements are based upon the salary a member would have otherwise earned if not for the issue being litigated. The following items are excluded from creditable earnings:

- any court costs for which the member is reimbursed,
- any attorney's fees a court may award, and
- any damages ordered paid by a court which do not reflect salary or wages but may be assessed on the employer as nonpecuniary damages (*i.e.*, pain and suffering) or a penalty to prevent future abuse (*i.e.*, punitive damages).

TRS flexible benefit plans

A flexible benefit plan offers a choice between insurance and options that qualify as creditable earnings (e.g., cash, a tax-sheltered annuity under the Internal Revenue Code [IRC], Section 403[b], or a qualified tax-deferred compensation plan under IRC, Section 457[b]).



Amount to report

The amount reportable is equal to the amount of the salary option (e.g., the amount of the cash, 403[b] tax-sheltered annuity, or 457 [b] tax-deferred compensation plan option). This value is reportable for all members covered by the plan, including those who select the insurance benefit option.

Benefit plans without a salary option are not reportable as creditable earnings. For example, a plan that offers a choice between life, health, and disability insurance is not reportable.

Salary options in lieu of expense allowances or reimbursements are not reportable as creditable earnings. For example, a plan that offers a choice between salary or mileage reimbursement is not reportable.

Reporting flexible benefit plans

All flexible benefit plans offering a choice between insurance and options that would qualify as salary (e.g., cash, a 403[b] tax-sheltered annuity, or a 457[b] tax-deferred compensation plan) are reportable as creditable earnings.

Examples:

- An employer offers a salary add-on plan as part of the negotiated agreement. All teachers may receive \$500 cash in lieu of health insurance. Regardless of the option chosen, the teachers' creditable earnings increase by \$500; TRS and THIS Fund contributions must be remitted.
- A negotiated agreement provides for a flexible benefit plan that allows teachers \$1,200 to be applied toward the purchase of health and/or life insurance, or a 403(b) tax-sheltered annuity. Regardless of the option chosen, the teachers' creditable earnings increase by \$1,200; TRS and THIS Fund contributions must be remitted.

Salary reduction plans

Under a salary reduction plan, the member may choose **either**:

- nontaxable benefits, the cost of which is deducted from the member's salary. As a result, the member's taxable income is reduced by the same amount.
- none of the benefits, effectively receiving cash.

Salary reduction plans are considered to have a cash option for TRS reporting purposes. The creditable earnings reported to TRS must include the amount of gross wages before any benefit deductions.

Example:

Teacher A and Teacher B both have \$20,000 salaries. Teacher A chooses to have \$1,500 deducted from her salary to pay for family insurance coverage. Teacher B selects none of the possible benefits.

	<u>Teacher A</u>	<u>Teacher B</u>
Base salary	\$20,000	\$20,000
Tax-sheltered insurance	- 1,500	- 0
IRS taxable income	\$18,500	\$20,000
TRS creditable earnings	<u>\$20,000</u>	<u>\$20,000</u>



Pick up of employee contributions

With the expiration of the Early Retirement Option program on June 30, 2016, the member retirement contribution was reduced from 9.4 percent to 9.0 percent beginning with the 2016-17 school year. The member contribution rate had been 9.4 percent since the 2005-06 school year. Illinois law requires employers to pick up on a before-tax basis the entire 9.0 percent TRS member contribution. As a result, the 9.0 percent contributions are treated as employer contributions under the Internal Revenue Code and are **excluded** from the member's taxable income, regardless of who actually pays the 9.0 percent contribution.

However, these contributions are considered salary and are to be included in the member's salary rate when reported to TRS. The employer decides which method (reduction or add-on) to use for the 9.0 percent contributions in the adopted salary schedule. Regardless of the salary schedule adopted by the employer, creditable earnings include TRS contributions. Taxable earnings exclude TRS contributions.

Member-paid 9.0 percent retirement contributions

A member's payment of his or her retirement contributions is referred to as the "salary schedule reduction method." Under this method, creditable earnings are equal to the salary schedule amount. Employers withhold the 9.0 percent member contributions from the member's salary and remit the contribution to TRS. Taxable earnings are the creditable earnings less the retirement contribution.

Example

Salary schedule	\$10,000.00
Creditable earnings	\$10,000.00
9.0 percent contribution	x 0.090
Contribution amount to be remitted	\$900.00

Taxable earnings

Creditable earnings	\$10,000.00
Less 9.0 percent contribution	- 900.00
Taxable earnings	\$9,100.00

Employer-paid 9.0 percent retirement contributions

An employer's payment of any portion of the 9.0 percent retirement contribution is referred to as the "salary schedule add-on method." Employers using this method agree to pay all or a portion of the 9.0 percent member contribution in addition to the salary schedule amount. This method results in an employer cash outlay in excess of the member's salary schedule amount.

Employer payment of any portion of the member's retirement contribution results in an increase in reportable earnings equal to the employer payment. To determine creditable earnings, add the portion of the 9.0 percent contribution that is employer paid to the salary schedule amount. Creditable earnings may be calculated by multiplying the member's salary by an add-on factor (see the Table of factors).

When the employer agrees to pay the entire 9.0 percent contribution, creditable earnings are computed by multiplying the salary schedule times 1.098901 or by dividing the gross salary



by 0.910. The contribution is then equal to 9.0 percent of creditable earnings. The 9.0 percent member contribution may also be computed by multiplying the salary schedule times 0.098901.

Taxable earnings are equal to creditable earnings less the retirement contribution. If the employer is paying the full 9.0 percent contribution, taxable earnings are equal to the salary schedule amount.

Example: Salary schedule add-on method

	<u>9.0 Percent Board Paid</u>	<u>4.5 Percent Board Paid</u>
Salary schedule amount	\$10,000.00	\$10,000.00
Add-on factor	x 1.098901	x 1.047120
Creditable earnings	<u>\$10,989.01</u>	<u>\$10,471.20</u>
9.0 percent contribution	x 0.090	x 0.090
Contribution amount to be remitted	\$989.01	\$942.40
Creditable earnings	\$10,989.01	\$10,471.20
Salary schedule amount	- 10,000.00	- 10,000.00
Contribution paid by the employer	\$989.01	\$471.20
Contribution to be remitted	\$989.01	\$942.40
Contribution paid by the employer	- \$989.01	- 471.20
Contribution paid by the member	\$0	\$471.20
Creditable earnings	\$10,989.01	\$10,471.20
Less 9.0 percent contribution	- 989.01	- 942.40
Taxable earnings	<u>\$10,000.00</u>	<u>\$9,528.80</u>

OR:

	<u>9.0 Percent Board Paid</u>	<u>4.5 Percent Board Paid</u>
Salary schedule amount	\$10,000.00	\$10,000.00
	÷ 0.910	÷ 0.955
Creditable earnings	<u>\$10,989.01</u>	<u>\$10,471.20</u>
9.0 percent contribution	x 0.090	x 0.090
Contribution amount to be remitted	<u>\$989.01</u>	<u>\$942.40</u>



Table of factors (9.0 percent effective 2016-17)

Select the appropriate factor from this table when computing creditable earnings and contributions to remit to TRS for salaries earned beginning July 1, 2016 under the salary schedule add-on method.

Percent Paid By Employer	Salary Schedule	Factor	Creditable Earnings	Contribution Paid By Employer	Contribution Deducted From Member's Salary	Contribution To Be Remitted (9.0 percent)
0.5	\$10,000	1.005025	\$10,050.25	\$50.25	\$854.27	\$904.52
1	10,000	1.010101	10,101.01	101.01	808.08	909.09
1.5	10,000	1.015228	10,152.28	152.28	761.43	913.71
2	10,000	1.020408	10,204.08	204.08	714.29	918.37
2.5	10,000	1.025641	10,256.41	256.41	666.67	923.08
3	10,000	1.030928	10,309.28	309.28	618.56	927.84
3.5	10,000	1.036269	10,362.69	362.69	569.95	932.64
4	10,000	1.041667	10,416.67	416.67	520.83	937.50
4.5	10,000	1.047120	10,471.20	471.20	471.20	942.40
5	10,000	1.052632	10,526.32	526.32	421.05	947.37
5.5	10,000	1.058201	10,582.01	582.01	370.37	952.38
6	10,000	1.063830	10,638.30	638.30	319.15	957.45
6.5	10,000	1.069519	10,695.19	695.19	267.38	962.57
7	10,000	1.075269	10,752.69	752.69	215.05	967.74
7.5	10,000	1.081081	10,810.81	810.81	162.16	972.97
8	10,000	1.086957	10,869.57	869.57	108.69	978.26
8.5	10,000	1.092896	10,928.96	928.96	54.65	983.61
9	10,000	1.098901	10,989.01	989.01	0.00	989.01

Questions

For questions regarding the computation of creditable earnings or the amount of contributions due on reportable salary, please contact the Employer Services Department at (888) 877-0890, option 1 or by email at employers@trs.illinois.gov.



80 Illinois Administrative Code, Ch III, Section 1650.450, Subtitle D
Compensation Recognized as Salary

- a) “Salary” means any form of creditable compensation received by a member in consideration of services rendered as a teacher, subject to all applicable limits and restrictions imposed on qualified plans under the Internal Revenue Code. “Salary” directly related to specific work performed during a school year is recognized on an accrual basis. Other creditable compensation is recognized on a cash basis. The System reserves the right to determine the year of salary recognition. The following common examples are for illustration only and do not limit the System’s right to evaluate and determine other forms of creditable and non-creditable compensation.
- b) Examples of creditable compensation recognized as “salary”:
- 1) The gross amount of compensation earned or accruing to the member during the school year in a function requiring certification as a teacher.
 - 2) Additional compensation earned during the school year for the performance of extra duties, not requiring teacher certification, but which involve the supervision of students or are related to the academic program, provided the member is employed as a full-time or part-time contractual teacher and establishes active service credit in that position during the school year.
 - 3) The amount of back salary awarded to a member as a result of a settlement or judgment obtained due to a disputed dismissal, suspension or demotion. Court costs, attorney’s fees, other compensatory damages and punitive damages shall not be reportable as salary. The back salary amount reported to the System under this Section shall be equal to the amount the member would have earned had the dispute not occurred, regardless of the actual amount paid.
 - 4) Lump-sum payments (e.g., retirement incentives, bonuses, payments for unused vacation and sick days) received by the member or becoming due and payable to the member prior to or concurrent with receipt of final paycheck for regular earnings.
 - 5) Contributions made by or on behalf of the member to qualified deferred compensation plans (sections 401(a) and 457(b) of the Internal Revenue Code), salary reduction plans or tax sheltered annuities under section 403(b) of the Internal Revenue Code.
 - 6) Amounts that would otherwise qualify as salary under subsections (b)(1) through (b)(5) but are not received directly by the member because they are used to finance benefit options in a flexible benefit plan; provided, however, that to be reportable, a flexible benefit plan cannot include non-qualifying deferred compensation. For the System’s purposes, a flexible benefit plan is an option offered by an employer to its employees covered under the System to receive an alternative form of creditable compensation in lieu of employer-provided insurance.
- c) Examples of non-creditable compensation not recognized as “salary”:
- 1) Lump-sum payments (e.g., retirement incentives, bonuses, payments for unused vacation and sick days) becoming due and payable to the member subsequent to receipt of final paycheck for regular earnings.
 - 2) Any lump sum payment made after the death of the member.
 - 3) Expense reimbursements, expense allowances, or fringe benefits unless included in a reportable flexible benefit plan.
 - 4) Any monies received by the member under the Workers’ Compensation Act or the Workers’ Occupational Diseases Act.
 - 5) Compensation for extra duties not requiring teacher certification performed by substitute and part-time non-contractual teachers.
 - 6) Any amount paid in lieu of discontinued or decreased non-reportable benefits, or reported in lieu of previously non-reported compensation, where the conversion occurs in the member’s final seven years of service. If any form of non-creditable or non-reported compensation in any of the member’s last seven creditable school years of employment exceeds that of any other subsequent year, the System will presume the difference to have been converted into salary in the subsequent year. To overcome the presumption, the member must submit documentary evidence to the System that clearly and convincingly proves that the change in compensation structure was due to a change in a collectively bargained agreement applicable to all individuals covered by the agreement, a change in employer policies affecting a group of similarly situated members some of whom are not within seven years of retirement eligibility, or a change in family status, and not to increase final average salary.
 - 7) Any amount paid by an employer as the employer’s one time contribution (or on behalf of the employee as the employee’s one-time contribution) required by the System as part of the statutory early retirement option in Section 16-133.2 of the Act.
 - 8) Options to take salary in lieu of employment-related expense allowances or reimbursements.
 - 9) Employer payment of the member’s Teachers Health Insurance Security Fund contribution.
 - 10) Commissions (i.e., payments to a member based upon a percentage formula).
 - 11) Contributions to and distributions from nonqualified deferred compensation arrangements.
 - 12) Employer contributions to and distributions from medical spending accounts.

(Source: Amended at 35 Ill. Reg. 2788, effective January 25, 2011)



Chapter Four: Employer Payments

Employer remittances have two categories:

- contributions that are due to TRS based upon the payroll schedule the employer has submitted to TRS, referred to as “Pay period contributions.”
- payments due to TRS that are shown on the monthly online Employer Bill, referred to as “Billed amounts.”

Pay period contributions

Contribution types and rates

Employers remit five types of contributions after a payroll has been issued:

- member TRS retirement contributions
- employer TRS contributions for member benefit increases
- employer TRS contributions on salaries paid from federal funds
- member Teachers’ Health Insurance Security (THIS) Fund contributions
- employer Teachers’ Health Insurance Security (THIS) Fund contributions

The contribution rates are as follows:

Contribution type	7-1-10 through 6-30-11	7-1-11 through 6-30-12	7-1-12 through 6-30-13	7-1-13 through 6-30-14	7-1-14 through 6-30-15	7-1-15 through 6-30-16	7-1-16 through 6-30-17
Member TRS retirement contribution	9.4%	9.4%	9.4%	9.4%	9.4%	9.4%	9.0%
Employer TRS contribution for member benefit increase	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%
Employer TRS contribution on federally-funded salaries*	23.10%	24.91%	28.05%	35.41%	33.0%	36.06%	38.54%
Member THIS (insurance) contribution	0.88%	0.88%	0.92%	0.97%	1.02%	1.07%	1.12%
Employer THIS (insurance) contribution	0.66%	0.66%	0.69%	0.72%	0.76%	0.80%	0.84%

* This is the federal contribution rate under current law which requires the state and federal contribution rates to be the same. The certified state contribution to TRS during FY17 is also 38.54 percent.

Remittance procedures are discussed beginning on page 7.



Member TRS retirement contributions

(40 ILCS 5/16-152)

All active TRS members are required to contribute 9.0 percent of their creditable earnings to TRS. Legislative factors may increase or decrease the rates. The contribution is used for the following purposes:

- retirement annuity - 7.5 percent
- automatic annual increases in annuity - 0.5 percent,
- death benefits - 1 percent

The contribution was:

Rate	Effective Date
8.0%	July 1, 1971 through June 30, 1998
9.0	July 1, 1998 through June 30, 2005
9.4	July 1, 2005 through June 30, 2016
9.0	July 1, 2016

While the contribution is a member obligation, the employer may agree to pay this contribution for the member as a benefit. Member TRS contributions are tax exempt and must be excluded from the employee's taxable income.

Employer TRS contributions for member benefit increases

(40 ILCS 5/16-158)

Employer contributions are provided by the state of Illinois and TRS-covered employers.

- The state of Illinois contributes to TRS on behalf of employers under the continuing appropriation law. The contribution is adjusted annually. The state of Illinois remits these contributions directly to TRS.
- TRS-covered employers contribute 0.58 percent of creditable earnings.

The 0.58 percent of creditable earnings contributed by the employer to TRS is identified as the "employer TRS contribution for member benefit increase." It was created in 1998 as part of the 2.2 legislation. Because implementation of the 2.2 retirement formula meant that TRS would pay higher benefits to annuitants, the legislation had to provide additional funding sources. As a result, the member contribution rate increased, the state of Illinois contributions increased, and the new employer contribution was created.

The contribution was:

Rate	Effective Date
0.3%	July 1, 1998
0.58	July 1, 1999
0.18	January 1, 2002
0.58	July 1, 2003



Employer TRS contributions on salaries paid from federal funds

(40 ILCS 5/16-158)

An employer contribution is due on any portion of a member's salary that is creditable earnings and paid from special trust or federal funds, including stipends and substitute pay, administered by the employer. The employer contribution for federally-funded salary must be paid in addition to (not in lieu of) the member TRS retirement contribution and the employer TRS contribution for member benefit increases.

The contribution was:

Rate	Effective Date
10.50%	through June 30, 2005
7.06	July 1, 2005
9.78	July 1, 2006
13.11	July 1, 2007
17.08	July 1, 2008
23.38	July 1, 2009
23.10	July 1, 2010
24.91	July 1, 2011
28.05	July 1, 2012
35.41	July 1, 2013
33.00	July 1, 2014
36.06	July 1, 2015
38.54	July 1, 2016

The contribution rate on federally-funded salaries is the rate paid by the state to the System for that fiscal year, including contributions for the state's share of employer normal cost and unfunded liability. TRS will notify the employer each year of the new contribution rate.

Examples of programs paid from federal funds include, but are not limited to:

- Title I (programs include Low Income and Migrant Education)
- Title II (programs include Teacher Quality and Math and Science Initiative)
- Title III (programs include Immigrant Education Program and LIPLEP)
- Title IV (programs include 21st Century)
- Title VI (programs include Rural Education Initiative)
- Special Education I.D.E.A. (programs include Flow Through and Preschool Flow Through)
- Carl D. Perkins Vocational Education Act

Do not include earnings paid from state or federal funds provided under Title XX for adult and youth education classes for persons whose schooling has been interrupted.



Health insurance (THIS Fund) contributions

(5 ILCS 375/6.6)

Effective July 1, 1995, all active TRS members, including substitute and part-time teachers who are not employees of a state agency covered by the state employees' health plan, are required to make contributions to the Teachers' Health Insurance Security (THIS) Fund.

The member THIS Fund contribution was:

Rate	Effective Date
0.50%	July 1, 1995
0.65	January 1, 2002
0.75	July 1, 2003
0.80	July 1, 2005
0.84	July 1, 2007
0.88	July 1, 2010
0.92	July 1, 2012
0.97	July 1, 2013,
1.02	July 1, 2014
1.07	July 1, 2015
1.12	July 1, 2016

While the contribution is a member obligation, the employer may agree to pay the contribution for the member as a benefit.

Effective January 1, 2002, the member THIS Fund contributions are tax exempt and must be excluded from the employee's taxable income.

An employer THIS Fund contribution became effective January 1, 2002.

The contribution was:

Rate	Effective Date
0.40%	January 1, 2002
0.50	July 1, 2003
0.60	July 1, 2005
0.63	July 1, 2007
0.66	July 1, 2010
0.69	July 1, 2012
0.72	July 1, 2013
0.76	July 1, 2014
0.80	July 1, 2015
0.84	July 1, 2016

Member and employer THIS Fund contributions support the Teachers' Retirement Insurance Program (TRIP). TRS acts as a service agent for the Department of Central Management Services (CMS) for the collection of THIS Fund contributions. THIS Fund contributions cannot be



commingled with TRS assets. Therefore, THIS Fund contributions must be remitted separately and **cannot** be transferred to or from other TRS contribution accounts.

TRS annuitants who return to teaching after retirement do not pay member TRS or THIS Fund contributions unless they exceed the post-retirement employment limitations. See Chapter 10, Post-Retirement Matters, for more information on post-retirement employment limitations.

Employer payroll schedule

Each April, all contributing employers (except state agencies) are asked to complete an online Payroll Schedule form. An example is available on page 12. After signing in to the secure Employer Access area of the TRS website, the Payroll Schedule form is available by selecting “Payroll Schedule” from the left navigation bar.

On the Payroll Schedule form, employers should enter the upcoming fiscal year’s payroll dates for TRS-covered employees’ (teachers and administrators).

After saving the payroll dates, employers may view and print a Pay Period Schedule Report. An example is available on page 13. The Pay Period Schedule Report shows the reported payroll dates and can be used by employers to record remittance information. If any payroll dates change, employers may make updates online until August 31. The updates are entered on the Update Payroll Schedule form. An example is available on page 14. A corrected Pay Period Schedule Report can be printed. If updates are needed after August, employers should contact the TRS Accounting Department by calling (888) 877-0890, option 2, or by email at employers@trs.illinois.gov.

Employers may also view the district’s contact information and may enter and save changes as needed.

Contribution due dates

Employer remittance of member and employer contributions for salary paid between the 1st and 15th of the month is due by the 25th of the month. Remittance for salary paid between the 16th and the last day of the month is due by the 10th of the following month. All contributions for the school year ending June 30 are due by **July 10**.

TRS will assess a penalty if contributions are not received by the due date. To avoid a penalty assessment, the transaction must be completed by 3:30 p.m. (Central Standard Time) at least one banking business day prior to the due date. Contributions must be remitted electronically. See page 7. If no amount is due for a pay period, a transaction for zero dollars should be submitted.

If remittances are not received within 90 days of the due date, TRS is authorized to take action to collect the amounts by filing a claim with the Office of the State Comptroller against any future state funds due to the employer (40ILCS 5/16-158.1).

Billed amounts

On approximately the 26th of each month, employers are notified via email that the Employer Bill is available online in the Employer Access area of the TRS website. After the employer logs in to the Employer Access area, the bill is accessed by selecting “Billing” from the left navigation bar.



An invoice number is shown on the bill. The bill is separated into sections. The number is even for amounts due to TRS and odd for amounts due to THIS Fund.

Employers have the capability to edit billed items when they will not be paying the billed amount. This is required so TRS can correctly apply the amount paid.

Employer Retirement Costs

Section 20 lists amounts due from the employer because of members retiring. The three categories of employer retirement costs are Employer Early Retirement Option (ERO), Excess Sick Leave, and Excess Salary Increase. Please refer to Chapter 11, Retirement Benefits, for an explanation of the ERO cost and when it is applicable. Excess sick leave and excess salary increase costs are explained in Chapter 8.

If the employer has agreed to pay a member's ERO contribution, it must be paid in full prior to the member's retirement. The member must provide a separate payment coupon to the employer which is to be submitted to TRS with the check payment.

Employer Pay Insurance

Section 25 lists the monthly premiums some employers have agreed to pay for their retired teachers' health insurance.

Penalties/Other

Section 30 lists penalties owed to TRS. Penalties are assessed for late pay period contribution remittances, for the employer under-remitting the previous school year's pay period remittances based on the Annual Report of Earnings (referred to as "report difference"), and for submitting the Annual Report of Earnings after the August 15 due date. The type of penalty, the due date, and date of receipt are shown on the bill.

The late contribution penalty is the greater of the interest TRS would have earned if the contributions had been received by the due date, or \$50. Currently, TRS charges 7.5 percent interest per annum for late payment. This amount is subject to change annually.

The report difference penalty is calculated the same way. By law, July 10 is the last day to deposit contributions for the previous fiscal year (40 ILCS 5/16-155). Payments TRS receives after July 10 are subject to the report difference penalty.

The late Annual Report penalty only applies to reports submitted after August 15 and is \$250 per day from August 16 until it is submitted.

After the Annual Report is submitted, the employer can send a penalty waiver request to the TRS Accounting Department. The request should indicate why the due date was not met and should include any supporting documentation.

Adjustment to Earnings

Sections 40 and 45 list contributions owed to TRS and THIS Fund, respectively, because of an adjustment to earnings (ATE) to a member's previous school year earnings. Member accounts (service credit and creditable earnings) will not be updated until ATE amounts are paid in full.

Report Difference Contributions

Sections 50 and 55 list contributions owed to TRS and THIS Fund, respectively, because prior fiscal year contributions were underpaid. Amounts due are calculated after the Annual Report of



Earnings is reviewed. TRS transfers any overpaid TRS contributions to underpaid TRS contributions so only remaining underpayments are shown on the Employer Bill. Any remaining overpayments are refunded to the employer.

Billed item due dates

Billed amounts are due upon receipt of the bill. Do not prepay items that will appear on the Employer Bill. Billed amounts must be remitted electronically. Remittance procedures follow.

Remitting payments to TRS

Pay period contributions and billed amounts must be remitted electronically via touch-tone telephone or the Internet. Only payments requiring an employer payment coupon, such as employer payment of a member's 2.2, optional service, or ERO cost, can be paid by check. (See Chapter 7, Optional Service Credit and Payment Options.)

Whether employers remit by phone or Internet, transactions must be completed by 3:30 p.m. (Central Standard Time) at least one business banking day prior to the due date in order for the payment to be considered timely.

How the electronic funds transfer (EFT) system works

EFT enrollment and banking changes

New employers must complete the Electronic Funds Transfer Form (see page 15) to initiate the necessary EFT banking relationship. This form is available on the TRS website. The new employer should mark "Add New Account" at the top of the form and provide all of the requested information.

The Electronic Funds Transfer Form is also used to submit banking information changes to TRS. The employer should mark "Notice of Change" at the top, complete the necessary information, note the effective date, sign and date the form, then fax the form to the TRS Accounting Department at (217) 753-0969.

Personal identification number (PIN)

Whether employers remit by phone or the Internet, the same personal identification number (PIN) is used. However, the phone must be used to change or establish a PIN. To start, call (800) 230-1107. Enter the employer number and PIN, then select option 6 to submit the desired change. The PIN should be securely kept because it provides access to the system.

Information needed for a remittance

Whether employers remit by phone or the Internet, the required data input script the employer follows is identical. To make a payment, employers need the TRS employer number (TRS code), PIN, and information for the type of payment the employer is making, such as the fiscal year, pay period, bill invoice and section numbers, and dollar amounts. Employers may remit multiple pay periods or multiple contribution types in the same session.

Option types on the EFT data input script

- **Option 1 – Member and Employer Contributions:** used for pay schedule remittances of member TRS retirement contributions, employer TRS contributions for member benefit increases, and employer TRS contributions on salaries paid from federal funds.



- **Option 2 – Teachers’ Health Insurance Contributions:** used for pay schedule remittances of member and employer THIS Fund contributions.
- **Option 3 – TRS Remittance Payment:** used for all TRS Employer Bill remittances. Enter the bill section and invoice number shown on the bill. If employers have amounts due for more than one bill section, each amount needs to be entered separately.
- **Option 4 – THIS Fund Remittance Payment:** used to pay THIS Fund Employer Bill amounts. Enter the bill section and invoice number shown on the bill. If employers have amounts due for more than one bill section, each amount needs to be entered separately.

Telephone remittance

Dial (800) 230-1107 and follow the prompts on the script – see pages 16 and 17. A five-digit reference number will be assigned to each completed transaction and should be recorded, along with the debit date, on the Pay Period Schedule Report (example on page 13). The system is available 24 hours a day, seven days a week, including holidays.

To inquire about or cancel a payment, dial the 800 number shown above and select option 5 after entering the employer number and PIN. Employers will be connected with an operator who can access their account information.

Internet remittance

The employer’s computer should use either the latest version of Internet Explorer or Firefox, and a screen resolution of 1024 x 768 is recommended. The system is available 22 hours a day (with a nightly maintenance window), seven days a week. The most advanced security available is used to ensure the privacy of payment information and all transactions are conducted over a Secure Sockets Layer (SSL) connection secured with 128-bit encryption. The system uses a time out feature — employers will automatically be logged off if the system is inactive for five minutes.

To make an Internet payment:

- Access the TRS website at <http://trs.illinois.gov>, then select “Employer Services” in the left navigation bar and “Employer Access” in the right navigation bar.
- After signing in to the Employer Access area, select “Online Payments” from the left navigation bar.
- Enter the employer number and PIN (personal identification number) on the Log On screen, then select “Log On.”
- On the Select Payment Type screen (example follows), choose the desired payment option. These options correspond to the options available on the EFT telephone script.
- On the Make a Payment screen (example follows), enter the appropriate values in the displayed fields and select “Continue.”
- On the Confirm Payment Information screen (example follows), review the information for accuracy. If it is correct, select the “Submit Payment” button. If it is incorrect, select the “Edit Payment” button to make changes.



- The employer reference number will be shown on the Payment Acknowledgement screen. Print this page as a receipt for the payment (or, employers may capture the printer friendly file to save it to a location of their choice). If another payment is necessary, select “New Payment.” Otherwise, select “Log off.”

To inquire about or cancel a payment (example follows), after entering the employer PIN, from the left navigation bar select on “Cancel a payment” or “Payment Inquiry.” The payment history will be displayed with available cancellation options. Please be aware that time frame limits do exist for the cancellation and inquiry options.

Payment warehousing

The EFT system allows employers to “warehouse” payments by specifying a future debit date. The date can be up to 30 days in the future for TRS and THIS Fund contributions (options 1 and 2).

Account information

Remittances, as well as other account activity, can be viewed from the TRS website. After signing in to the secure Employer Access area, select “Accounts” from the left navigation bar. Various reports are also available by selecting “Reports” from the menu. TRS recommends that employers use these online features to ensure that payments have been applied as intended. In addition, the information can aid the employer when completing the Annual Report of Earnings.



Illinois Teachers' Retirement System - Options - Microsoft Internet Explorer provided by IL Teachers' Retirement System

File Edit View Favorites Tools Help Back Search Favorites Media

Employer Services **Teachers' Retirement System** **www.trs.state.il.us**
Retirement Security for Illinois Educators **Welcome to TRS!**

TRS Links
 Home
 Employer Services
 TRS FAQs
EFT Links
 Make a Payment
 Cancel a Payment
 Payment Inquiry
 FAQs
 Log Off

4 Easy Steps to Make a TRS Payment:

1. Select Payment Type
2. Enter Payment Information
3. Confirm Payment Information
4. Receive Payment Acknowledgement

TRS Electronic Funds Transfer

Select Payment Type
 Please select one of the following payment options:

TRS Payment Options

[Member and Employer Contribution](#)
[Teachers' Health Insurance Contribution](#)
[TRS Remittance Payment](#)
[THIS Fund Remittance Payment](#)

[Make a Payment](#) | [Cancel a Payment](#) | [Payment Inquiry](#) | [FAQ](#) | [Log Off](#)

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 Home
 Employer Services
 TRS FAQs
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 Cancel a Payment
 Payment Inquiry
 FAQs
 Log Off

4 Easy Steps to Make a TRS Payment:

1. Select Payment Type
2. Enter Payment Information
3. Confirm Payment Information
4. Receive Payment Acknowledgement

TRS Electronic Funds Transfer

Make a Payment
 Please enter the following payment information.

Employer Number: 0621800

Contribution Type Description: Member and Employer Contribution

Fiscal Year:
 (format: CCYY)

Pay Period:
 (format: 00 -- value is 01 to 60)

Total Member TRS Contribution:
 (example: 1234.56)

Total Employer Contributions from Special Trust or Federal Earnings:
 (example: 1234.56)

Total Employer's Contributions for Member Benefit Increase:
 (example: 1234.56)

Total Amount:
 (example: 1234.56)



Illinois Teachers' Retirement System - Confirm Payment Information - Microsoft Internet Explorer provided by IL Teachers' Retir

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Retirement Security for Illinois Educators **Welcome to TRS!**

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 Home
 Employer Services
 TRS FAQs
EFT Links
 Make a Payment
 Cancel a Payment
 Payment Inquiry
 FAQs
 Log Off

4 Easy Steps to Make a TRS Payment:

1. Select Payment Type
2. Enter Payment Information
3. Confirm Payment Information
4. Receive Payment Acknowledgement

TRS Electronic Funds Transfer

Confirm Payment Information
 If this information is correct, click the **Submit Payment** button and you will proceed to the Acknowledgement page where you will receive your reference number. Your payment is not complete until you receive this reference number. If this information is not correct, click the **Edit Payment** button and make the necessary corrections.

Employer Number: 0621800
Contribution Type Description: Member and Employer Contribution
Fiscal Year: 2005
Pay Period: 18
Total Member TRS Contribution: \$15,000.00
Total Employer Contributions from Special Trust or Federal Earnings: \$500.00
Total Employer's Contributions for Member Benefit Increase: \$650.00
Total Amount: \$16,150.00
Bank Account Debit Date: 04/10/05

Submit Payment **Edit Payment**

http://trs.illinois.gov/ Internet

Illinois Teachers' Retirement System - Payment Inquiry - Microsoft Internet Explorer provided by IL Teachers' Retir

File Edit View Favorites Tools Help Back Search Favorites Media

Employer Services **Teachers' Retirement System** **www.trs.s**
Retirement Security for Illinois Educators **Welcome**

TRS Links
 Home
 Employer Services
 TRS FAQs
EFT Links
 Make a Payment
 Cancel a Payment
 Payment Inquiry
 FAQs
 Log Off

TRS Electronic Funds Transfer

View Recent Payments
 Click on the table headers to sort the displayed data. Click the **Refresh** button for payment data.

Ref

43 records returned.

REFERENCE NUMBER	PAYMENT DATE ▼	PAYMENT TIME (MT)	BANK ACCOUNT DEBIT DATE	CONTRIBUTION TYPE	PAYMENT AMOUNT
51997	04/13/2004	12:48	04/27/2004	Member/Employer	\$12,150.00
40043	03/14/2004	06:27	04/09/2004	Member/Employer	\$1.00
30235	03/13/2004	07:03	04/08/2004	Member/Employer	\$1.00
20071	02/22/2004	08:01	02/26/2004	Member/Employer	\$1.00
10577	02/21/2004	09:49	03/03/2004	Member/Employer	\$5.00
69354	01/06/2004	10:01	01/07/2004	Member/Employer	\$7,600.00
65945	01/06/2004	08:54	01/08/2004	Health Insurance	\$50,000.00
65858	01/06/2004	08:53	01/08/2004	Member/Employer	\$5,550.00



099-9999 - All American School Dist #9999

Payroll Schedule

School Year:

	1 st Pay	2 nd Pay	3 rd Pay	4 th Pay	5 th Pay
July:					
August:					
September:					
October:					
November:					
December:					
January:					
February:					
March:					
April:					
May:					
June:					

Pay Period Schedule Report

Please contact the Accounting Department at (888) 877-0890, option 2 or employers@trs.illinois.gov if changes are necessary.



This report serves as a guide for the information you are required to enter when remitting payroll period contributions via EFT for the 2015-16 school year.

Payment Information:

- Multiple pay periods or multiple contribution types may be remitted in the same session.
- If no contributions are due for a pay period, submit a zero remittance so the payment is not considered delinquent.
- Use pay period 60 at the end of the school year when remittances have been made for all reported pay periods but additional contributions are due.
- The debit date must be a valid business banking day; it cannot be a weekend or federal holiday. A future debit date up to 30 days in advance may be entered.
- To be considered timely, remittances must be completed by 3:30 p.m. (Central Time) at least one business banking day before the payment due date. However, if the due date falls on a weekend, a federal holiday, or the day following a weekend or federal holiday, the remittance must be completed by 3:30 p.m. on the last business banking day before the weekend or federal holiday (the debit date must be the next business day).

999-9999 School District A

District Payroll Date	Payment Due Date	EFT Option	Fiscal Year	Pay Period	Member TRS Contributions	Employer Federal Funds Contributions	Employer Contributions for Member Benefit Increase	THIS Fund Contributions	Total	Debit Date	Reference Number
07/14/16	07/25/16	1	2017	01							
		2									
07/28/16	08/10/16	1	2017	02							
		2									
08/15/16	08/25/16	1	2017	03							
		2									
08/29/16	09/12/16	1	2017	04							
		2									
09/15/15	09/25/15	1	2017	05							
		2									
09/29/15	10/10/15	1	2017	06							
		2									



099-9999 - All American School Dist #9999

Employer Services: (888) 877-0890
employers@trs.illinois.gov

Update Payroll Schedule

School Year: 20XX-XX

	1 st Pay	2 nd Pay	3 rd Pay	4 th Pay	5 th Pay
July:	<input type="text" value="1"/>	<input type="text" value="15"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
August:	<input type="text" value="1"/>	<input type="text" value="15"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
September:	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
October:	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
November:	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
December:	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
January:	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
February:	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
March:	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
April:	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
May:	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
June:	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Save

Cancel



TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS



2815 West Washington Street
P.O. Box 19253
Springfield, Illinois 62794-9253
(888)877-0890
employers@trs.illinois.gov
http://trs.illinois.gov

**Electronic Funds
Transfer Form**

Employer Number (7 digits) _____

Employer Name (please print) _____
(25- character maximum: name as it should appear for ACH presentation to your financial institution and to TRS.)

Check the appropriate box and indicate the effective date.

- Add New Account (new employer) Effective Date _____
- Notice of Change (different banking information)
- Delete Account (no longer a valid employer)

ABA/Routing # (9 digits) _____ Checking Savings
(Identifies the financial institution where the employer's account is maintained; can be found in the bottom MICR line of the employer's check.)

Bank Account # (17-digit maximum) _____
(Account number used to pay the remittance; typically, the second number in the bottom MICR line of the employer's check. Do not include the check number.)

Daily Debit Maximum (optional) \$ _____

Teachers' Retirement System (the 'System') is hereby authorized to present debit entries, which the employer through its authorized agent originates, to the bank account identified above and the bank is authorized to debit such account for the payment(s). The employer's participation in the EFT program is mandatory and subject to the rules and regulations issued by the System, as amended from time to time. The person who executes this form on behalf of the employer represents to the System that he or she is authorized to do so.

Signature of Responsible Business Official _____ Title _____ Date _____

Please fax the completed form to the TRS Accounting Department at (217) 753-0969. Thank You.

DO NOT COMPLETE THIS SECTION (Internal Use Only)

Level I#	Level II#	Location # & Disc Data B	PIN(Disc Data G) (For NEW Only)
6 2 7 9			
Member/Employer Contribution:	0 1	7 Digit Employer Number	Y0000
Teachers' Health Insurance Security Fund:	0 2	7 Digit Employer Number	Y0000
TRs Remittance:	0 4	7 Digit Employer Number	Y0000
THIS Fund Remittance:	0 5	7 Digit Employer Number	Y0000

06002015 3/07



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**Instructions for Employer
Electronic Funds Transfer (EFT)**

SYSTEM INSTRUCTIONS

- The system is available to you 24 hours a day, seven days a week, including weekends and holidays.
- To be considered timely, calls must be completed **by 3:30 p.m.** (Central Time) at least one business banking day before the payment due date.
- **You must enter the date you would like your bank account debited.** You may specify a future bank account debit date. This date cannot be a weekend or Federal Reserve Bank holiday and must be at least one business day in the future. For pay period contributions (options 1 and 2), you have up to 30 days in the future to settle. For billed items (options 3 and 4), you may designate up to 40 days in advance.
- You may remit multiple pay periods or multiple contribution types in the same phone call.

Please have the following information ready before calling.

- For **ALL** remittances:
 - 7-digit employer ID number
 - PIN code
 - Amount(s), as dollars and cents
 - Bank account debit date (6-digit MMDDYY)
- **AND** for pay period contributions you will **also** need:
 - Employer Pay Period Schedule Report
 - Fiscal year (4-digit CCYY)
 - Pay period (values 01-60, inclusive)
- **OR** for billed items you will **also** need:
 - Bill invoice number and bill section number

Call toll-free: (800) 230-1107

1. System: Welcome to the Teachers' Retirement System of the State of Illinois. Please press 1 now.
Employer: 1.
2. System: Please press the pound (#) sign after each entry to speed your call.
3. System: Please enter your 7-digit employer number.
Employer: _____ #.
4. System: Enter your PIN code.
Employer: _____ #
5. System: To make a *member and employer contribution*, press 1. To make a *Teachers' health insurance contribution*, press 2. To pay *TRS billed items*, press 3. To pay *THIS Fund billed items*, press 4. To perform a cancellation or inquiry about a payment, press 5. For a PIN code change, press 6.
Employer: ___ #.
System: 1# - proceed to step 6a – Option 1
2# - proceed to step 6a – Option 2
3# - proceed to step 6a – Option 3
4# - proceed to step 6a – Option 4
5# - hold for operator assistance
6# - follow along as prompted



<p>Option 1 - For Member and Employer Contributions: (Refer to Employer Pay Period Schedule Report.)</p> <p>6a. System: Enter the fiscal year for which you are remitting contributions. Employer: ___ ___ ___ # (CCYY)</p> <p>6b. System: Enter the pay period. Employer: ___ #</p> <p>6c. System: Enter the total member TRS contributions. Employer: \$ _____ . _____ #</p> <p>6d. System: Enter the total employer contributions from special trust or federal earnings. Employer: \$ _____ . _____ #</p> <p>6e. System: Enter the total employer's contributions for member benefit increase. Employer: \$ _____ . _____ # System: Your TOTAL for <u>all</u> amounts entered is: _____ dollars and _____ cents. To accept, press 1. To correct and re-enter (all amounts), press 2. Employer: 1# (accept) – proceed with steps #7, 8, 9. 2# (correct) – return to step #6a and re-enter.</p>	<p>Option 2 - For Teachers' Health Insurance Contribution: (Refer to Employer Pay Period Schedule Report.)</p> <p>6a. System: Enter the fiscal year for which you are remitting contributions. Employer: ___ ___ ___ # (CCYY)</p> <p>6b. System: Enter the pay period. Employer: ___ #</p> <p>6c. System: Enter the TOTAL member and employer THIS Fund contribution amount (in dollars and cents). Employer: \$ _____ . _____ # System: You entered: _____ dollars and _____ cents. To accept, press 1. To correct and re-enter, press 2. Employer: 1# (accept) – proceed with steps #7, 8, 9. 2# (correct) – return to step #6a and re-enter.</p>
<p>Option 3 - For Payment from a TRS bill:</p> <p>6a. System: Enter the bill invoice number of the bill you are paying from. Employer: ___ ___ ___ ___ #</p> <p>6b. System: Enter the TRS bill section number for which you are making payment. Employer: ___ #</p> <p>6c. System: Enter the dollar amount for the TRS bill section number. Employer: \$ _____ . _____ System: You entered: _____ dollars and _____ cents. To accept, press 1. To correct and re-enter, press 2. Employer: 1# (accept) – proceed with steps #7, 8, 9. 2# (correct) – return to step #6a and re-enter.</p>	<p>Option 4 - For Payment from a THIS Fund bill:</p> <p>6a. System: Enter the bill invoice number of the bill you are paying from. Employer: ___ ___ ___ ___ #</p> <p>6b. System: Enter the THIS Fund bill section number for which you are making payment. Employer: ___ #</p> <p>6c. System: Enter the dollar amount for the THIS Fund bill section number. Employer: \$ _____ . _____ System: You entered: _____ dollars and _____ cents. To accept, press 1. To correct and re-enter, press 2. Employer: 1# (accept) – proceed with steps #7, 8, 9. 2# (correct) – return to step #6a and re-enter.</p>

7. System: Enter the date you would like your bank account debited (required).
Employer: ___ ___ ___ ___ # (MMDDYY).
System: You entered a debit date of _____.
To accept, press 1. To correct and re-enter, press 2.
Employer: 1# (accept) - proceed with step #8.
2# (correct) - return to step #7.
8. System: Thank you. Your contribution has been accepted. Your reference number is _____.
Repeating, your reference number is _____.
9. System: To disconnect, press 1. To continue, press 2.
Employer: 1# - Thank you for using the Teachers' Retirement System.
2# - To report for the same employer number, press 1. (Returns to step #5.)
To report for a different employer number, press 2. (Returns to step #3.)



Chapter Five: Reporting

Index of Examples

Example Description	Example	Page
Accrual	53-55	33
Docked days	20	17
Docked days - full-time teacher docked at substitute rate	22	18
Docked days - part-time contractual	21	18
End-of-career salary increases	56	35
Extra duty - full-time	16	16
Extra duty - part-time contractual	17	16
Extra duty - part-time noncontractual	19	17
Extra duty - retirement	60	50
Extra duty - substitute	18	17
Federal funds	50-52	33
Flexible benefit plan - full-time employed partial year	37	26
Flexible benefit plan - full-time teacher on leave of absence	38	26
Flexible benefit plan - teacher and administrator plan	39	27
Full-time - administrator with 11-month contract	6	12
Full-time - administrator with 12-month contract	5	12
Full-time - disability	58	48
Full-time - employed partial year	1	11
Full-time - federal funds	4	12
Full-time - four clock hours daily	2	11
Full-time - paid over 12 months	3	12
Full-time - retirement	57	46
Jury duty - district makes partial payment	41	28
Military service	42	28
Multiple employers - full-time and extra duty	25	20
Multiple employers - full-time and part-time contractual	23	19
Multiple employers - part-time contractual	24	19
Multiple employers - substitute	26	20
Multiple employment types - full-year employment	27	22
Multiple employment types - part-time noncontractual and substitute	30	23
Multiple employment types - partial-year employment	29	23
Multiple employment types - substitute to full-time	28	22
Multiple employment types- part-time contractual and substitute	31	23

Example Description	Example	Page
Noncreditable earnings - converting fringe benefits to salary	46	31
Noncreditable earnings - employer payment of member's THIS Fund contribution	47	31
Noncreditable earnings - travel allowance with salary option	45	31
Part-time contractual - partial year	8	13
Part-time contractual - refund	59	49
Part-time contractual - three days per week	7	13
Part-time noncontractual - homebound teacher	9	14
Part-time noncontractual - social worker	10	14
Prepayment of earnings	49	32
Sabbatical leave	48	32
School administrator - retirement	62	52
Substitute - also teacher's aide	13	15
Substitute - death	61	51
Substitute - full days	11	14
Substitute - paid at two different rates and nonlicensed duties	14	15
Substitute - paid full-time rate	15	15
Substitute - partial days	12	15
Summer extra duty - full-time	34	25
Summer extra duty - substitute	35	25
Summer school - full time	32	24
Summer school - substitute	33	24
Summer school only	36	25
Tax-sheltering - salary schedule add-on method	44	30
Tax-sheltering - salary schedule reduction method	43	29
Workers' compensation - employer pays partial salary	40	28
Supplementary Report forms:	57-62	46-52
Extra duty - retirement	60	50
Full-time - disability	58	48
Full-time - retirement	57	46
Part-time contractual - refund	59	49
School administrator - retirement	62	52
Substitute - death	61	51
Sick Leave Certification for Public Act 94-0004 forms:	57, 62	47, 53
Full-time - retirement	57	47
School administrator - retirement	62	53



Importance of the Annual Report of Earnings

The Annual Report of Earnings provides the information necessary to establish and record earned service credit, salary rates, creditable earnings, and contributions for members. The integrity of each member's retirement record depends upon the accuracy of this report. The Annual Report also provides the information necessary to prepare the member's TRS Benefits Report.

Every TRS employer is required to file an Annual Report with TRS each fiscal year.

Information for the Annual Report of Earnings

The Annual Report of Earnings should include only earnings for the current fiscal year. After the Annual Report has been filed, necessary corrections can be made by filing an Employer's Report of Adjustments to Earnings form for previously reported earnings.

When a claim for benefits (retirement, disability, death) or refund is initiated prior to the date TRS completes the review of the Annual Report, a Supplementary Report form must be completed by the employer.

Filing the Annual Report of Earnings and related forms

Employers are required to file their Annual Report of Earnings via the Web-based Annual Reporting System (ARS). Submission is entirely online. There are no forms or additional documents to mail. The ARS allows multiple users to access the system and work on the Annual Report at the same time. Employers also have the ability to enter edit explanations, earnings, terminated sick leave, leave of absence, or sabbatical leave information for each member on one screen.

In June of each year, TRS emails instructions for using the Web-based ARS and filing the Annual Report of Earnings.

Web-based ARS

After signing in to the secure Employer Access area, employers can navigate by using menu items located on the left side of the screen.

Import/Recover/Delete - Use to import data from an employer file, recover data from the prior year's Annual Report, delete earnings information, or delete all employees from the Annual Report.

Importing employee records is a time-saving process that allows employers to gather payroll information in a fixed-length ASCII format and then import the data into the ARS. Modifications to the imported data are generally necessary to properly report Annual Report data in accordance with TRS guidelines.

If the recover option is used, the process will recover from the TRS database all employees that have service and earnings information from the prior year. This will take into account any employees added or deleted during the prior year through the adjustments to earnings or Annual Report processes.



Employee List - Use to view a list of all employees on the Annual Report. On this screen, use the “Update” link to modify or delete employee information, including employee demographic information, earnings, terminated sick leave, leave of absence, and sabbatical leave.

Add Employee - Use to manually enter an employee to the Annual Report. Employers will be prompted to enter addresses for all new TRS members.

Remittances - Use to enter the amounts remitted for each contribution type.

Compliance Questionnaire - Use to complete the Compliance Questionnaire.

Reports - Use to view and print various reports.

Submit to TRS - Use to view an Annual Report checklist, enter contact information, and submit a completed Annual Report to TRS. Once the Annual Report is submitted, employers will receive an email confirming TRS has received the report.

Note: if you are entering data on a screen, you must first save the information before selecting a menu item to prevent losing any unsaved data.

Edit process – fatal and non-fatal edits

The edit process gives the employer an opportunity to correct reporting errors or explain situations that TRS will be required to research. Each edit is assigned a number and is either fatal or non-fatal. Employers can print a list of all edit codes by selecting on “How To Use This System” on the left navigation bar, then selecting “TRS Edits.” Edits invoked on each member can be viewed on the “Update Employee” screen. Fatal edits will be shown in red and non-fatal edits in black. A short description of the edit will be shown with the edit number. To see a detailed description of the edit code and instructions for addressing the edit, refer to the printed edit list or select on the  at the end of the edit description.

Fatal edits

A fatal edit identifies incorrect or incomplete information and must be corrected before the Annual Report can be submitted to TRS.

An example of a fatal edit with incorrect information is Edit 4215 - Creditable earnings are greater than annual salary rate. Annual salary rate cannot be less than creditable earnings. Either annual salary rate or creditable earnings must be corrected. For additional information on reporting annual salary rates refer to “Annual Report Information–Annual salary rate.”

An example of a fatal edit with incomplete information is Edit 5203 - Total number of days paid is required. Enter total number of days paid. Ensure partial days are not converted to whole day equivalents. For additional information on days paid refer to “Annual Report Information–Days paid.”



Non-fatal edits

A non-fatal edit does not necessarily mean that the information entered is incorrect. Many edits are reasonableness checks, prompting TRS to verify the member data. Review the reported information. If the member has been correctly reported, enter an explanation for the edit. A detailed note on the “Edit Report” may prevent an inquiry from TRS. Employers should not modify the member data solely because an edit exists. Modifications to the member data should be made only if the original information is incorrect or not in accordance with reporting guidelines.

Non-fatal edit examples

In the first example shown, the information reported is correct but a detailed explanation is required on the edit report.

Edit 4288 - The daily rate (computed by dividing the annual salary rate by the contract days multiplied by the days paid) is not within \$1,000.00 of creditable earnings for a full-time member. Review the reported information and correct if in error. This edit often occurs when rate and earnings are correct, but the calculation appears incorrect because the member received extra duty or lump-sum payments. If the annual salary rate and creditable earnings are both correct, please provide a detailed breakdown of the reported annual salary rate and creditable earnings.

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher 1	F	180	15	51,300.00	5,327.78	479.50	

Include the following detailed explanation on the edit report:

Base	$\$50,000.00 \div 180 \times 14.5 \text{ days paid} =$	\$4,027.78
Internal sub	300.00	300.00
Committee work	500.00	500.00
Coach	+ 500.00	+ 500.00
Total	<u>\$51,300.00</u>	<u>\$5,327.78</u>

In the second example, the information reported is incorrect and after the correction is made, the edit is no longer invoked.

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher 2	F	180	100	51,100.00	28,877.78	2,599.00	

In researching this member, the district discovered the annual salary rate had been reported incorrectly. This member earned \$500 for timesheet extra duties such as chaperoning, internal substitution, or curriculum work that was not included in the annual salary rate.

Base	$\$50,000.00 \div 180 \times 100 \text{ days paid} =$	\$27,777.78
Internal sub, chaperone, curriculum	+ 1,100.00	+ 1,100.00
Total	<u>\$51,100.00</u>	<u>\$28,877.78</u>

When the annual salary rate was corrected to \$51,100.00, Edit 4288 no longer invoked on this member.

Employers may find it helpful to filter the Annual Report to show employees who have fatal errors only or non-fatal errors only while addressing the edits.



Annual Report Remittances

Enter the total remittances for the member retirement contributions, employer federal funds contributions, employer contributions for member benefit increase, and total THIS Fund contributions on the “Remittances” screen. Please refer to “Accounts” or “Reports” under the “Accounting” section of the Employer Access area for fiscal year-to-date totals when entering the remitted contributions. After entering the contributions, save and view the report. Amounts less than \$50 in any of the accounts either due to TRS or to the employer will be waived. After this waiver, the ARS will net the TRS contributions and provide it on the Annual Report Remittances TRS report as the total amount due to TRS or the amount to be refunded to the employer. The ARS will provide the amount due to TRS or to be refunded to the employer from the Teachers’ Health Insurance Security (THIS) Fund on the Annual Report Remittances THIS Fund report. TRS acts as a service agent for the Illinois Department of Central Management Services (CMS) for the collection of the THIS Fund contributions. Due to this, TRS cannot process any transfers between the TRS contribution accounts and the THIS Fund contribution account. These reports may be printed for the district’s use from the “Reports” menu item.

If there is an amount due to TRS, please remit it by August 15 using the EFT system to avoid the potential for late payment penalties. For the 2016-17 school year, enter “2017” as the fiscal year for which contributions are being remitted and “60” as the pay period.

Please call the TRS Accounting Department with questions about the remittance of retirement and THIS Fund contributions. Contact the TRS Employer Services Department with questions about the reconciliation of the contributions. Both departments can be reached at (888) 877-0890 or employers@trs.illinois.gov.

Reports related to the Annual Report of Earnings

All of the following reports listed will be completed online using the Web-based ARS.

- “Draft” Annual Report of Earnings includes edit codes
- “Final” Annual Report of Earnings
- Annual Report Employee Edit Report (refer to “Edit process”)
- Annual Report Remittances (refer to “Annual Report Remittances”)
- Annual Report Terminated Sick Leave Report (refer to “Sick leave reporting”)
- Annual Report Leave of Absence Report (refer to “Leave of absence”)
- Annual Report Sabbatical Leave Report (refer to Chapter 6, “Sabbatical leave”)
- Compliance Questionnaire – this report is used by TRS to gather information regarding the district’s policies and practices and to ensure reporting requirements are being met.
- Annual Report Summary of Changes Report – this report summarizes changes made to an Annual Report by TRS.
- Prior Year Annual Report of Earnings – employers can view/print prior year Annual Reports.

Employers may filter the “Draft” and/or “Final” Annual Report of Earnings for internal use. When the filtering option is used, the report will include all employees who meet the selected criteria. The filter options are: creditable earnings, federal funds, fatal errors only,



non-fatal errors only, terminated sick leave, leave of absence, sabbatical leave, employment type, gender, and minimum age. **For example:** an employer may select federal funds and employment type substitute. The report would include all substitute teachers with reported federally-funded salaries.

Submitting the Annual Report

After completing the Annual Report and other related forms, the employer is ready to submit the Annual Report online. Go to the “Submit to TRS” screen.

If there are any members for which TRS has a Supplementary Report, but they have not been included on the Annual Report, they will be listed at the top of the submit screen. Add the member to the Annual Report using the “Add Employee” menu item. If the member did not work during the school year of the Annual Report, contact the Employer Services Department.

On the submit screen, the employer will be able to view if:

- all fatal edits have been resolved,
- edit explanations have been added for all employees with non-fatal edits,
- remittances have been entered, and
- the compliance questionnaire has been completed.

All fatal edits must be resolved before the employer can submit the Annual Report to TRS. To assist TRS in the review of the Annual Report, all non-fatal errors should be reviewed to ensure members have been reported correctly. If all information has been reported correctly, the employer should add edit explanations for each member with a non-fatal error.

If there are any reported members with a leave of absence, the employer will be asked to complete the first and last days of the school term. If there are no members reported with a leave of absence, the employer will not be asked for this information.

If no members are reported with terminated sick leave, a leave of absence, sabbatical leave or federally-funded salaries, the employer will be asked to confirm if this information is correct.

Enter the name and demographic information of the person TRS staff should contact with questions he/she may have while processing the report.

After all of the above has been addressed, select the “Submit to TRS” button. A message that the Annual Report has been submitted to TRS will be displayed. After it has been submitted, the employer will no longer be able to make changes to the Annual Report or related reports. The employer will be able to view and print reports, view the employee list, and view remittances.

If it is discovered that a reporting error has occurred, please contact the TRS Employer Services Department at (888) 877-0890, option 1, or via email at employers@trs.illinois.gov.

Deadline

The Annual Report of Earnings is annually due to TRS on August 15. The Illinois Pension Code provides for a \$250 penalty per day for each day the Annual Report of Earnings is not on file after the August 15 deadline. Annual Reports failing to materially conform to applicable laws and rules of



TRS will not be deemed received until properly corrected and resubmitted to TRS. Penalties will be assessed if the reports are resubmitted after August 15.

Another entity, such as a treasurer's office, CPA firm, etc., may complete the Annual Report. However, the employer is responsible for ensuring the Annual Report is completed accurately and submitted by the deadline.

Annual Report Information

(An index of examples is available at the beginning of this chapter.)

Name, date of birth, Social Security number, gender

For each member reported, provide and verify the member's name, date of birth, Social Security number, and gender. If TRS has notified the employer of an incorrect Social Security number, it is important that all employer records are corrected. If the employer has recovered information from the TRS database, the Social Security numbers, names, dates of birth and genders will be listed as shown in the TRS database.

Do not make changes to names that appear to be incorrect. The changes will not be saved to the TRS database. Please have the member(s) complete a Member Information and Beneficiary Designation (MIBD) form.

Employment type

Complete for every member

F – Full-time

- Employed in a TRS-covered position
- Employed for four or more clock hours per day
- Employed for five days per week (Monday through Friday)
- Has an employment agreement to work a specified period of time
- Has an established annual salary rate

P – Part-time contractual

- Employed in a TRS-covered position
- Employed for fewer than four clock hours per day or five days per week
- Has an employment agreement to work a specified period of time
- Has an established annual salary rate

S – Substitute

- Employed in a TRS-covered position
- Employed as temporary replacement of another teacher, regardless of the length of employment or rate of pay

H – Part-time noncontractual (hourly)

- Employed in a TRS-covered position
- Employed for fewer than four clock hours per day or five days per week



- Paid on an hourly or daily basis
- Doesn't have an established annual salary rate (e.g., homebound teacher)

E – Extra duty

- Performs only extra duties that do not require licensure. The Illinois State Board of Education (not the individual employer or TRS) determines if a position or duty requires licensure.
- Must be employed as a contractual teacher (F or P) by another TRS-covered employer
- Report the member as F, P, or H (depending on the employment agreement and daily work schedule) if an extra duty requiring licensure is performed.

If a member works in more than one employment type during the school year, the member can only be listed once on the Annual Report of Earnings. (See “Multiple employment types and multiple salary rates”)

Clock hours defined

- (1) If the member is paid an hourly rate, clock hours are the number of hours for which he or she is paid.
- (2) For salaried members, clock hours equal the time the member is required to be present.

Planning periods and time between classes for changes are included in clock hours.

The examples in this guide assume a seven clock-hour day unless otherwise indicated.

Contract days

Complete for every member

- Equal to the number of days in the school term or the member's employment agreement, if longer.
- For most members, the contract days will be equal to 180 or 185.
- For teachers who perform work requiring teacher licensure during the summer months, contract days must be increased by the number of summer days worked.
- 10-, 11-, or 12-month administrators will typically be reported as 220, 240, or 261 days.
- If a member works a partial year, the contract days will be equal to what he or she would have worked had the member been employed the full year.

Days paid

Complete for F, P, S, and H

- Do not complete for E. Enter “o.”
- Report the total number of days, Monday through Friday, during the school year for which the member performed duties requiring licensure.
- Do not include:
 - unpaid snow days
 - days during which only extra duties not requiring licensure were performed



- unpaid holidays and vacations
- Saturdays, unless the day qualifies as a day of service and the service was required due to a lawful day of attendance
- days paid by lump sum but not worked, such as accumulated vacation and sick days or contract buy-outs
- paid leaves of absence when a member is not using his or her accumulated vacation, sick leave, or personal leave days
- Credit is granted for each day or partial day worked. **Do not combine partial days to full day equivalents.**

Examples:

- Teacher A worked 72 full days and 36 half days. Report “108” days paid.
- Teacher B worked 180 half days. Report “180” days paid.
- Teacher C worked 5 full days and 4 partial days. Report “9” days paid.

Annual salary rate

Complete for all members

- **For employment type F:**

The annual salary rate should reflect what would have been earned if the member worked his or her normal schedule, with no docks, for the entire school term or length of the employment agreement, if longer. Include in the salary rate the annual contract rate, board-paid retirement contributions, the value of any reportable flexible benefit plan in which the member participates, earnings for reportable extra duties, and severance payments (see Chapter 3, Creditable Earnings).

- **For employment type P:**

The annual salary rate must be representative of the part-time schedule. The annual salary rate represents what would have been earned in the part-time position if the member worked his or her normal schedule, with no docks, for the entire school term or length of the employment agreement, if longer. Include in the salary rate the base annual contract for the position, the value of any reportable flexible benefit plan in which the member participates, earnings for reportable extra duties, and severance payments (see Chapter 3, Creditable Earnings). Do not report the full-time equivalent rate.

- **For employment types S and H:**

Report the annual salary rate equal to creditable earnings.

- **For employment type E:**

The annual salary rate is reported equal to creditable earnings.

If a member is employed at more than one salary rate in a school year, report an average rate. (See “Multiple employment types and multiple salary rates”)



For assistance in computing annual salary rates, contact the TRS Employer Services Department at (888) 877-0890 or employers@trs.illinois.gov.

Creditable earnings

Complete for all members

- Creditable earnings should reflect the actual earnings earned by the member including any reportable flexible benefit plan, reportable extra duties, employer-paid 9.0 percent member retirement contributions and reportable severance payments. (See Chapter 3, Creditable Earnings.)
- On each year's Annual Report, include only creditable earnings for the reported school year, even if prior school-year or future school-year creditable earnings were paid during the current school year.
- When prior school year earnings are paid in the current year and they were not reported on the Annual Report of Earnings for the prior year, complete an Employer's Report of Adjustments to Earnings form. (See Example 55.)
- **For F, P and E employment types:** If a member was employed for the entire school term and was not docked for any days, annual salary rate will be equal to creditable earnings. Annual salary rate will be greater than creditable earnings if the member was docked for any days or was employed for less than the full school term.
- **For S and H employment types:** Annual salary rate always equals creditable earnings.
- Creditable earnings can **never** exceed annual salary rate.

Member TRS contributions

Complete for all members

- The amount reported is equal to 9.0 percent of the creditable earnings.
- By law, this amount is excluded from taxable income.

Federal funds

- List the creditable earnings that were paid from special trust or federal funds. Include any portion of the 9.0 percent member retirement contributions paid from federal funds.
- Include members who received stipends or substitute pay from federal funds.
- Do not include creditable earnings paid from state funds or federal funds provided under Title XX for adult and youth education classes for persons whose schooling has been interrupted or from the Vocational Education Act of 1963.
- Do not list the employer contributions due on salaries paid from special trusts or federal funds; list only creditable earnings paid from a special trust or federal fund.
- The payment of a member's salary from special trust or federal funds will not change the reported annual salary rate, creditable earnings or the required member retirement contributions.



Annual Report examples

Full-time member

If the member was employed for the entire school term or employment agreement, if longer, and was not docked during the period, the annual salary rate will be equal to the creditable earnings. Annual salary rate should **not** be reported as the full-time or full-load equivalent for a member who works less than the employer's full day or less than full-time.

If the member was F–full-time but was employed for less than the entire school term or was docked, days paid should reflect only the actual time worked. Creditable earnings will be less than the annual salary rate. The annual salary rate should reflect the amount the member would have earned had he or she worked the entire school term.

Members employed for the school term are frequently paid over 12 months. When a nine-month teacher has his or her salary paid over a period of time longer than the school term, the employer must report salary earned during the school term rather than salary paid. When the member's employment agreement is longer than the school term, the annual salary rate reported must reflect the rate for the fiscal year beginning July 1 and ending June 30.

Example 1: Full-time - employed partial year

Teacher A worked full-time for only the first semester. Her annual salary was \$40,000. There were 89 paid days in the first semester and 91 days in the second semester for a total of 180 paid days in the school term. During the first semester, Teacher A was the girls' basketball coach. The annual coaching stipend was \$3,000, of which she earned \$1,500.

Annual salary rate:

Base rate	\$40,000.00
Basketball coach	+ 1,500.00
Total salary rate	<u>\$41,500.00</u>

Creditable earnings:

Base earnings: $\$40,000 \div 180 \times 89 =$	\$19,777.78
Basketball coach	+ 1,500.00
Total earnings	<u>\$21,277.78</u>

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher A	F	180	89	41,500.00	21,277.78	1,915.00	

Example 2: Full-time - four clock hours daily

Teacher B worked all year on a reduced schedule that consisted of four clock hours daily. The salary schedule rate for a full-load teacher working 8-hour days was \$42,000; thus, she was paid \$24,000.00 (4/7). There were 185 paid days in the school term.

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher B	F	185	185	24,000.00	24,000.00	2,160.00	



Example 3: Full-time - paid over 12 months

Teacher C contracted to teach a nine-month term. She actually earned her \$37,000 salary during the nine months but was paid on a 12-month basis. Since the Annual Report covers the school year from July 1 through June 30, the Annual Report must indicate the total amount earned by June 30, even if salary payments extend through August of the next school year.

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher C	F	180	180	37,000.00	37,000.00	3,330.00	

Example 4: Full-time - federal funds

One-half of Teacher D's creditable earnings were paid from federal funds. Total earnings, including the federal funds for this teacher, were \$32,000. Report \$32,000 as annual salary rate and creditable earnings, and report \$16,000 as the amount of creditable earnings paid from federal funds.

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher D	F	185	185	32,000.00	32,000.00	2,880.00	16,000

Example 5: Full-time - administrator with 12-month contract

Administrator E's contract runs September through August. His contract rate for the current year ending August 31 was \$60,000. For the year ending the following August 31, his contract rate is \$62,000. His salary rate and creditable earnings for the current school year are computed as follows:

$$\begin{array}{r} \$60,000 \div 12 = \$5,000/\text{month} \times 2 \text{ (July and August)} \\ \$62,000 \div 12 = \$5,166.67/\text{month} \times 10 \text{ (September through June)} \end{array} \quad \begin{array}{r} \$10,000.00 \\ + 51,666.70 \\ \hline \$61,666.70 \end{array}$$

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Administrator E	F	260	260	61,666.70	61,666.70	5,550.00	

Example 6: Full-time - administrator with 11-month contract

Administrator F had an 11-month employment agreement. His contract period was for the 240-day period from August 1 through June 30; however, he was paid over the 12-month period August 1 through July 31. His contract rate was \$55,000 beginning August 1 and ending June 30. Although the cash paid during the period beginning July 1 and ending June 30 was less than \$55,000, the amount reported must indicate the total amount **earned** during the school year.

Annual salary rate and creditable earnings: \$55,000.00

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Administrator F	F	240	240	55,000.00	55,000.00	4,950.00	



Part-time contractual member

If the P–part-time contractual member was employed for the entire school term or employment agreement, if longer, and was not docked for any time during the period, annual salary rate will be equal to creditable earnings. **Do not report the full-time equivalent salary rate for part-time members.** Annual salary rate will be greater than creditable earnings if the member was docked for any days or was employed for less than the full term. When this situation occurs, a non-fatal edit will be invoked. Please provide an explanation on the edit report.

The contract days should reflect the number of days in the school term or employment agreement, if longer, plus days worked during the summer months performing duties requiring teacher licensure even if the member is employed to work fewer than five days per week.

To report the total number of days paid, count every day worked (Monday through Friday) using the school calendar. If the member is employed the entire school term and works five days per week, the days paid will equal contract days. If the member works fewer than five days per week or less than the full school term or employment agreement, if longer, days paid will be less than contract days.

Do not multiply contract days by the percentage of time the member is working to estimate days paid. **Do not** combine partial days into full-day equivalents when reporting days paid.

Example 7: Part-time contractual - three days per week

Teacher G was employed three full days per week for the 9-month school term in a position that would pay \$30,000 on a regular full-time basis. The member actually earned \$18,000 (3/5) for the year of part-time employment. No earnings were docked. There were 185 days in the school term. The days Teacher G worked were recorded on a copy of the employer’s school calendar. Based upon a review of the calendar, Teacher G worked 115 days.

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher G	P	185	115	18,000.00	18,000.00	1,620.00	

Example 8: Part-time contractual - partial year

Teacher H was employed two hours per day. He was unable to complete the year and left after 100 days. His salary, had he stayed, would have been \$8,285.71. His actual creditable earnings were \$4,478.76.

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher H	P	185	100	8,285.71	4,478.76	403.09	

Edit Explanation: Teacher H worked September 1 through January 31. He was employed five days per week, two hours per day.

Part-time noncontractual member

Homebound teachers are a common example of members who should be reported as H – part-time noncontractual (hourly).



Always report the annual salary rate equal to creditable earnings. **The only duties reportable for the part-time noncontractual member are those duties which, by law, require teacher licensure.**

The total number of days paid includes every day, Monday through Friday, during which licensed duties are performed. When reporting the days paid, do **not** convert partial days into full-day equivalents. For example, if a homebound teacher worked four half days, report four days paid.

Example 9: Part-time noncontractual - homebound teacher

Teacher I is a homebound teacher who taught, as needed, 10 full days and 30 partial days (2 to 4 hours per day) during the school year. She earned \$3,200.

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher I	H	180	40	3,200.00	3,200.00	288.00	

Example 10: Part-time noncontractual - social worker

Teacher J is a social worker. The employer paid her \$300 for each case evaluation she completed. During the months of February and March, she worked a total of six days performing three case evaluations.

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher J	H	180	6	900.00	900.00	81.00	

Substitute teacher

Report as employment type S – Substitute, a member who is employed as a temporary replacement for a regular teacher, regardless of the length of employment or rate of pay.

Whether a substitute teacher is paid at the substitute daily rate or at the salary schedule rate, the annual salary rate is **always** reported equal to creditable earnings (Column 7). **The only duties reportable for the substitute are those duties which, by law, require teacher licensure.**

The total number of days paid includes every day, Monday through Friday, during which licensed duties are performed. When reporting the total number of days paid, do **not** combine partial days into full-day equivalents. For example, if a substitute teacher worked two half days, the total number of days paid reported is two.

Example 11: Substitute - full days

Teacher K substituted on an on-call basis for 18 full days during the school year. The employer's substitute rate was \$65. Teacher K was paid \$1,170.

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher K	S	180	18	1,170.00	1,170.00	105.30	



Example 12: Substitute - partial days

Teacher L substituted eight full days and six half days. He earned \$770.

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher L	S	185	14	770.00	770.00	69.30	

Example 13: Substitute - also teacher's aide

Teacher M, a licensed teacher, works as a teacher's aide. He is paid \$70 per day. For one day he was reassigned to a full day of substitute teaching for which he received an extra \$20. The total he received for the substitute teaching was \$90 (\$70 + \$20).

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher M	S	180	1	90.00	90.00	8.10	

Example 14: Substitute - paid at two different rates and nonlicensed duties

Teacher N worked as a substitute teacher while another teacher was on a leave of absence. District 100 pays its long-term substitutes \$60 per day for the first 20 days and \$115 per day thereafter. Teacher N worked a total of 50 full days and was paid a total of \$4,650. Teacher N was also the class sponsor for which he was paid \$300.

Total salary rate and creditable earnings:

\$60 x 20 days	\$1,200
\$115 x 30 days	<u>+ 3,450</u>
	<u>\$4,650</u>

Since class sponsorship does not require a teaching license, only Teacher N's earnings as a substitute teacher are reportable to TRS. The class sponsorship earnings are not reportable.

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher N	S	185	50	4,650.00	4,650.00	418.50	

Example 15: Substitute - paid full-time rate

Teacher O substituted the entire second semester for a teacher who was on maternity leave. Teacher O was paid at the salary schedule rate of \$25,000. The school term was 180 days of which she worked 88 and was paid \$12,222.22.

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher O	S	180	88	12,222.22	12,222.22	1,100.00	



Extra-duty reporting

F–Full-time and P–part-time contractual:

Extra duties that involve teaching or supervising students and other assignments related to the academic program are reportable as salary for full-time and part-time contractual members.

S–Substitute and H–part-time noncontractual:

Extra duties performed by substitutes or part-time noncontractual members are **not reportable** unless the extra duty requires teacher licensure by law. Extra duties that require licensure are reportable regardless of employment status (e.g., band director). For more information about extra-duty reporting, see Chapter 3, Creditable Earnings.

E–Extra duty

Earnings for a member who is not employed as a regular teacher but who performs extra duties that do not require teacher licensure are reportable **only** if the member is employed as a full-time or part-time contractual member by another TRS-covered employer.

Extra duties requiring licensure

A member who performs extra duties that require teacher licensure and who is not employed as a regular teacher is reported as F–full-time, P–part-time contractual or H–part-time noncontractual, depending upon the employment agreement and work schedule.

For example, Teacher A was employed in District 100 as assistant band director and worked two hours daily. District 100 would report him as employment type P–part-time contractual.

The Illinois State Board of Education, not the individual employer, determines whether a position or extra duty requires licensure. (See Chapter 3, Creditable Earnings, for a listing of extra duties).

Example 16: Extra duty - full-time

Teacher P worked the 9-month school term at a salary of \$25,000. He also received \$200 for working at speech contests. There are 180 days in the school term.

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher P	F	180	180	25,200.00	25,200.00	2,268.00	

Example 17: Extra duty - part-time contractual

Teacher Q was employed two hours per day for the 9-month school term. The school term was 185 days. She earned \$9,666.67. She also earned \$1,500 for coaching.

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher Q	P	185	185	11,166.67	11,166.67	1,005.00	



Example 18: Extra duty - substitute

Teacher R worked 50 full days as a substitute teacher and was paid \$3,000. For the same employer, he also coached football and track and was paid \$2,250. In addition, Teacher R was paid \$75 for lunchroom supervision.

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher R	S	180	50	3,000.00	3,000.00	270.00	

Since coaching and lunchroom supervision do not require a teaching license, only Teacher R's earnings as a substitute teacher are reportable to TRS. The coaching and lunchroom supervision earnings are not reportable.

Example 19: Extra duty - part-time noncontractual

Teacher S was a homebound teacher on an as needed basis. He worked two hours per day for 37 days and was paid \$740. He also performed study hall supervision on those same days and was paid \$250.

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher S	H	185	37	740.00	740.00	66.60	

Since study hall supervision does not require teacher licensure and he is a part-time noncontractual member, only Teacher S's homebound earnings are reportable to TRS. The study hall supervision earnings are not reportable.

Docked days

Reduce creditable earnings by the amount docked. Also reduce days paid for days docked at full pay. Do not reduce days if a docking occurs at less than the member's full daily per diem. (See Example 22.)

If a member (either F—full-time or P—part-time contractual) is docked, do not reduce the reported annual salary rate. The reported annual salary rate should be the member's salary rate assuming he or she worked the entire school term or the length of his or her employment agreement, whichever is greater, and no time was docked.



Example 20: Docked days - full-time

Teacher U was full-time with an annual salary rate of \$28,000. The school term was 180 days. She was docked for 15 days, and \$2,333.33 ($\$28,000 \div 180 \times 15$) was deducted from her pay. Teacher U was paid \$200 for internal substitution. She was also the class sponsor. The class sponsor stipend of \$300 was prorated in the same manner as her regular salary ($\$300 \div 180 \times 15 = \25.00 docked: $\$300 - 25 = \275.00 paid).

Annual salary rate: $\$28,000 + \$200 + \$275 = \$28,475$

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher U	F	180	165	28,475.00	26,141.67	2,352.75	

Example 21: Docked days - part-time contractual

Teacher V was P-part-time contractual for the entire school term with an annual salary rate of \$20,800. Her contract required her to work four full days per week, 148 days in the school term. She was docked for eight days, and \$1,124.32 was deducted from her pay.

Days paid: $148 - 8 = 140$

Per diem: $\$20,800 \div 148 = \140.54

Pay docked: $\$140.54 \times 8 = \$1,124.32$

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher V	P	185	140	20,800.00	19,675.68	1,770.81	

Example 22: Docked days - full-time teacher docked at substitute rate

At District 100 teachers receive their normal daily per diem less \$75, the cost of the substitute teacher, for up to three personal days used per school term.

Teacher W was a full-time teacher at District 100 and was paid at a base rate of \$30,000. She took two personal leave days during the 180 day school term and was docked \$75 for each day.

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher W	F	180	180	30,000.00	29,850.00	2,686.50	

Please note that Teacher W's days paid includes the two days docked at the substitute rate because she received partial payment of salary for these days. Creditable earnings are less than the annual salary rate by \$150, the amount docked at the substitute rate.



Multiple employers

Example 23: Multiple employers - full-time and part-time contractual

Teacher X was employed for four hours per day, five days per week in District 100 and two hours per day, five days per week in District 200. Because four hours per day, five days per week meets the definition of a full-time member, District 100 should report the teacher as F–full-time. Because Teacher X was employed less than four hours per day, five days per week, District 200 should report the teacher as P–part-time contractual. Teacher X’s salary in District 100 was \$15,000 and his salary in District 200 was \$10,000.

District 100 Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher X	F	185	185	15,000.00	15,000.00	1,350.00	

District 200 Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher X	P	180	180	10,000.00	10,000.00	900.00	

Example 24: Multiple employers - part-time contractual

Teacher Y was employed two full days per week in District 100 and two full days per week in District 200. Each employer should report Teacher Y as P–part-time contractual. Teacher Y’s salary in District 100 was \$8,827 and his salary in District 200 was \$10,135. Each employer kept a record of the days he worked on a copy of the school calendar. At District 100 he worked 71 days and at District 200 he worked 75 days.

District 100 Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher Y	P	185	71	8,827.00	8,827.00	794.43	

District 200 Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher Y	P	185	75	10,135.00	10,135.00	912.15	



Example 25: Multiple employers - full-time and extra duty

Teacher Z was employed full-time at District 100 and coached golf in District 200. He received \$31,000 from District 100 and \$2,500 from District 200.

District 100 Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher Z	F	185	185	31,000.00	31,000.00	2,790.00	

District 200 Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher Z	E	185	0	2,500.00	2,500.00	225.00	

Example 26: Multiple employers - substitute

Teacher A worked as a substitute for District 100 and District 200. At District 100, she worked 10 full days and five partial days. District 100 paid her a total of \$812.50. At District 200, she worked 12 full days and two half days for which she was paid \$910.

District 100 Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher A	S	180	15	812.50	812.50	73.13	

District 200 Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher A	S	180	14	910.00	910.00	81.90	

Multiple employment types and multiple salary rates

If a member has multiple types of employment during the same school year with the same employer, the following rules apply in indicating employment type:

- Indicate employment type F–full-time if at any time during the school year the member is employed as a permanent full-time member (not a full-time substitute teacher).
- Provided the member is not employed F–full-time at any time during the school year, indicate employment type P–part-time contractual if at some time during the school year the member is employed as a part-time contractual member.
- If a member who is not employed on a F–full-time or P–part-time contractual basis is employed as both a substitute and an part-time noncontractual member, indicate either employment type S–substitute or H–part-time noncontractual (hourly).

Full-year employment

If a member is employed the entire school term (or employment agreement, if longer) with no earnings docked, the annual salary rate equals total creditable earnings, regardless of the number of salary rates or employment types at which the member worked. (See Examples 27 and 31.)



Partial-year employment - Types S–substitute and H–part-time noncontractual (hourly)

If a member is employed less than the entire school term and all employment types are S–substitute or H–part-time noncontractual, the annual salary rate equals total creditable earnings. (See Example 30.)

Partial-year employment - Types F–full-time and P–part-time contractual

When a member is employed at different salary rates during the year due to changing employment types and one of the employment types is F–full-time or P–part-time contractual, an average annual salary rate must be computed if the member is not employed the entire school term (or employment agreement, if longer).

To calculate the annual salary rate if the member is employed in a contractual position working five days per week for less than the entire school term:

- Compute average base earnings per day by dividing total base earnings (including earnings in substitute and part-time noncontractual positions) by the days paid. Base earnings equal total creditable earnings less extra duty earnings, lump-sum payments, and flexible benefit plan earnings.
- Annualize earnings by multiplying average base earnings per day by the number of days in the school term or employment agreement, if longer.
- Add the annual contractual value of any flexible benefit plan amounts, and any extra duties and lump-sum payments.

See Example 28.

To calculate the annual salary rate if one or more of the types is P–part-time contractual and employment is fewer than five days per week and less than the entire school term:

- Compute the percentage of the school term (or employment agreement, if longer) the member was employed.
- Divide actual base earnings by the period worked. Base earnings equal total creditable earnings less extra duty earnings, lump-sum payments, and flexible benefit plan earnings.
- Add the annual contractual value of any flexible benefit plan amounts, and any extra duties and lump-sum payments.

See Example 29.

For assistance in computing annual salary rates for members with multiple employment types or multiple salary rates, call the TRS Employer Services Department at (888) 877-0890, option 1.



Example 27: Multiple employment types - full-year employment

Teacher B began the year as a part-time contractual teacher. She worked three days per week and her annual salary rate was \$14,000. The school term was 180 days. After three months she became full time. Her annual salary rate was \$25,000 for her full-time position. She earned \$4,666.67 for the 36 days as a part-time teacher and \$16,666.67 for the 120 days she was a full-time teacher. Since she was employed the entire school term, her annual salary rate is equal to creditable earnings.

Total days paid:		Creditable earnings:	
Part-time	36	Part-time	\$4,666.67
Full-time	+ 120	Full-time	+ 16,666.67
	<u>156</u>	Annual salary rate	<u>\$21,333.34</u>

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher B	F	180	156	21,333.34	21,333.34	1,920.00	

Edit Explanation: Employed all year – three days per week for three months and five days per week for six months

Example 28: Multiple employment types - substitute to full-time

Teacher C began the year as a substitute teacher. She worked 10 days as a substitute teacher and was paid \$75 per day. The employer created an additional full-time teaching position beginning the second semester, which Teacher C accepted. Her full-time annual salary was \$22,500. The school term was 180 days. Teacher C worked 87 days and was paid \$10,875 for the second semester. She also earned \$240 for lunchroom supervision during the second semester.

Add the second semester earnings, including extra duty earnings and earnings as a substitute teacher, to obtain creditable earnings.

Creditable earnings:		Annual salary rate:	
10 substitute days x \$75	\$750.00	Base earnings	\$11,625.00
87 full-time days x \$125.00	+ 10,875.00	Days paid	÷ 97
Base earnings	\$11,625.00	Average daily rate	\$119.85
Lunchroom supervision	+ 240.00	Days in term	x 180
	<u>\$11,865.00</u>	Average base rate	\$21,573.00
		Lunchroom supervision	+ 240.00
			<u>\$21,813.00</u>

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher C	F	180	97	21,813.00	11,865.00	1,067.85	



Example 29: Multiple employment types - partial-year employment

Teacher D, a part-time contractual teacher, worked two days per week, three hours per day, the first four weeks of the second semester and five days per week, three hours per day, the remainder of the semester, for a total of 81 days. The semester was 92 days and the school term 180 days; therefore, she was employed 51.11 percent ($92 \div 180$) of the school term.

Her base earnings were \$5,596; she also earned \$1,500 for coaching volleyball the second semester.

Creditable earnings:		Annual salary rate:	
Base earnings	\$5,596.00	Base earnings	\$5,596.00
Volleyball	+ 1,500.00	Period worked	$\div .5111$
	<u>\$7,096.00</u>	Volleyball	\$10,948.93
			+ 1,500.00
			<u>\$12,448.93</u>

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher D	P	180	81	12,448.93	7,096.00	638.64	

Example 30: Multiple employment types - part-time noncontractual and substitute

Teacher E worked as both a homebound teacher and substitute teacher during the same school year. He worked as a homebound teacher three hours per day for 25 days and was paid \$1,125. He was a substitute teacher for 35 full days and was paid \$2,800.

Since both employment types S and H are noncontractual, Teacher E's annual salary rate equals his creditable earnings.

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher E	S	180	60	3,925.00	3,925.00	353.25	

Example 31: Multiple employment types- part-time contractual and substitute

Teacher F worked full days on Mondays, Wednesdays, and Fridays for the entire school term. The annual salary rate for her part-time contractual position was \$22,000. On Tuesdays and Thursdays, Teacher F occasionally substituted from 8:30 a.m. to 12:30 p.m. for the same employer. She was paid \$700 for 14 substitute days. She worked 108 days in her part-time position; no earnings were docked.

Since Teacher F was employed the entire school term, her annual salary rate is equal to creditable earnings.

Total days paid:		Annual salary rate and creditable earnings:	
Part-time contractual	108	Part-time contractual	\$22,000
Substitute	+ 14	Substitute	+ 700
	<u>122</u>		<u>\$22,700</u>

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher F	P	180	122	22,700.00	22,700.00	2,043.00	



Summer school

As explained in Chapter 3, Creditable Earnings, summer employment is reportable as creditable earnings on generally the same basis as employment during the regular school term.

Example 32: Summer school - full time

Teacher G's contract for the 2015-16 school year included the 185-day school term plus six weeks of summer school. Two week summer school sessions were held in June, July, and August 2016. He earned \$25,000 during the school term and \$1,000 per week for summer school.

Summer school wages earned through June 30, 2016, were reported as creditable earnings on the Annual Report of Earnings in the 2015-16 school year. Summer school wages earned in July and August 2016 should be reported as creditable earnings in the 2016-17 school year. Increase the contract days and days paid on the Annual Report of Earnings to reflect summer school days.

In addition to summer school earnings in July and August 2016 during the 2016-17 school term, he earned \$28,000. He did not have summer school earnings in the summer of 2017.

2015-16 Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher G	F	195	195	27,000.00	27,000.00	2,538.00	

2016-17 Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher G	F	205	205	32,000.00	32,000.00	2,880.00	

Please note the contract days and days paid include the days Teacher G taught summer school.

Example 33: Summer school - substitute

Teacher H worked as a substitute teacher for 10 days during the regular school term and three days during the summer school program in June and was paid \$1,500.

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher H	S	183	13	1,500.00	1,500.00	135.00	



Example 34: Summer extra duty - full-time

Teacher I worked during the regular school term as a full-time teacher and was paid \$35,000. After the regular school term ended she worked on a summer curriculum project and was paid \$500. The project was completed in June. According to the Illinois State Board of Education (ISBE), the curriculum project did not require teacher licensure. There are 180 days in the school term.

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher I	F	180	180	35,500.00	35,500.00	3,195.00	

Please note the days Teacher I worked on the summer curriculum project are not included in the contract days and days paid because the work did not require teacher licensure.

Example 35: Summer extra duty - substitute

Teacher J worked during the regular school term as a substitute teacher for three days and was paid \$275. After the regular school term ended she worked on a summer curriculum project and was paid \$500. The project was completed in June. According to the Illinois State Board of Education (ISBE), the curriculum project did not require teacher licensure. There are 180 days in the school term.

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher J	S	180	3	275.00	275.00	24.75	

Since the curriculum project did not require a teaching license, only Teacher J's earnings as a substitute teacher are reportable to TRS. The summer curriculum project is not reportable as creditable earnings.

Example 36: Summer school only

Teacher K worked during the first summer school session in June. He worked five days per week four hours per day for two weeks. He taught a total of 10 days and was paid \$1,200. There are 185 days in the regular school term. When a teacher only teaches summer school, report the employment type as H, part-time noncontractual. For part-time noncontractual teachers, the annual salary rate is reported as equal to creditable earnings.

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher K	H	185	10	1,200.00	1,200.00	108.00	



Flexible benefit plans

A flexible benefit plan offers a choice between insurance and options that qualify as salary under Board Rule 1650.450 (i.e., cash, a 403[b] tax-sheltered annuity, or a 457(b) deferred compensation plan).

Flexible benefit plans that have a cash option or other option that qualifies as salary under Board Rule 1650.450 are reportable to TRS as creditable earnings. The value of the salary option is reportable as creditable earnings for all members who have the ability to choose the salary option, regardless of the option chosen. (See Chapter 3, Creditable Earnings.)

Example 37: Flexible benefit plan - full-time employed partial year

Teacher H was a full-time teacher paid at an annual base rate of \$30,000. His employer offered the choice between health insurance or \$1,000 in cash. Teacher H elected to receive health insurance. The employer prorated the flexible benefit plan on a daily basis for partial-year teachers using 180 days. Teacher H terminated service after working 100 days.

Creditable earnings:		Annual salary rate:
\$30,000 base ÷ 180 x 100 days	\$16,667.00	Base salary
\$1,000 cash option ÷ 180 x 100 days	+ 556.00	Flexible benefit plan
	<u>\$17,223.00</u>	<u>\$31,000.00</u>

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher H	F	180	100	31,000.00	17,223.00	1,550.07	

Example 38: Flexible benefit plan - full-time teacher on leave of absence

Teacher I was a full-time teacher paid at a base rate of \$29,000. She was offered a choice between health insurance or a \$1,200 403(b) tax-sheltered annuity. She was on a maternity leave of absence for two months of the 185-day school term and was docked 42 days. During her leave, the employer continued to provide Teacher I with health insurance coverage. Flexible benefit plan payments were made on a monthly basis over 12 months. The portion of flexible benefits accruing to the teacher during the leave of absence is not reportable as creditable earnings. Therefore, only 10 months of the flexible benefit plan are reported.

Creditable earnings:		Annual salary rate:
\$29,000 base ÷ 185 x 143 days	\$22,416.68	Base salary
\$1,200 annuity option ÷ 12 x 10 month	+ 1,000.00	Flexible benefit plan
	<u>\$23,416.68</u>	<u>\$30,200.00</u>

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher I	F	185	143	30,200.00	23,416.68	2,107.50	



Example 39: Flexible benefit plan - teacher and administrator plan

Teacher J worked all school term with a salary of \$40,000. Administrator K worked all school year with a salary of \$80,000. In addition to base salary, the employer offered both teachers and administrators health insurance or a \$2,000 403(b) tax-sheltered annuity.

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher J	F	185	185	42,000.00	42,000.00	3,780.00	

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Administrator K	F	260	260	82,000.00	82,000.00	7,380.00	

Workers' compensation payments

Amounts received as a disability benefit for workers' compensation claims from any outside insurer or the employer's self insurance are not creditable earnings and are not reportable to TRS.

Days for which the employer pays no portion of a member's regular salary due to workers' compensation should be deducted from the number of days paid, and creditable earnings should reflect the reduction in pay. The annual salary rate will not change. In these situations, the annual salary rate will exceed creditable earnings.

Any day for which a member receives any portion of his or her daily per diem is reportable and earns service credit. Therefore, days for which the employer offsets a member's salary due to workers' compensation payments should be included in the number of days paid. Creditable earnings should include only that portion of salary paid by the employer but not the amount received from the workers' compensation claim.

When a member receives reduced earnings due to workers' compensation, a non-fatal edit will be invoked. Please provide an edit explanation.

Members receiving workers' compensation payments may be eligible for occupational disability benefits. (See Chapter 12, Disability Benefits.) To receive service credit when the employer is not making a partial payment of salary, the member must contact TRS for the appropriate documents required to apply for the service credit. TRS requires copies of all payment stubs received while on workers' compensation.



Example 40: Workers' compensation - employer pays partial salary

Teacher L received workers' compensation benefits of \$90 per day for five days. The employer paid the teacher her normal per diem less the \$90 per day. The school term was 185 days. Teacher L's annual salary was \$25,000.

Total days paid: 185

Annual salary rate: \$25,000

Creditable earnings: \$25,000 - \$450 = \$24,550

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher L	F	185	185	25,000.00	24,550.00	2,209.50	

Edit Explanation: Teacher L received workers' compensation benefits of \$450.

Jury duty payments

Amounts paid by courts to members for jury duty are not reportable as creditable earnings.

Days for which the employer pays no portion of a member's regular salary due to jury duty should be deducted from the number of days paid, and creditable earnings should reflect the reduction of pay. The annual salary rate should not change. In these situations, the annual salary rate will exceed creditable earnings.

Days for which the employer makes a full or partial payment of salary to the member are reportable to TRS. Creditable earnings should include only that portion of salary paid by the employer.

If a member is required to reimburse the employer for any jury duty pay, creditable earnings reported to TRS should not include amounts reimbursed to the employer. However, the annual salary rate and the number of days paid should not be reduced for any amounts reimbursed to the employer for any days missed due to jury duty.

Example 41: Jury duty - district makes partial payment

Teacher M served on jury duty for three days. She was paid \$15 per day by the court for her service. The employer paid her regular per diem less \$15 for each day she served. Her regular salary rate was \$32,000. She missed no other days.

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher M	F	180	180	32,000.00	31,955.00	2,875.95	

Military Service

The Illinois Pension Code and the Public Employee Armed Services Act specify that teachers who are mobilized to active military duty will continue to receive their full compensation and benefits for the duration of their active military service. TRS will give full earnings and service credit to all members called away from teaching to active military duty without charging any contributions for the time period the members are on active duty.



Example 42: Military service

Teacher A missed 20 days of school during the month her reserve unit was activated. Her annual salary rate was \$40,000. The normal school term was 180 days. Her daily rate was \$222.22 (\$40,000 ÷ 180). She remained on the employer's payroll and was paid her full contract. She also received military pay of \$3,000 (\$150 per day) that she reimbursed to the employer.

Contributions are not due on any of her reported earnings while she was on active military duty.

Calculation of contributions due:

9.0% contribution:

$$[\$40,000 - (\$222.22 \times 20 \text{ days})] \times 9.0\% = \$3,200.00$$

THIS Fund:

$$\text{member contributions } [\$40,000 - (\$222.22 \times 20 \text{ days})] \times 1.12\% = \$398.23$$

$$\text{employer contributions } [\$40,000 - (\$222.22 \times 20 \text{ days})] \times 0.84\% = \$298.67$$

Employer contributions for member benefit increase:

$$[\$40,000 - (\$222.22 \times 20 \text{ days})] \times 0.58\% = \$206.22$$

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher A	F	180	180	40,000.00	40,000.00	3,200.00	

In addition to reporting the members on the Annual Report of Earnings, the employer must list all members that have been called to active military duty on the Compliance Questionnaire. On the questionnaire, the employer will need to include the members' names, dates in active military duty, and total number of school days missed due to active military duty.

The Annual Report Remittances Report will calculate the contributions due on total creditable earnings. The forms will show amounts owed to TRS as a result of reporting earnings for which contributions are not due. After the review of the Annual Report, TRS will adjust the contributions due to account for the time the member was called to active military duty.

Employer tax-sheltering of member contributions

Illinois law requires each employer to shelter the entire 9.0 percent member retirement contributions from current year taxes.

See Chapter 3, Creditable Earnings, for instructions on computing creditable earnings and 9.0 percent member retirement contributions using the salary schedule add-on method and the salary schedule reduction method.

Example 43: Tax-sheltering - salary schedule reduction method

Teacher O's rate from the salary schedule is \$26,000. Member retirement contributions and THIS Fund contributions were deducted from this amount.

$$\text{Member retirement contributions: } \$26,000 \times 0.090 = \$2,340.00$$

$$\text{THIS Fund contributions: } \$26,000 \times 0.0112 = \$291.20$$

$$\text{Taxable earnings for this member were } \$23,368.80 (\$26,000 - \$2,340 - \$291.20).$$

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher O	F	180	180	26,000.00	26,000.00	2,340.00	



Example 44: Tax-sheltering - salary schedule add-on method

Teacher P's rate from the salary schedule was \$34,000. In addition, the employer paid his member retirement contributions and THIS Fund contributions.

Creditable earnings:	\$34,000.00 x 1.098901*	\$37,362.63
Member retirement contributions:	\$37,362.63 x 0.090	- 3,362.63
Taxable earnings for this member**		<u>\$34,000.00</u>

* Appropriate factor for computing creditable earnings and contributions to remit to TRS. For more information, see Chapter 3, "Table of factors."

** Employer-paid member THIS Fund contributions are not included in taxable income or creditable earnings.

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher P	F	180	180	37,362.63	37,362.63	3,362.63	

Noncreditable earnings

See Chapter 3, Creditable Earnings, for additional information about noncreditable earnings. Below is a partial list of noncreditable earnings:

- Expense reimbursements and allowances, including options to receive salary in lieu of expense reimbursements and allowances, are not reportable.
- Employer-paid fringe benefits, unless included in a reportable flexible benefit plan, are not reportable.
- Previously nonreported earnings or nonreportable benefits that are converted to reportable earnings in the last years of service for the purpose of increasing a member's final average salary are not reportable as creditable earnings to TRS. TRS presumes any decrease in noncreditable compensation in the last seven creditable school years is for the purpose of increasing final average salary.
- An employer payment of either the employer or member Early Retirement Option contribution is not reportable.
- Payments to or distributions from nonqualified deferred compensation plans are not reportable.
- Salary in excess of limits set by the Internal Revenue Code, Section 415, is not reportable.
- Employer payment of the member's THIS Fund contribution is not reportable.
- Salary in excess of the established limit for Tier II members is not reportable.



Example 45: Noncreditable earnings - travel allowance with salary option

Principal Q was on an 11-month contract beginning August 1 and ending June 30. Her contract salary was \$52,000. Her contract provided her with a \$3,000 travel allowance that, at her option, could be received as salary. The \$3,000 travel allowance is not reportable to TRS even if it is reported as taxable income to the IRS.

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Principal Q	F	240	240	52,000.00	52,000.00	4,680.00	

Example 46: Noncreditable earnings - converting fringe benefits to salary

Administrator R was a 12-month administrator who retired at the end of the school year. His contract period was July 1 through June 30. His employer paid a travel allowance and health insurance premiums as noncreditable fringe benefits until his last year of service. In his last year, Administrator R’s salary increased to \$96,000 and travel allowance and health insurance premiums were no longer paid by his employer.

The decrease in noncreditable compensation occurred in Administrator R’s last seven creditable school years. TRS will assume \$4,800 travel allowance and \$6,000 health insurance premiums were converted to salary for the purpose of increasing Administrator R’s final average salary. Therefore, the value of converted fringe benefits will be excluded from his last year’s salary reported to TRS.

Annual salary rate and creditable earnings:

Contract salary	\$96,000
Converted travel	4,800
Converted insurance	<u>- 6,000</u>
	<u>\$85,200</u>

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Administrator R	F	260	260	85,200.00	85,200.00	7,668.00	

Example 47: Noncreditable earnings - employer payment of member’s THIS Fund contribution

Teacher S’s base salary was \$35,000. In addition, the employer paid his THIS Fund contribution. Employer payment of the THIS Fund contribution is not reportable as creditable earnings. See Chapter 3, Creditable Earnings, for more information.

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher S	F	180	180	35,000.00	35,000.00	3,150.00	



Teachers on sabbatical leave

Include members who are on sabbatical leave of absence on the Annual Report. This section does not apply to leaves of absence granted for other reasons (see Chapter 6, Service Credit). To be reportable, the sabbatical leave must be granted in accordance with the Illinois School Code (105 ILCS 5/24 6.1).

The annual salary rate and creditable earnings will be the member's full-time salary rate reported to TRS for the period immediately preceding the leave.

Example 48: Sabbatical leave

Teacher T was on a sabbatical leave for the entire school term. His prior year's annual salary rate and creditable earnings were reported at \$43,000.

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher T	F	180	180	43,000.00	43,000.00	3,870.00	

Prepayment of earnings

When a member is paid in advance for future assignments, only salary earned during the school year can be reported. Payments for future services should be reported in the year in which the services are rendered. If the service occurs after retirement and does not violate post-retirement employment restrictions, it is not reportable. (See Chapter 2, Membership.)

In addition, a member who prearranges post-retirement employment may not be eligible to retire. (See Chapter 10, Post-retirement Matters.)

Example 49: Prepayment of earnings

Teacher U worked the entire school term with an annual salary of \$38,000. She was paid an additional \$2,000 on May 29 to substitute 20 days in the following school term. The Annual Report should indicate only the total amount earned by June 30, excluding the \$2,000 payment for future services. The \$2,000 is reportable the following school year.

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher U	F	185	185	38,000.00	38,000.00	3,420.00	

Severance and lump-sum payments

Severance and lump-sum payments that are paid or due and payable prior to or concurrent with the receipt of the member's final paycheck for regular earnings or prior to the member's last day of work are reportable as creditable earnings. Severance payments becoming due and payable to the member after receipt of the final regular paycheck and last day of work are not reportable. Typically severance payments may include compensation for accumulated sick leave or vacation, employer payment of a member's 2.2 upgrade cost or optional service balance, retirement incentives, and contract buy-outs. (See Chapter 3, Creditable Earnings, for more information on severance and lump-sum payments.)



Federal Funds

If any portion of a member's salary is paid from special trust or federal funds that are administered by the employer, then the employer must pay TRS an employer contribution on the salary paid from special trust or federal funds. This includes stipends or substitute pay.

Total salaries paid from federal funds are reported on the Annual Report of Earnings. (For information about contribution rates for salaries paid from federal funds, see Chapter 4, Employer Payments.)

Example 50: Federal funds

Teacher X was a full-time teacher with a base salary of \$30,000. In addition, she earned \$500 for coaching, \$1,200 for serving as the Title I coordinator, and a \$1,000 reportable flexible benefit plan. In addition, the employer paid her TRS member retirement contribution as a benefit. Her base earnings, flexible benefit plan, Title I stipend, and board-paid TRS were paid from Title I funds on all earnings (except the \$500 coaching stipend).

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher X	F	180	180	35,934.06	35,934.06	3,234.07	35,384.01

Example 51: Federal funds

Teacher Y was a full-time teacher with a base salary of \$25,000. In addition to his base salary he earned \$750 for serving as the coordinator of the Title III federal grant, \$200 for attending a conference and \$100 for internal substitution. The stipend for serving as the coordinator of the Title III federal grant and the \$200 conference stipend were paid from the federal Title III grant and the internal substitution was paid from the Title II federal grant.

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher Y	F	180	180	26,050.00	26,050.00	2,344.50	1,050

Example 52: Federal funds

Teacher Z was a substitute teacher. He substituted for 10 days at \$75 per day for total earnings of \$750. Two of the 10 days were paid from the Title II program.

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher Z	S	180	10	750.00	750.00	67.50	150

Accrual accounting

TRS requires earnings to be reported on an accrual basis. Accrual accounting requires the recognition of revenue in the period earned, which may not coincide with the period in which it is paid. Creditable earnings from July 1 through June 30 should be reported on each year's Annual Report.



Example 53: Accrual

Teacher A was a full-time teacher with a base rate and earnings of \$27,000. During April he chaperoned a dance and was paid \$75. He turned in his time sheet on June 13 and was paid on July 15.

The \$75 is reportable in the current school year ending June 30 since the \$75 was earned prior to June 30.

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher A	F	180	180	27,075.00	27,075.00	2,436.75	

Example 54: Accrual

Teacher B was paid \$25,500 during the current school year. At the end of the fiscal year it was discovered that her correct salary was \$24,000 and she had been overpaid by \$1,500. The employer decided to collect the overpayment by docking her next year's wages. She was paid \$24,500 (26,000 contract less \$1,500 docked) during the following year.

\$24,000 is reportable in the current school year

\$26,000 is reportable in the next school year

Year 1 Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher B	F	180	180	24,000.00	24,000.00	2,160.00	

Year 2 Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher B	F	180	180	26,000.00	26,000.00	2,340.00	

Example 55: Accrual

Teacher C was paid at the incorrect step of the salary schedule during the 2015-16 school year. In 2015-16 he was paid \$27,000. However, he should have been paid \$29,000. The error was discovered and corrected during the 2016-17 school year. In 2016-17, he was paid \$37,000 (\$35,000 contract plus \$2,000 correction of error).

\$29,000 is reportable in 2015-16

\$35,000 is reportable in 2016-17

2016-17 Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher C	F	180	180	35,000.00	35,000.00	3,150.00	

If corrections are necessary for a prior school year, please contact the TRS Employer Services Department at (888) 877-0890, option 1, to request an Employer's Report of Adjustments to Earnings form.



End-of-career salary increases

Employers are required to pay the cost of pension benefits resulting from end-of-career salary increases over 6 percent. Salary increases up to 20 percent per year with the same employer will still be used in the calculation of the member's final average salary (see Chapter 11, Retirement Benefits, for more information). **TRS will continue to recognize the full salary as creditable earnings.** (For additional information on end-of-career salary increases, see Chapter 3, Creditable Earnings.)

Example 56: End-of-career salary increases

Teacher D retired at the end of the school year. Her base salary rate was \$52,000. Her final year's salary increased by more than 6 percent over the prior school year's creditable earnings. In addition to her base salary, she earned \$250 for internal substitution, \$150 for lunchroom supervision, \$300 for class sponsorship, and \$75 for attendance at workshops.

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher D	F	180	180	52,775.00	52,775.00	4,749.75	

Strikes

In the event of a strike, the annual salary rate should reflect what would have been earned if the member worked his or her normal schedule with no docks for the entire school term or length of the employment agreement, if longer. The annual salary rate amount is not to be reduced for days docked. Creditable earnings should show the reduced earnings due to the strike if any days were docked. Days paid should equal the days in the school term or the length of the employment agreement (whichever is greater) minus the actual days docked. (See "Docked days.")

Sick leave reporting

Members may receive service credit for unused, uncompensated sick leave reported by former employers up to the combined maximum of two years. To be creditable for retirement purposes, sick leave must have been available for use by a member in the event of illness. Service credit is not available for sick leave days added to the record of a member at the time of termination of service for the purpose of increasing a member's retirement service credit. If available for use as sick days, unused personal leave days can be added to unused sick leave. (See Chapter 6, Service Credit.)

If a member receives payment for accumulated sick leave days that is also reportable to TRS as creditable earnings, no service credit will be available for the days that were compensated. **However, if the payment for sick leave days is not reportable to TRS as creditable earnings, the sick leave days are reportable.**

Employers annually certify the number of unused, uncompensated sick days on the Annual Report Terminated Sick Leave Report for all members who terminated employment during the past school year. The terminated member's beginning and ending dates of employment and number of unused, uncompensated sick leave days are provided to generate the report.



If the member applies for a benefit or a refund of contributions, the number of unused, uncompensated sick leave days are only reported on the member's Supplementary Report form. If the member's unused, uncompensated sick leave days are reported on a Supplementary Report form, do not include the member on the Annual Report Terminated Sick Leave Report.

If a member terminates employment, but is later rehired and previously reported sick leave days are reinstated to the member, the previously reported sick leave days are **not** reportable until the member terminates employment again. Please submit a corrected Terminated Sick Leave Report to reduce the member's reported sick leave days to zero. If a member terminates employment, is later rehired and the previously reported sick leave days are not reinstated, no correction to the submitted terminated sick leave report is necessary. However, the future Terminated Sick Leave Report must include only the second period of employment.

Leave of absence

An Annual Report Leave of Absence Report is generated for each member who was on an **unpaid** leave of absence during any portion of the school year. Include those on leaves under the Family Medical Leave Act (FMLA) of 1993, reductions in force (RIF), or any other type of **unpaid** leave. Only include members who were paid for less than 170 days during the school year.

A member may be able to purchase TRS service credit for a period of the unpaid leave of absence. Providing leave information allows TRS to notify the member of his or her right to claim the service credit. While TRS may need additional information, TRS is able to begin processing the optional service claim. Leave of absence information reduces inquiries in future years when the member realizes the potential for claiming the unpaid leave of absence for optional service credit. Without this information, inquiries often times are made several years after the leave occurred, resulting in a request for information from employers that sometimes is decades after the leave.

Address Request Report

Employers may receive a Member Address Request Report after TRS has received the Annual Report of Earnings. Members who do not have an address on file with TRS will be shown on the report. Verify the Social Security number is correct and then provide addresses for the members. Also add any new members who have been hired for the upcoming school year on this report. Please return the form to the TRS Springfield office.

Audit complete notification

TRS Employer Services Department reviews every Annual Report of Earnings. Based upon telephone calls or correspondence with the employer, corrections to reported days paid, annual salary rate, creditable earnings, or federally funded salaries may be necessary. After all necessary corrections to an Annual Report are processed, employers will be notified via email that the Annual Report review is complete.

Report difference process

Once the review of the Annual Report of Earnings is complete and all necessary corrections are processed, TRS will calculate the amount of TRS or THIS Fund contributions due based on the earnings reported.



TRS will transfer any overpayment of TRS contributions to offset underpayment of any other TRS contributions for the same employer. TRS acts as a service agent for Illinois Department of Central Management Services (CMS) for the collection of THIS Fund contributions. Because of this, TRS cannot process any transfers between the TRS contributions and the THIS Fund contributions.

After the Annual Report review is completed by TRS, employers are required to confirm they have reviewed the Summary of Changes Report.

If, after any transfers of contributions, an overpayment greater than \$50 exists, TRS will voucher the overpayment to the employer.

If, after any transfers of contributions, an underpayment greater than \$50 exists, the balance due to TRS will appear on the monthly Employer Bill. Balances due for member retirement contributions, TRS employer contributions, and contributions due on federally-funded salaries will be listed on the Report Difference Contributions section of the bill. THIS Fund balances due will appear on the Report Difference Contributions - THIS Fund section of the bill. Please see Chapter 4, Employer Payments, for more information regarding the Employer Bill.

Please verify the accuracy of the Employer Bill. If the bill is accurate, please remit the contributions billed. If the bill is not accurate because corrections are required to previously reported creditable earnings, please contact the Employer Services Department at (888) 877-0890, option 1. Please contact the Accounting Department at (888) 877-0890, option 2, for questions about contributed amounts.

Employer's Report of Adjustments to Earnings

Section 16-192 of the Illinois Pension Code requires TRS to correct its members' creditable earnings for four fiscal years prior to the fiscal year in which the error was noted. For example, if an error discovered in the 2016-17 school year occurred during the 2012-13, 2013-14, 2014-15, or 2015-16 school years, the employer must contact the TRS Employer Services Department for an Employer's Report of Adjustments to Earnings form.

For assistance completing the form, please contact the Employer Services Department. Employers should retain a copy of the completed form for their records. Return the original to the TRS Springfield office. Any required contributions due after the adjustment has been processed by TRS will be billed on the monthly Employer Bill (see Chapter 4, Employer Payments). The required contributions must be remitted before TRS will apply the adjustment to the member's record. If contributions are due to the employer, TRS will voucher them to the employer after the adjustment has been processed. The employer should return any overpayment due to the members.

For an error discovered more than four fiscal years after its occurrence, the member should contact TRS for an Unreported TRS Service Certification form. For more information about the Unreported TRS Service Certification form, please see Chapter 7, Optional Service Credit and Payment Options.

Filing Supplementary Reports and Sick Leave Certifications

Employers are required to file Supplementary Reports and Sick Leave certifications via the web-based Supplementary Report and Sick Leave Certification system. No forms or additional



documents need to be mailed. Multiple users can access the system and work on Supplementary Reports and Sick Leave Certifications at the same time.

Employers will be notified weekly of all members who have applied for a benefit or refund within the last seven days.

Supplementary Report

A Supplementary Report is required if an application for benefits (retirement, temporary disability or death) or refund is initiated prior to TRS completing its review of the Annual Report of Earnings.

Review the information reported on Supplementary Reports very carefully. TRS relies on this information to issue refunds of contributions to members and pay benefits. If a refund is awarded to a member or survivor and the Supplementary Report was incorrect and resulted in a greater payment by TRS than was legally due, the employer may be required to reimburse TRS the amount due from the error.

Sick Leave Certification

Public Act 94-0004 requires employers to pay a contribution to TRS on any sick leave days granted to a member in excess of the normal annual allotment that are used to secure service credit. The employer is required to complete a Sick Leave Certification to determine whether an employer contribution is applicable.

For additional information on granting sick leave days refer to Chapter 6, Service Credit.

Web-based Supplementary Report and Sick Leave Certification System

After signing in to the secure Employer Access area, employers can navigate by using menu items located on the left side of the screen. These menu items include:

How to Use This System – Briefly explains why TRS needs Supplementary Reports and Sick Leave Certifications and explains how to revise a report that was previously submitted. This menu item also provides a link that can be used to view or print a list of TRS edit codes with descriptions and required actions.

Supp Rpts/Sick Leave Certs – Select on this menu item to see a list of members that have applied for a benefit or refund. Select “Update” to complete and submit a Supplementary Report and/or Sick Leave Certification.

Revise Submitted Supp Rpts – Make changes to a previously submitted Supplementary Report.

Revise Submitted SL Certs – Make changes to a previously submitted Sick Leave Certification.

Reports – Employers can print copies of Supplementary Reports and Sick Leave Certifications that have been submitted to TRS. Employers may also print blank copies of the forms for any members included on the Supp Rpts/Sick Leave Certs list.

Completing Supplementary Reports

Select on the Supp Rpts/Sick Leave Certs menu item on the left side of the screen. Select update on the member whose Supplementary Report of Sick Leave Certification will be completed.



Under Update Employment Information, enter the following:

Last day of School Term or Employment Agreement, If Longer

Indicate the date of the last day of the school term or the last day of the member's employment agreement, if longer.

Last Paid Day (inclusive of paid sick leave days)

When completing Supplementary Reports, the "Last Paid Day (inclusive of paid sick days)" box should represent the last date on the school calendar for which a member is being paid. Enter the last day for which the member is being compensated. In most cases, this will be the member's final work day. Exceptions:

- 1) If the member used sick, personal or vacation days after the last day actually worked, enter the date the member used his/her final sick, personal or vacation day.
- 2) If the district pays teachers for the emergency days in addition to their actual work days and the district did not use all of the emergency days during the school term, enter the date of the last unused emergency day.

If a date is entered in a prior fiscal year, the employer will be asked if the member worked during the year of the Supplementary Report. If the answer is "no," the system will delete the Supplementary Report. If the member is applying for a retirement benefit, the Sick Leave Certification will be deleted if the member did not have any prior years of service with the employer. If the member had prior service with the employer, the years on the Sick Leave Certification will be re-evaluated and updated.

If a date is entered in the next fiscal year, the employer will be asked if the member worked in the next fiscal year. If the answer is "yes," the system will create a new Supplementary Report. If the member is applying for a retirement benefit, the years on the Sick Leave Certification will be re-evaluated and updated.

Effective Date of Resignation

Indicate the resignation date for retirement, single-sum benefit or refund. The effective date of resignation is not required for Temporary Disability Supplementary Reports.

Number of Unused, Uncompensated Sick Leave Days

Enter the number of unused and uncompensated sick leave days the member had remaining at retirement or termination. Include personal leave days that are available for use as sick leave.

When reporting sick leave days on the Supplementary Report, round sick leave days to the nearest tenth decimal place. Do not round sick leave days to the nearest whole number. For example:

- 1) If a member has 55.75 sick leave days, report 55.8 sick leave days.
- 2) If a member has 72.32 sick leave days, report 72.3 days.

Sick leave days are considered compensated if they are used in the calculation of a payment that qualifies as TRS creditable earnings. If no payment is issued, or if the payment related to unused sick leave does not qualify as creditable earnings under the lump-sum rules, then the days are considered uncompensated. Compensated days must be excluded from the number of sick days reported to TRS. Uncompensated days must be included in the number reported to TRS for service credit. These guidelines apply to all available sick leave days, even if the member has accumulated more than 340 days.



For Temporary Disability Supplementary Reports, the number of unused, uncompensated sick leave days will be reported under the Disability Information section of the Supplementary Report.

Employment Type

Indicate the member's employment type. See instructions for employment type on the Annual Report – pages 7 and 8.

After entering the information on the Update Employment Information screen select, "save."

Under Earnings Information, enter the following information:

Date of Last Payment for Regular Earnings

Indicate the date the member received his or her final paycheck for regular earnings. This date is only required if the member received a severance or lump-sum payment.

Number of Days in Employment Agreement

Indicate the actual number of paid days in the school term or the length of the member's employment agreement, whichever is greater. Include the number of days on which the member performed work requiring licensure during the summer months. Refer to page 8 for instructions on reporting contract days on the Annual Report.

Total Number of Days Paid

Indicate the total number of days for which the member was paid for employment types F, P, S, and H. Enter "0" for employment type E. Since service credit is granted for each full or partial day worked, do not convert partial days into full-day equivalents. Refer to pages 8 and 9 for instructions on reporting days paid on the Annual Report.

Actual Number of Hours Worked

The number of hours worked are only required for members reported as employment types P, S, and H applying for temporary disability benefits. Enter the total number of hours worked.

Base Annual Salary Rate

Indicate the member's full year salary rate including employer-paid member retirement contributions. Exclude creditable earnings paid for extra duties, flexible benefit plans, or severance/lump-sum payments since they are reported separately. Refer to page 9 for instructions on reporting annual salary on the Annual Report.

Base Creditable Earnings

Indicate the member's actual salary paid including employer-paid member retirement contributions. Exclude creditable earnings paid for extra duties, flexible benefit plans, or severance/lump-sum payments since they are reported separately. If the member has died, include only salary earned through the date of death. Refer to page 10 for instructions on reporting creditable earnings on the Annual Report.



Flexible Benefit Plan Annual Salary Rate and Flexible Benefit Plan Creditable Earnings

Indicate the annual salary rate and creditable earnings of any reportable flexible benefit plan the employer offers. For partial-year teachers, the flexible benefit plan creditable earnings should be prorated using the district's method of proration. See Examples 37-39, "Flexible Benefit Plans" on pages 27 and 28.

Extra-duty annual salary rate and Extra-duty creditable earnings

Enter the annual salary rate and creditable earnings for reportable extra duties that the member received during the school year. See Chapter 3, Creditable Earnings and "Extra-duty reporting" pages 16 and 17.

The extra-duty annual salary rate will always be reported equal to extra-duty creditable earnings.

Severance/Lump-sum Annual Salary Rate and Severance/Lump-Sum Creditable Earnings

The amount entered reflects payments (e.g. bonus pay, severance pay, lump-sum payments of sick, personal and vacation days, employer payment of member's 2.2 upgrade cost or optional service balance, and retirement incentive payments) that are received by the member or due and payable prior to or concurrent with the receipt of the final paycheck for regular earnings or with the last day of creditable service.

Totals

Add Base Annual Salary Rate, Flexible Benefit Plan Annual Salary Rate, Extra-duty annual salary rate, Severance/Lump-sum Annual Salary Rate and Base Creditable Earnings, Flexible Benefit Plan Creditable Earnings, Extra-duty creditable earnings, Severance/Lump-sum Creditable Earnings. The totals must equal to the annual salary rate and creditable earnings reported on the Annual Report for members who have retired or died. If a Supplementary Report is submitted for a member who applied for a temporary disability benefit or a refund and he/she subsequently returned to teaching in the same school year, the Annual Report of Earnings totals would exceed those on the Supplementary Report.

Member TRS Contributions

Enter 9.0 percent of the member's total creditable earnings.

Date of Severance/Lump-sum Payment

Indicate the date of the severance or lump-sum payment. If the payment was made over several pays, indicate the date of the final payment.

For members applying for a disability benefit, complete the questions under the Disability Section of the Supplementary Report (see page 48).

If information for more than one school year is needed, there will be two Earnings Information sections.

For retirement benefits. After all Earnings Information has been entered, scroll down to enter the Sick Leave Certification.



Completing Sick Leave Certifications (see pages 47 and 53)

In Column 1, enter the normal annual allotment of sick leave and personal leave days available for use as sick leave as specified in the teachers' collective bargaining agreement or employment policies.

In Column 2, enter the total number of days added to the member's sick leave record during each of the years listed.

If the district sometimes grants extra sick leave days, the question "TRS records indicate that your district granted excess sick leave days for the following school year (include years the district indicated they granted days on the Sick Leave Questionnaire). Were excess sick leave days granted for this member?" Answer "yes" or "no".

Edit Process – fatal and non-fatal edits

The edit process gives the employer an opportunity to correct reporting errors or explain situations that TRS will be required to research. Each edit is assigned a number and is either fatal or non-fatal. Employers can print a list of all edit codes by selecting on "How to Use This System" on the left navigation bar, then selecting "TRS Edits". Edits invoked on each member can be viewed after entering the Supplementary Report and Sick Leave Certification information and selecting "Save" at the bottom of the screen. **Please ensure you select "Save" prior to selecting "Submit to TRS" so that you are able to see all the edits.**

Fatal edits will be shown in red and non-fatal edits will be shown in black. A short description of the edit will be shown with the edit number. To see a detailed description of the edit code and instructions for addressing the edit, refer to the printed edit list or select on the  at the end of the edit description.

Fatal edits

A fatal edit identifies incorrect or incomplete information and must be corrected before the Supplementary Report or Sick Leave Certification can be submitted to TRS.

An example of a fatal edit with incorrect information is Edit 306 – Total annual salary rate is incorrect. Base annual salary rate + flexible benefit plan rate + extra duty rate + lump-sum rate do not equal total rate. A correction is required to one or more of the following fields: base annual salary rate, flexible benefit plan rate, extra duty rate, lump-sum rate and/or total rate.

An example of a fatal edit with incomplete information is Edit 5203 – Total number of days paid is required and must be a whole number. If employment type is extra duty enter zero. For employment types full-time, part-time contractual, part-time noncontractual and substitute enter the total number of days (Monday through Friday) the teacher performed work that required licensure. Ensure partial days are not converted to whole day equivalents.

Non-fatal edits

A non-fatal edit does not necessarily mean that the information entered is incorrect. Many edits are reasonableness checks, prompting TRS to verify member data. Review the reported information. If the member has been correctly reported, enter an explanation for the edit. A detailed note in the edit explanation box may prevent an inquiry from TRS. Employers should not modify the member date solely because an edit exists. Modifications to the member date should only be made if the original information is incorrect and not in accordance with reporting guidelines.



Non-fatal edit examples

In the first example shown, the information reported is correct but an edit explanation is required.

Edit 305 – The daily rate (computed by dividing base annual salary rate by the number of days in the employment agreement) multiplied by the total number of days paid is not within \$100.00 of base creditable earnings for an employment type of full-time. Review reported information and correct if in error.

This edit often occurs when rate and earnings are correct but the member worked partial days or because the member received extra duty, flexible benefit plan, or lump-sum payments. Ensure the base annual salary rate and base creditable earnings fields include base amounts only. Flexible benefit plans, extra duties, and lump-sum payments should be included in their respective fields. If the employer pays any portion of the member's retirement contributions, the base rate and earnings should include the proper TRS factor. If the reported information is correct, indicate how the base rate was prorated to calculate base creditable earnings.

Number of Days in Employment Agreement: 180
Total Number of Days Paid: 100
Base Annual Salary Rate: \$60,000.00
Base Creditable Earnings: \$33,166.67

Include the following edit explanation:

$\$60,000.00 \div 180 \times 99.5 = \$33,166.67$

In the second example, the information reported is incorrect and the after the correction is made, the edit is no longer invoked.

Number of Days in Employment Agreement: 180
Total Number of Days Paid: 50
Base Annual Salary Rate: \$50,000.00
Base Creditable Earnings: \$14,388.89

In researching this member, the district discovered the member earned \$500 dollars for timesheet extra duties such as chaperoning, internal substitution, or curriculum work that was not included in the annual salary rate and was not split out between base creditable earnings and extra-duty creditable earnings. The employer corrected this member's annual salary rate and creditable earnings as follows:

Base Annual Salary Rate	\$50,000.00
Extra-duty annual salary rate	+ \$500.00
Total Annual Salary Rate	<u>\$50,500.00</u>
Base Creditable Earnings	\$13,888.89
Extra-duty creditable earnings	+ \$500.00
Total Creditable Earnings	<u>\$14,388.89</u>

When these corrections were made, Edit 305 no longer invoked or displayed on this member's record.



Submitting Supplementary Reports and Sick Leave Certifications to TRS

The Supplementary Report and Sick Leave Certification can be submitted to TRS on or after a member's last paid day (inclusive of paid sick leave). Prior to the member's last paid day, the employer may enter the Supplementary Report and Sick Leave Certification data in the Employer Access Area, but the employer cannot submit the information until the member's last paid day. If TRS only requires the employer to complete a Sick Leave Certification and not a Supplementary Report, the system will allow the Sick Leave Certification to be submitted before the member's last paid day.

After all errors have been corrected and all edits have been addressed, scroll down to the bottom of the Earnings Information screen and select on "Submit to TRS". The next screen asks you to confirm that you want to submit. Select "yes" to send the Supplementary Report and/or Sick Leave Certification to TRS.

Revisions

If any changes occur after the Supplementary Report or Sick Leave Certification have been submitted, use the "Revise Submitted Supp Rpts" or "Revise Submitted SL Certs" menu item on the left navigation bar to submit corrections online. Enter the corrections along with the reason for the corrections and submit the corrected Supplementary Report or Sick Leave Certification to TRS. Please note that the reason for the correction is required.

Employer Emails

- Employers will be notified weekly of members whose Supplementary Reports and Sick Leave Certifications need to be submitted so that the benefits or refunds can be calculated.
- TRS will send a reminder email if a Revised Supplementary Report or Revised Sick Leave Certification was started by the employer more than 30 days ago and it was not submitted.
- If more than 60 days have elapsed since the Revised Supplementary Report or Revised Sick Leave Certification was started and it has not been submitted, the revised report will be deleted. TRS will send an email notification of this deletion.
- If TRS makes changes to the member's claim information that affects the years listed on the Supplementary Report or Sick Leave Certification, employers will receive an email notification of the change.
- If TRS deletes a Supplementary Report or Sick Leave Certification, employers will receive an email notification of the deletion.

For additional information on completing Supplementary Reports and Sick Leave Certifications, please refer to the Supplementary Report Tutorial on the TRS website.



Supplementary Report Dates

Employer	
Social Security number	Member's name
Claim Type:	Retirement
Last day of school term or employment agreement, if longer: _____	
Last paid day (<i>inclusive of paid sick days</i>): _____	
Effective date of resignation: _____	
Number of unused, uncompensated sick leave days: _____	
Employment type:	
<input type="checkbox"/> Full-time <input type="checkbox"/> Part-time Contractual <input type="checkbox"/> Substitute <input type="checkbox"/> Part-time Noncontractual (Hourly/Daily) <input type="checkbox"/> Extra Duty	
Earnings Information for 2016-17 School Year	
Date of last payment for regular earnings: _____	
Number of days in employment agreement: _____	
Total number of days paid: _____	
DO NOT convert partial days into full day equivalents. Count every paid day, Monday through Friday.	
2016-17 School Year	Annual Salary Rate
Base	
Flexible Benefit Plan	
Extra-duty (coaching, driver's education, cheerleading sponsor, etc.)	
Severance / Lump-sum** (bonus, sick leave, retirement incentive, etc.)	
Totals:	
**Date of Severance / Lump-sum Payment: _____	
(If paid out over several periods, enter last date paid.)	
This member has NOT chosen Early Retirement Option.	

Include used and paid sick leave.

Date the check was received, **NOT** the last day worked.

Include this date if there is a severance/lump-sum payment.



Example 57: Full-time - retirement

Teacher D applied for retirement at the end of the school term. She worked full-time at an annual salary rate of \$52,000. The employer had a flexible benefit plan that provided all members the option of receiving \$1,000 cash in lieu of insurance. Teacher D was also a cheerleading sponsor for which she was paid \$1,500. Teacher D received a \$9,600 bonus that was paid with her last regular paycheck on May 30, 2017. The last day of the school term was May 23, 2017.

The district's collective bargaining agreement provides for payment of \$100 for each day of unused sick leave up to 50 days. Teacher D had 132 days of sick leave on her record. She received payment for 50 days on July 3, 2017.

The collective bargaining agreement provides the teachers with 12 sick leave and two personal leave days per year. Personal leave days can be used as sick leave. Teacher D received the normal annual allotment of sick and personal leave days each year.

This Supplementary Report has not been submitted to TRS.



TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
 2815 West Washington Street
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 Springfield, Illinois 62794-9253
 (888)877-0890
 employers@trs.illinois.gov
 http://trs.illinois.gov

Supplementary Report
 For 2016-17 School Year
 Retirement

Employer 999-9999 - All American Employer 1			
Social Security number 999-99-9999	Member's name Teacher D		
Claim Type:	Retirement		
Last day of school term or employment agreement, if longer:	<u>5/23/2017</u>		
Last paid day (inclusive of paid sick days):	<u>5/23/2017</u>		
Effective date of resignation:	<u>5/23/2017</u>		
Number of unused, uncompensated sick leave days:	<u>132</u>		
Employment type:			
<input checked="" type="checkbox"/> Full-time	<input type="checkbox"/> Part-time Contractual		
<input type="checkbox"/> Part-time Noncontractual (Hourly/Daily)	<input type="checkbox"/> Substitute		
	<input type="checkbox"/> Extra Duty		
Earnings Information for 2016-17 School Year			
Date of last payment for regular earnings:	<u>5/30/2017</u>		
Number of days in employment agreement:	<u>185</u>		
Total number of days paid:	<u>185</u>		
DO NOT convert partial days into full day equivalents. Count every paid day, Monday through Friday.			
2016-17 School Year	Annual Salary Rate	Creditable Earnings	Member TRS Contributions (9.0%)
Base	52,000.00	52,000.00	
Flexible Benefit Plan	1,000.00	1,000.00	
Extra-duty (coaching, driver's education, cheerleading sponsor, etc.)	1,500.00	1,500.00	
Severance / Lump-sum** (bonus, sick leave, retirement incentive, etc.)	9,600.00	9,600.00	
Totals:	64,100.00	64,100.00	5,769.00
**Date of Severance / Lump-sum Payment:		<u>5/30/2017</u>	
(If paid out over several periods, enter last date paid.)			
This member has NOT chosen Early Retirement Option.			

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher D	F	185	185	64,100.00	64,100.00	5,769.00	



This Sick Leave Certification has not been submitted to TRS.

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS



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 (888)877-0890
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 http://trs.illinois.gov

Sick Leave Certification

Employer 999-9999 - All American Employer 1	
Social Security number 999-99-9999	Member's name Teacher D

Days Added to Member's Record During the Final Years of Service

	Column 1**	Column 2**
School Year	Teacher's normal annual allotment of sick and personal leave days available for use as sick leave as specified in the collective bargaining agreement	Total number of sick and personal leave days available for use as sick leave added to member's sick leave record during the school year
2013-14	14.0	14.0
2014-15	14.0	14.0
2015-16	14.0	14.0
2016-17	14.0	14.0

*** If no days in excess of the normal annual allotment were granted or reinstated during the year, column 1 and column 2 will be the same. If days in excess of the normal annual allotment were added to the member's record during the year, column 2 should be the total of column 1 plus the additional days granted or reinstated.*



Example 58: Full-time - disability

Teacher E applied for disability benefits following expiration of her sick leave at noon on April 4, 2017. The last day she taught was March 21, 2017. The employer had a 180-day school term. Her regular per diem of \$141.67 was paid for 152.5 days.

This Supplementary Report has not been submitted to TRS.



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Supplementary Report
For 2016-17 School Year
Disability Benefit

Employer 999-9999-All American Employer 1	
Social Security number 999-99-9999	Member's name Teacher E

Claim Type: Disability Benefit

Last day of school term or employment agreement, if longer: 5/23/2017

Employment type:

Full-time Part-time Contractual Substitute
 Part-time Noncontractual (Hourly/Daily) Extra Duty

Earnings Information for 2016-17 School Year			
Date of last payment for regular earnings:	<u>4/28/2017</u>		
Number of days in employment agreement:	<u>180</u>		
Total number of days paid:	<u>153</u>		
DO NOT convert partial days into full day equivalents. Count every paid day, Monday through Friday.			
Actual number of hours worked:	<u>N/A</u>		
2016-17 School Year	Annual Salary Rate	Creditable Earnings	Member TRS Contributions (9.0%)
Base	25,500.00	21,604.68	
Flexible Benefit Plan			
Extra-duty (coaching, driver's education, cheerleading sponsor, etc.)			
Severance / Lump-sum** (bonus, sick leave, retirement incentive, etc.)			
Totals:	25,500.00	21,604.68	1,944.42

**Date of Severance / Lump-sum Payment: _____
(If paid out over several periods, enter last date paid.)

PLEASE COMPLETE QUESTIONS ON THE NEXT PAGE.

Has the member resigned?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Has or will a worker's compensation claim be filed?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
What was the last day the member was actually present and working (excluding paid sick leave days)?	<u>3/21/2017</u>	
What was the last paid day (including paid sick leave days)?	<u>4/4/2017</u>	
How many unused, uncompensated sick leave days did the member have remaining as of the last paid day?	<u>0</u>	
If the member had used all available sick leave, on what date would the last sick leave day have been used? (Refer to a current school calendar.)	_____	
If the member has resumed teaching, what date did the member return to work following the disability leave?	_____	
List the first day of the 2016-17 school term or employment agreement, if longer:	<u>8/19/2016</u>	
List the last day of the 2016-17 school term or employment agreement, if longer:	<u>5/23/2017</u>	
List the first day of the 2017-18 school term or employment agreement, if longer:	<u>8/18/2017</u>	
List the last day of the 2017-18 school term or employment agreement, if longer:	<u>5/27/2018</u>	

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher E	F	180	153	25,500.00	21,604.68	1,944.42	



Example 59: Part-time contractual - refund

Teacher F, who worked three full days per week, applied for a refund. Teacher F resigned January 10, 2017, after she completed only the first semester, which was 54 work days. Her annual salary rate was \$20,025. She also earned \$500 as a cheerleading sponsor.

This Supplementary Report has not been submitted to TRS.



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Supplementary Report
 For 2016-17 School Year Refund

Employer	
999-9999 - All American Employer 1	
Social Security number	Member's name
999-99-9999	Teacher F

Claim Type: Refund

Last day of school term or employment agreement, if longer: 5/23/2017

Last paid day (inclusive of paid sick days): 1/10/2017

Effective date of resignation: 1/10/2017

Number of unused, uncompensated sick leave days: 0

Employment type:

Full-time
 Part-time Contractual
 Substitute
 Part-time Noncontractual (Hourly/Daily)
 Extra Duty

Earnings Information for 2016-17 School Year			
Date of last payment for regular earnings:	<u>1/17/2017</u>		
Number of days in employment agreement:	<u>180</u>		
Total number of days paid:	<u>54</u>		
DO NOT convert partial days into full day equivalents. Count every paid day, Monday through Friday.			
2016-17 School Year	Annual Salary Rate	Creditable Earnings	Member TRS Contributions (9.0%)
Base	20,025.00	10,012.50	
Flexible Benefit Plan			
Extra-duty (coaching, driver's education, cheerleading sponsor, etc.)	500.00	500.00	
Severance / Lump-sum** (bonus, sick leave, retirement incentive, etc.)			
Totals:	20,525.00	10,512.50	946.13
**Date of Severance / Lump-sum Payment: _____			
(If paid out over several periods, enter last date paid.)			

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher F	P	180	54	20,525.00	10,512.50	946.13	



Example 60: Extra duty - retirement

Teacher G applied for retirement at the end of the school term. He was employed as a coach only at District 100; however, he also taught full-time for another TRS-covered employer. He was paid \$2,500 for the entire season. Teacher G's last day of coaching was March 3, 2017.

This Supplementary Report has not been submitted to TRS.

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---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------

Employer 999-9999 - District 100	
Social Security number 999-99-9999	Member's name Teacher G

Claim Type: Retirement

Last day of school term or employment agreement, if longer: 5/23/2017

Last paid day (inclusive of paid sick days): 3/3/2017

Effective date of resignation: 3/3/2017

Number of unused, uncompensated sick leave days: 0

Employment type:

Full-time
 Part-time Contractual
 Substitute
 Part-time Noncontractual (Hourly/Daily)
 Extra Duty

Earnings Information for 2016-17 School Year			
Date of last payment for regular earnings:	<u>3/14/2017</u>		
Number of days in employment agreement:	<u>185</u>		
Total number of days paid:	<u>0</u>		
DO NOT convert partial days into full day equivalents. Count every paid day, Monday through Friday.			
2016-17 School Year	Annual Salary Rate	Creditable Earnings	Member TRS Contributions (9.0%)
Base	2,500.00	2,500.00	
Flexible Benefit Plan			
Extra-duty (coaching, driver's education, cheerleading sponsor, etc.)			
Severance / Lump-sum** (bonus, sick leave, retirement incentive, etc.)			
Totals:	2,500.00	2,500.00	225.00
**Date of Severance / Lump-sum Payment: _____			
(If paid out over several periods, enter last date paid.)			
This member has NOT chosen Early Retirement Option.			

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher G	E	185	0	2,500.00	2,500.00	225.00	



Example 61: Substitute - death

Teacher H died after working 15 days as a substitute teacher. He was paid \$85 per day. Teacher H worked for an employer that had a 180-day school term. Teacher H last worked December 13, 2016. He did not have any unused sick leave days.

This Supplementary Report has not been submitted to TRS.



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Supplementary Report
 For 2016-17 School Year
 Death Benefit

Employer 999-9999 - District 100	
Social Security number 999-99-9999	Member's name Teacher H

Claim Type: Death Benefit

Last day of school term or employment agreement, if longer: 5/24/2017

Last paid day (inclusive of paid sick days): 12/13/2016

Number of unused, uncompensated sick leave days: 0

Employment type:

Full-time
 Part-time Contractual
 Substitute
 Part-time Noncontractual (Hourly/Daily)
 Extra Duty

Earnings Information for 2016-17 School Year			
Date of last payment for regular earnings:	<u>12/30/2016</u>		
Number of days in employment agreement:	<u>180</u>		
Total number of days paid:	<u>15</u>		
DO NOT convert partial days into full day equivalents. Count every paid day, Monday through Friday.			
Include only accrued earnings through the date of death.			
2016-17 School Year	Annual Salary Rate	Creditable Earnings	Member TRS Contributions (9.0%)
Base	1,275.00	1,275.00	
Flexible Benefit Plan			
Extra-duty (coaching, driver's education, cheerleading sponsor, etc.)			
Severance / Lump-sum** (bonus, sick leave, retirement incentive, etc.)			
Totals:	1,275.00	1,275.00	114.75
**Date of Severance / Lump-sum Payment: _____			
(If paid out over several periods, enter last date paid.)			

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Teacher H	S	180	15	1,275.00	1,275.00	114.75	



Example 62: School administrator - retirement

Administrator I applied for retirement on April 28, 2017 after completing 10 months of her 12-month employment agreement. Her annual salary rate was \$90,000. She received \$75,000. Administrator I completed 216 days of the 261 paid days in her contract period. Administrator I received 15 sick leave days and three personal leave days per year. The collective bargaining agreement provides teachers with 12 sick leave days and two personal leave days per year. Personal leave days can be used as sick leave.

This Supplementary Report has not been submitted to TRS.



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Supplementary Report
 For 2016-17 School Year
 Retirement

Employer 999-9999 - District 100	
Social Security number 999-99-9999	Member's name Administrator I

Claim Type: Retirement

Last day of school term or employment agreement, if longer: 6/30/2017

Last paid day (inclusive of paid sick days): 4/30/2017

Effective date of resignation: 4/30/2017

Number of unused, uncompensated sick leave days: 0

Employment type:

Full-time Part-time Contractual Substitute

Part-time Noncontractual (Hourly/Daily) Extra Duty

Earnings Information for 2016-17 School Year			
Date of last payment for regular earnings:	<u>4/30/2017</u>		
Number of days in employment agreement:	<u>261</u>		
Total number of days paid:	<u>216</u>		
DO NOT convert partial days into full day equivalents. Count every paid day, Monday through Friday.			
2016-17 School Year	Annual Salary Rate	Creditable Earnings	Member TRS Contributions (9.0%)
Base	90,000.00	75,000.00	
Flexible Benefit Plan			
Extra-duty (coaching, driver's education, cheerleading sponsor, etc.)			
Severance / Lump-sum** (bonus, sick leave, retirement incentive, etc.)			
Totals:	90,000.00	75,000.00	6,750.00
**Date of Severance / Lump-sum Payment: _____			
(If paid out over several periods, enter last date paid.)			
This member has NOT chosen Early Retirement Option.			

Annual Report of Earnings

Name	Empl Type	Contract Days	Days Paid	Annual Salary Rate	Creditable Earnings	Member TRS Contributions	Federal Funds
Administrator I	F	261	217	90,000.00	75,000.00	6,750.00	



This Sick Leave Certification has not been submitted to TRS.

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Sick Leave Certification

Employer 999-9999 - All American Employer 1	
Social Security number 999-99-9999	Member's name Administrator I

Days Added to Member's Record During the Final Years of Service

	Column 1**	Column 2**
School Year	Teacher's normal annual allotment of sick and personal leave days available for use as sick leave as specified in the collective bargaining agreement	Total number of sick and personal leave days available for use as sick leave added to member's sick leave record during the school year
2013-14	14.0	18.0
2014-15	14.0	18.0
2015-16	14.0	18.0
2016-17	14.0	18.0

*** If no days in excess of the normal annual allotment were granted or reinstated during the year, column 1 and column 2 will be the same. If days in excess of the normal annual allotment were added to the member's record during the year, column 2 should be the total of column 1 plus the additional days granted or reinstated.*



Days Worked Report

Accuracy in reporting the number of days worked is critical because this number is used to determine the amount of TRS service credit each member receives for the school year.

Service credit is granted for each day or partial day worked, Monday through Friday, during the school year, in a position requiring teacher licensure.

Many school districts have developed their own systems to record and accumulate the number of days each member was paid during the school year. School districts that do not have an automated days tracking system in place may find the Days Worked Report form useful for recording each day worked for part-time contractual, part-time noncontractual (hourly), or substitute teachers.

Copies can be downloaded from the TRS website, <http://trs.illinois.gov>.

Questions

For questions about any of the forms or reports discussed in Chapter 5, please contact the Employer Services Department at (888) 877-0890, option 1 or by email at employers@trs.illinois.gov.



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Days Worked Report
(for July 1, 2016 – June 30, 2017)

TRs Code	Member's name	Social Security number
Type of employment (<i>please check one</i>): <input type="checkbox"/> Part-time contractual <input type="checkbox"/> Part-time noncontractual (hourly/daily) <input type="checkbox"/> Substitute		
Total number of days paid		

Circle each day worked.

July 2016					
Mon	Tue	Wed	Thur	Fri	Total
				1	
4	5	6	7	8	
11	12	13	14	15	
18	19	20	21	22	
25	26	27	28	29	
Total					

August 2016					
Mon	Tue	Wed	Thur	Fri	Total
1	2	3	4	5	
8	9	10	11	12	
15	16	17	18	19	
22	23	24	25	26	
29	30	31			
Total					

September 2016					
Mon	Tue	Wed	Thur	Fri	Total
			1	2	
5	6	7	8	9	
12	13	14	15	16	
19	20	21	22	23	
26	27	28	29	30	
Total					

October 2016					
Mon	Tue	Wed	Thur	Fri	Total
3	4	5	6	7	
10	11	12	13	14	
17	18	19	20	21	
24	25	26	27	28	
31					
Total					

November 2016					
Mon	Tue	Wed	Thur	Fri	Total
	1	2	3	4	
7	8	9	10	11	
14	15	16	17	18	
21	22	23	24	25	
28	29	30			
Total					

December 2016					
Mon	Tue	Wed	Thur	Fri	Total
			1	2	
5	6	7	8	9	
12	13	14	15	16	
19	20	21	22	23	
26	27	28	29	30	
Total					

January 2017					
Mon	Tue	Wed	Thur	Fri	Total
2	3	4	5	6	
9	10	11	12	13	
16	17	18	19	20	
23	24	25	26	27	
30	31				
Total					

February 2017					
Mon	Tue	Wed	Thur	Fri	Total
		1	2	3	
6	7	8	9	10	
13	14	15	16	17	
20	21	22	23	24	
27	28				
Total					

March 2017					
Mon	Tue	Wed	Thur	Fri	Total
		1	2	3	
6	7	8	9	10	
13	14	15	16	17	
20	21	22	23	24	
27	28	29	30	31	
Total					

April 2017					
Mon	Tue	Wed	Thur	Fri	Total
3	4	5	6	7	
10	11	12	13	14	
17	18	19	20	21	
24	25	26	27	28	
Total					

May 2017					
Mon	Tue	Wed	Thur	Fri	Total
1	2	3	4	5	
8	9	10	11	12	
15	16	17	18	19	
22	23	24	25	26	
29	30	31			
Total					

June 2017					
Mon	Tue	Wed	Thur	Fri	Total
			1	2	
5	6	7	8	9	
12	13	14	15	16	
19	20	21	22	23	
26	27	28	29	30	
Total					



Chapter Six: Service Credit

Days that count toward earning service credit

(80 Ill. Admin. Code 1650.320)

Service credit is granted for days paid Monday through Friday only when periodic payment is made to the member for:

- service rendered that requires certification under the School Code;
- legal school holidays;
- attendance during the work week at teachers' institutes, workshops and parent/teacher conferences scheduled in the school calendar;
- vacation, personal, or sick leave days used prior to termination;
- sabbatical leaves in accordance with the School Code;
- suspension; and
- administrative absence defined as an absence from duty administratively authorized for investigative purposes without the loss of pay or benefits and without charge to leave.

Service credit is not granted for Saturdays or Sundays, except in the rare instance where the Saturday service is required as a lawful day of attendance.

Service credit is granted for each full or partial day worked. When reporting days paid, do not combine partial days into full day equivalents.

For example:

- Teacher A worked 72 full days and 36 half days. Report 108 days paid.
- Teacher B worked 180 half days. Report 180 days paid.
- Teacher C worked five full days and four half days. Report nine days paid.

Sick days, vacation days, and contract buy-outs paid in a lump sum cannot be used to establish service credit with TRS. **Likewise, members may not earn service credit for days they were paid while on a board-approved leave of absence.** However, members may be eligible to purchase the leave as optional service credit. (See Chapter 7, Optional Service Credit.)

Maximum creditable service in one year

(40 ILCS 5/16-130, 80 Ill. Admin. Code 1650.320)

A maximum of one year of service is creditable for all days worked in any one school year. Since 1959, TRS grants a full year of service credit to any member who is employed and receives creditable earnings for 170 days during any school year upon certification of the employer. Effective January 14, 1991, if a member earns salary for fewer than 170 days between July 1 of one year and June 30 of the following year, service credit is granted at the ratio of actual number of days paid to 170 days.



Adding service credit to a member's record

Service credit is added to a member's record by two methods. For regular teaching service, credit is recorded based upon the number of days paid reported on the Annual Report of Earnings. The other method requires that the employer certify, upon request of the member, service credit based upon existing employment records.

If employment records are not available, service credit may be verified through submission of other reliable documentation by the member. Contact the TRS Member Services Department at (800) 877-7896 for suggestions of possible alternative sources of documentation.

Sick leave

(80 Ill. Admin. Code 1650.350)

Members receive service credit at retirement for unused, uncompensated sick leave. The amount of service credit available to a member can be determined by dividing the number of reportable sick leave days by 170. Members may receive up to a maximum of two years of credit.

To be creditable for retirement purposes, sick leave days must be available for use by a member in the event of illness. Service credit is not available and cannot be computed for sick leave days added to the record of a member for the purpose of increasing the member's retirement service credit. TRS makes a distinction between the normal annual allotment of sick leave days and additional days granted over the normal annual allotment. A member's normal annual allotment of sick leave days added at the beginning of a school year is presumed to be available for use.

An employer may choose to grant additional days to a member for reasons such as serious illness. After increasing or eliminating a sick leave cap, an employer may choose to reinstate sick days a member had previously lost due to the employer-imposed cap. When sick leave days in excess of the normal annual allotment are granted or reinstated to a member, the additional days must be posted to the member's sick leave/attendance record and must represent a potential financial liability to the employer. Sick leave days must be granted or reinstated far enough in advance of termination that the sick leave days will be available for use by the member in the event of illness. The following steps are used to determine whether sick leave days granted or reinstated by an employer in addition to the normal annual allotment are available for use and reportable to TRS for service credit.

1. From the date the sick leave days are added or reinstated, determine the number of paid days remaining until the member's retirement or termination. _____
2. Subtract the number of sick leave days already on the member's record. (_____)
3. The difference is equal to the additional days, if any, that may be added or reinstated and reported to TRS.

The number of sick leave days reported to TRS as determined above must be reduced by the number of sick leave days used prior to termination. See the following Examples 1 and 2.



Unused, uncompensated sick leave days are not eligible for service credit at retirement when the member receives payment for accumulated sick leave days that is reportable to TRS as creditable earnings. See the following Example 3. **If the payment for sick leave days is not reportable to TRS as creditable earnings, the sick leave days are reportable.** See the following Example 4.

Public Act 94-0004 requires employers to pay a contribution for sick leave days granted in excess of the member's normal annual allotment and used for service credit at retirement. For more information regarding the employer cost on sick leave days granted in excess of the normal annual allotment, please refer to Chapter 8, Excess Costs.

Example 1:

School District 1's negotiated agreement allows unlimited accumulation of sick leave. District 1's negotiated agreement provides for an individual to be granted up to an additional 170 days of sick leave upon notification of retirement.

Teacher A notified the district on March 1, 2015, of his intent to retire at the end of the 2015-16 school year. The district has 185 days in their school term. There were 65 days remaining in the 2014-15 school term when Teacher A notified the district of his retirement. There are 250 (65 + 185) days remaining until Teacher A's retirement. Teacher A has 150 days of unused, uncompensated sick leave days on his record. On the day he announced his retirement, the district granted and added an additional 100 (250 - 150) days of sick leave to his record. In May of 2014, he used one sick leave day. District 1's normal allotment is 12 days. Teacher A started the 2015-16 school year with 261 days of sick leave (250 - 1 + 12). He used zero sick leave days during the 2015-16 school year. At termination, Teacher A has 261 days of unused, uncompensated sick leave available to be reported to TRS.

Example 2:

School District 1's negotiated agreement allows unlimited accumulation of sick leave. District 1's negotiated agreement provides for an individual to be granted up to an additional 170 days of sick leave upon notification of retirement.

Teacher B has 160 accumulated sick leave days. He notifies District 1 on March 1 of his intent to retire at the end of the school term. There are 65 days remaining in the school term. No additional sick leave days may be granted and added to his record because he has 160 days on his record. The additional days would not be available for use. He uses five sick leave days in May. At termination, Teacher B has 155 (160 - 5) days of unused, uncompensated sick leave available to be reported to TRS.

Example 3:

Teacher C decided to retire from District 2 at the end of the current school year. The district's negotiated agreement provides for payment of \$10 for each day of unused sick leave. At termination she has 200 sick leave days on her record for which District 2 pays her \$2,000 (200 days x \$10). Payment is made on July 15 with her last regular paycheck. The payment for the sick leave days is reportable as creditable earnings. Therefore, the number of unused, uncompensated sick leave days available to be reported to TRS is zero.



Example 4:

Teacher D decides to retire from District 3 at the end of the current school year. The district's negotiated agreement provides for payment at the full daily per diem for each day of unused sick leave up to a maximum of 100 days. At termination Teacher D has 250 sick leave days on her record and her daily per diem is \$110. District 3 pays her \$11,000 (100 days x \$110) on September 28. Teacher D received her last regular paycheck on August 28. The payment for the sick leave days is **not** reportable as creditable earnings. Therefore, the number of unused, uncompensated sick leave days available to be reported to TRS is 250.

Sick leave days for service credit

Employers annually certify the number of unused, uncompensated sick leave days for members who terminated employment during the past school year on the Annual Report Terminated Sick Leave Report. The sick leave information provided on the Terminated Sick Leave Report allows TRS to record unused, uncompensated sick days from former employers throughout a member's career. The Terminated Sick Leave Report should include all members who terminated employment during the past school year, with the exception of members whose unused sick leave days have already been submitted to TRS on a Supplementary Report. **Do not include any member whose sick leave days were reported on a Supplementary Report.** If the sick leave days reported on the Supplementary Report are incorrect, please submit a corrected Supplementary Report.

This report is completed using the Web-based ARS. Terminated sick leave information is entered via the member's "Update Employee" screen. To locate this screen in the Employer Access area, select on "Employee List" in the Annual Report section of the menu, then select on the "Update" link to the left of the member's name and Social Security number. The Terminated Sick Leave section is displayed below the Earnings section.

When completing this report:

- Report only unused, uncompensated sick leave days that a member had available on the date he/she terminated district employment. Include unused personal leave days that were available to use as sick leave.
- Round sick leave days to the nearest 10th decimal place. Do not round sick leave days to the nearest whole number. **For example:**
 1. If the member had 55.75 sick leave days, report 55.8 days.
 2. If the member has 72.32 sick leave days, report 72.3 days.
- The beginning employment date is the first date that the member began working for the district. If the exact day of the month is unknown, indicate the first day of the month. However, if the exact date is known, it should be specified.
- The ending employment date is the final day a member worked for the district, not the member's resignation date.

If the district has employed a member more than once and sick leave days earned from the previous employment were reinstated to the member, please submit a revised Terminated Sick Leave Report to reduce the member's reported sick leave days to zero. If the district employed a member more than once and sick leave days earned from the previous employment period were not



reinstated to the member, only report the most recent employment period and the sick leave days associated with that employment period on the report.

Sometimes districts have members who have been involuntarily laid off due to a reduction in force (RIF) and employers do not know who will be rehired as of the August 15 Annual Report deadline. Complete the form based upon current information when filing the Annual Report. If anyone is rehired after the Annual Report has been submitted, send TRS a revised Terminated Sick Leave Report.

If a member resigns after the Annual Report has been submitted to TRS or a terminated member was omitted from the Terminated Sick Leave Report, send TRS a revised Terminated Sick Leave Report.

To make corrections, visit the secure Employer Account Access online then select “Reports” under “Annual Report” and print a copy of the Annual Report Terminated Sick Leave Report. Make any necessary changes or additions by hand and write “Revised” at the top. When adding a member to the Annual Report Terminated Sick Leave Report, please include the beginning and ending dates of employment and report only unused, uncompensated sick leave days that a member had available on the date he/she terminated district employment.

The corrected Terminated Sick Leave Reports may be emailed to employers@trs.illinois.gov, faxed to (217) 753-0969 or mailed to the Springfield office.

Former employers prior to 1987-1988 certify unused sick leave using the Former Employee Sick Leave Certification form. A member or employer may contact TRS for a Former Employee Sick Leave Certification form. Sick leave days from former employers must be submitted to TRS prior to the member’s retirement.

Personal leave days

A member may earn service credit for unused, uncompensated personal leave days if the days were available for use in the event of illness.

Days withdrawn from a sick leave bank

Service credit is available for sick leave days withdrawn from a sick leave bank upon retirement provided certain requirements are met.

- The number of days a member individually contributed to a sick leave bank must be recorded.
- The days withdrawn must reduce the available balance of sick leave days remaining in the bank.
- The number of days reported for a member cannot exceed the number of days deposited and unused by the member.

For example, a retiring teacher has contributed two days to the sick leave bank during her career and has never used any days from the bank. She begins her final year of employment with 150 accumulated sick leave days on her record and doesn’t use any sick leave during the final year. At retirement, she is permitted to withdraw the two days she had contributed to the sick leave bank. The district should report 152 sick leave days to TRS.



TRS will not grant service credit for any days withdrawn by the member from a sick leave bank in excess of the days deposited and unused by the member. In addition, sick leave days lost as a result of a district imposed cap, which are deposited into the sick leave bank, are not reportable for sick leave service credit.

Sick leave days not reportable for service credit

TRS will not grant service credit for days

- lost as a result of a district imposed sick leave cap;
- not reinstated or granted sufficiently far in advance of retirement to be available for use;
- granted contingent upon a future event such as retirement or not retiring under the early retirement option;
- only available for catastrophic or extended illnesses;
- accumulated in excess of a per illness limitation;
- reportable to another retirement system;

For example: a teacher worked as a teacher's aide prior to becoming a teacher. If the sick leave days earned while an aide are available for use as a teacher and are not reported to IMRF, the days are reportable to TRS when the teacher terminates. However, if the days earned while working as an aide are reported to IMRF, only the days earned and remaining unused as a teacher are reportable.

- earned in years for which a member has taken a refund that has not been repaid;
- available for use in a non-TRS-covered position;

For example: a teacher changes positions and becomes a teacher's aide. If the sick leave days earned while the individual was a teacher are available for use as an aide, the sick leave days are not reportable to TRS. If the individual begins the aide position with zero sick leave days, the days accumulated as a teacher are reportable to TRS.

- or recorded in other states, even if the member purchased out-of-system credit.

Granted Days

The following situations are regarded as granting sick leave in excess of the normal annual allotment. The three-step formula must be applied to the extra days as of the date they are added to the member's sick leave record to determine if they are available for use.

- granted from a sick leave bank to preserve a member's personal sick leave balance in the final year(s) of service;
- bonus days awarded for good attendance or for not using sick or personal leave;
- bonus days awarded for reaching a minimum accumulation of sick leave;
- sick leave days awarded in lieu of payment for extra duties;
- unused bereavement leave days converted to sick leave;



- unused vacation days converted to sick leave;
- unused personal leave days that accumulate two-for-one as sick leave or personal leave;
- personal leave days that are not available for use as sick leave but accumulate as sick leave if unused; or
- unused, non-designated or no-reason days converted to sick leave.

Unused vacation days

TRS will not grant service credit for unused vacation days.

Sabbatical leave

A member who is on a sabbatical leave may be granted service credit as though he or she had been teaching during the time of the leave. In order to receive service credit, the sabbatical leave must have been granted in accordance with the Illinois School Code (105 ILCS 5/24-6.1). A member on sabbatical leave must be included on the Annual Report of Earnings. The Sabbatical Leave Certification should be completed using the Web-based ARS. Consult the School Code for guidelines regarding sabbatical leaves.

TRS and THIS Fund member and employer contributions must be remitted during the leave. These contributions are based on the salary rate immediately prior to the leave. Forward these contributions throughout the year along with all other member and employer contributions. (See Chapter 4, Employer Payments.)

Leave of absence

A member who is on a leave of absence for any reason other than a sabbatical leave may not be granted service credit for the period of the leave. However, the member may be eligible to purchase the leave as optional service credit. (See Chapter 7, Optional Service Credit.)

Duplicate service

A member may not use service earned under TRS for retirement credit under another public retirement system unless the member takes a refund of his or her TRS service credit.

If TRS receives written certification that a TRS annuitant has used TRS service credit for retirement credit in another public retirement system, the duplicated credit will be removed from the annuitant's record and the annuitant's retirement annuity will be reduced accordingly. In addition, TRS will offset any future benefits paid to the annuitant or the annuitant's beneficiary by the amount that TRS overpaid the annuitant.

Occupational disability service credit

A member may qualify to earn service credit for periods of occupational disability. (See Chapter 12, Disability Benefits.)



Chapter Seven: Optional Service Credit and Payment Options

Optional service credit

Credit for several types of optional service can be obtained by verifying the service and making a contribution to TRS. In general, the amount due for the service credit is equal to the contributions that would have been required if the service had been earned under TRS plus interest.

A member may reinstate service that has been cancelled by a refund and purchase service credit for the following certificated teaching:

- out-of-system service,
- part-time teaching,
- substitute and homebound teaching,
- military service and post-military teacher retraining,
- leave of absence and involuntary layoff, and
- an absence due to pregnancy or adoption prior to July 1, 1983.

With the exception of absences due to pregnancy or adoption prior to July 1, 1983, a member must pay for optional service credit before retirement. Only the paid portion of optional service credit is used to calculate retirement benefits. Refunds, however, must be repaid in full before the service credit can be used.

A member should have any optional service recorded with TRS as soon as possible. If the member waits until retirement to confirm the service, the employer's records may have been lost or destroyed. Without a record of the service, TRS cannot grant the member credit.

Out-of-system service

A member may purchase out-of-system service for full-time, part-time, or substitute public school teaching performed in:

- other states, territories, or dependencies of the United States,
- Chicago public schools, or
- public common schools operated by or under the auspices of the United States or any agency or department of any other state. However, service as an instructor in a United States military instructional center while the member was in the military is not eligible for optional service credit.

A member may also purchase out-of-system service for any period of work in professional speech correction or special education in a public agency within Illinois or any other state, territory, dependency, or possession of the United States.

Out-of-system service for teaching in colleges, universities, and private schools cannot be purchased.



The out-of-system service that is purchased cannot exceed two-fifths of the member's total creditable service with TRS at retirement. The maximum credit for out-of-system service is 10 years. The out-of-system service must be followed by at least five years of creditable service earned with TRS, the Public School Teachers' Pension and Retirement Fund of Chicago (CTPF), or the State Universities Retirement System (SURS).

To verify optional service credit for out-of-system teaching, TRS requires the member's former employer to file an Out-of-System Service Certification form based upon existing school records. Once the credit is verified, the service will be added to the member's record at TRS as "pending service credit" and an accounts receivable balance will be established for the amount due.

For the applicable contribution and interest rates in effect at the time the service was rendered, see "Required contribution and interest rates for the purchase of optional service credit." For persons who were not members on June 30, 1963, the minimum required contribution is \$420 per year of service plus 4 percent interest per year compounded annually from July 1 of the first year of membership until June 30, 1977, after which interest is computed as detailed in "Required contribution and interest rates for the purchase of optional service credit."

Part-time teaching

All part-time teaching performed after June 30, 1990 is reported to TRS and contributions are remitted by the employer. From July 1, 1969, to June 30, 1990, only part-time teaching on a permanent and continuous basis in a position for which services were expected to be rendered for the entire school term was reportable. Part-time teaching was not reportable prior to July 1, 1969.

For a member to purchase service credit for part-time service prior to July 1990 that was not reportable by an employer, employers must – based on existing school records – verify the applicable days on the Part-Time Service Certification form, which is shown at the end of this chapter, and file the completed form with TRS. Once the credit is verified, the service will be added to the member's record at TRS as "pending service credit" and an accounts receivable balance will be established for the amount due. Contributions are based on the member's creditable earnings.

Substitute teaching, homebound instruction, and tutoring

All substitute teaching performed after June 30, 1990 is reported to TRS and contributions are remitted by the employer. A member who performed substitute teaching prior to July 1990 for TRS-covered employers may purchase credit for the fraction of a year that is equal to the ratio of days paid to the number of days in the legal school term at the time the service was performed.

Service credit may be obtained for homebound instruction and for tutoring paid by the employer but only if the tutoring occurred prior to July 1, 2011.

For a member to purchase credit for this service, the employer must – based on existing school records – verify the applicable days on the Substitute or Homebound Service Certification form, which is shown at the end of this chapter, and file the completed form with TRS. Once the credit is verified, the service will be added to the member's record at TRS as "pending service credit" and an accounts receivable balance will be established for the amount due. Contributions are based on the member's creditable earnings.



Military service and post-military teacher retraining

Members may purchase two types of military service:

- military service and post-military teacher retraining that immediately followed Illinois public school teaching, or
- military service that did not immediately follow Illinois public school teaching (typically, military service rendered before a member began teaching).

Costs for the two types of service differ. Members are limited to purchasing a total of five years of credit for active military service and educational retraining programs following military service. Only two of the five years are allowed for military service not immediately following teaching.

Under the provisions of the Uniform Services Employment and Re-employment Rights Act of 1994 (USERRA), a member returning to teaching from military service on or after December 13, 1994, will not be charged interest on military service contributions. A member has up to three times the period of his or her military service, not exceeding five years, to take advantage of USERRA. If a member waits until the USERRA deadline has passed, interest accumulates on those contributions.

Members called to active military duty

Members called to active military duty after 2000-01 should be reported on the Annual Report of Earnings. Please refer to Chapter 5, Reporting, “Military Service,” for further guidance regarding TRS members called to active duty after the 2000-01 school year.

Military service immediately following teaching

Up to five years of credit for active military service immediately following teaching may be purchased. To do so, the member must send TRS a copy of U.S. Government Form DD-214 or its equivalent. Credit for this type of service must be purchased *before* the member retires. Once the credit is verified, the service will be added to the member’s record at TRS as “pending service credit” and an accounts receivable balance will be established for the amount due.

To be eligible to purchase credit for military service that immediately followed Illinois public school teaching, the member must have entered the military within 12 months of service under either TRS or the Chicago Teachers’ Pension Fund (CTPF). To purchase credit for an educational retraining program, the training must follow the member’s military discharge, be sponsored by the federal government, and prepare the member for a return to teaching.

The contributions due for military service credit that immediately followed Illinois public school teaching is based on a salary rate equal to the member’s salary rate at the time he or she entered military service. For each successive school term, the member’s contributions to TRS will be based on a salary rate 5 percent higher than the salary rate in the previous school term. Interest is then added from the date the contributions would have been due to the date of payment.

Military service not immediately following teaching

A member may purchase up to two of the five years for active military service not immediately following employment in a position requiring contributions to TRS or the Chicago Teachers’ Pension Fund (CTPF). To verify this service, the member must send TRS a copy of



U.S. Government Form DD-214 or its equivalent. Credit for this type of service must be purchased before the member retires. Once the credit is verified, the service will be added to the member's record at TRS as "pending service credit" and an accounts receivable balance will be established for the amount due.

Military service that does not immediately follow teaching is service that began 12 months or more after teaching or service that was rendered before the member began teaching.

The required contribution for military service not immediately following teaching is based on the total normal cost rate in effect when the service is verified plus interest. The total normal cost rate includes both a member rate and an employer rate. The total normal cost rate is multiplied by the *greater* of:

- the salary rate on the member's last day of teaching prior to military service or
- the salary rate for the member's first year of teaching following the military service.

The salary must have been earned in a position that required mandatory contributions to TRS. Interest is then added from the year of the member's first membership in TRS to the date of payment.

Leave of absence and involuntary layoff

A member may purchase service credit for approved leaves of absence or periods of involuntary layoff. A leave of absence is "approved" if:

- the member did not resign;
- the member's employer promised renewed employment at the end of the leave;
- the member's employer, through its board, officially approved the member's request for leave; or
- the member's leave qualifies as a leave under the Family and Medical Leave Act, as certified by the member's employer.

A layoff is "involuntary" if it is due to a reduction in force authorized under the School Code. An involuntary layoff does not include dismissal for cause or other performance-related reasons.

The maximum, combined service credit a member may purchase for leaves of absence, involuntary layoffs, and absences due to pregnancy or adoption is three years.

To receive credit for an approved leave of absence or an involuntary layoff, the member must return to a position covered by TRS or the State Universities Retirement System (SURS) after the leave or layoff. The member must then establish credit for at least the period of the leave or one year, whichever is less.

For a member to purchase credit for a leave of absence, the employer must – based on existing school records – verify the applicable days on the Leave of Absence Certification form, which is shown at the end of this chapter, and file the completed form with TRS. The employer or the member may be asked to file a copy of the board resolution granting the leave.

A member may verify credit for an involuntary layoff by sending TRS a copy of the layoff notice he or she received from the employer engaging in the reduction in force.



Once the credit is verified, the service will be added to the member's record at TRS as "pending service credit" and an accounts receivable balance will be established for the amount due. Contributions to TRS for this service credit are based on a salary rate equal to the member's teaching salary rate immediately preceding the leave.

Beginning with the 2000-01 school year, TRS requested leave of absence information with the Annual Report of Earnings. Complete an Annual Report Leave of Absence Report for all TRS-covered members on an unpaid leave of absence during any portion of the school year. For more information regarding the Annual Report Leave of Absence Report included with the Annual Report of Earnings, please refer to Chapter 5, Reporting, "Leave of Absence."

Leave of absence, layoff, and absence due to pregnancy or adoption

A member may purchase credit for periods away from a TRS-covered position prior to July 1, 1983, due to pregnancy or adoption.

To be eligible to purchase this credit, the member must

- have returned to covered employment with either TRS or the State Universities Retirement System (SURS) and
- send TRS a completed Adoption Service Certification form or Pregnancy Service Certification form and all required supporting documentation.

Once the credit is verified, the service will be added to the member's record at TRS as "pending service credit" and an accounts receivable balance will be established for the amount due. Contributions to TRS for this service credit are based on a salary rate equal to the member's teaching salary rate immediately preceding the leave.

If the member has not yet retired, he or she must complete the pregnancy or adoption credit purchase prior to retirement if the credit is to be included in the benefit calculation. Payment made after the member retires will result in the recalculation of the retirement benefit, effective the first of the month following payment.

Annuitants are permitted one opportunity to purchase the credit. Although it is advantageous for an annuitant to purchase the credit as soon as possible, there is no deadline. Both annuitants and members may purchase all or a portion of the credit to which they are entitled, but annuitants may make only one purchase.

Three years is the maximum combined service credit that may be purchased for absences due to pregnancy or adoption, leaves of absence, and involuntary layoffs.

Private School Credit

The Illinois Pension Code allowed a limited opportunity to purchase credit for service as a teacher or administrator in a recognized Illinois private school. **The member must have applied for this credit on or before August 1, 2012.** Post-secondary institutions were not included. Retired members could not purchase this service.

For each year of service credit purchased, the member must contribute the normal cost in effect on the date of the application. This rate, which is determined by our actuaries each year, includes



both employer and employee contribution rates. The total normal cost rate is multiplied by the annual salary rate during the member's first year of full-time employment in a TRS-covered position following the private school service. Interest began on the first date of full-time TRS employment following the private school service and continues until the contribution is paid.

Repayment of a refund

When a member withdraws service by taking a refund of contributions, TRS membership ends and all creditable service is cancelled. Service credit that was previously forfeited by taking a refund may not be used as a basis for payment of benefits until the member:

- repays the *entire* refund with interest from the date the refund was made to the date the refund is repaid and
- completes one year of TRS creditable service following the refunded service. Repayment of the refund is permitted under the provisions of the Illinois Retirement Systems Reciprocal Act after the member completes at least two years of service with a reciprocal system following the date of the refunded service credit.

These requirements must be completed prior to the member's retirement, death, or commencement of disability benefits.

Correcting errors after more than four fiscal years

Section 16-192 of the Illinois Pension Code requires TRS to correct its members' creditable earnings for four fiscal years prior to the fiscal year in which the error was noted. For example, if an error discovered in the 2016-17 school year occurred during the 2012-13, 2013-14, 2014-15 or 2015-16 school years, the employer must contact the TRS Employer Services Department for an Employer's Report of Adjustments to Earnings form. For more information on the Employer's Report of Adjustments to Earnings form, please see Chapter 5, Reporting.

For an error discovered more than four fiscal years after its occurrence, the member may contact TRS for an Unreported TRS Service Certification form. An example of the form is shown at the end of this chapter.

For a member to purchase credit for unreported service, the employer must, based on existing records, verify the days paid and the earnings information on the Unreported TRS Service Certification form, which is shown at the end of this chapter, and file the completed form with TRS. Once the credit is verified, the service will be added to the member's record at TRS as "pending service credit" and an accounts receivable balance will be established for the amount due. Contributions are based on the member's creditable earnings.

Required contribution and interest rates for the purchase of optional service credit

(40 ILCS 5/16-128)

Required contributions are equal to the contributions that would have been required if the service had been rendered under TRS, plus interest. Interest is compounded annually from the date the contributions would have been due to the date of payment according to the following schedule unless otherwise noted in the explanation.



Required TRS contributions as a percentage of earnings are:

- 4 percent, July 1, 1939 to June 30, 1947;
- 5 percent, July 1, 1947 to June 30, 1953;
- 6 percent, July 1, 1953 to June 30, 1959;
- 7 percent, July 1, 1959 to June 30, 1969;
- 7.5 percent, July 1, 1969 to June 30, 1971;
- 8 percent, July 1, 1971 to June 30, 1995;
- 8 percent plus 0.5 percent health insurance contributions, July 1, 1995 to June 30, 1998;
- 9 percent plus 0.5 percent health insurance contributions, July 1, 1998 to December 31, 2001;
- 9 percent plus 0.65 percent health insurance contributions, January 1, 2002 to June 30, 2003;
- 9 percent plus 0.75 percent health insurance contributions, July 1, 2003 to June 30, 2005;
- 9.4 percent plus 0.80 percent health insurance contributions July 1, 2005 to June 30, 2007;
- 9.4 percent plus 0.84 percent health insurance contributions July 1, 2007 to June 30, 2010;
- 9.4 percent plus 0.88 percent health insurance contributions July 1, 2010 to June 30, 2012;
- 9.4 percent plus 0.92 percent health insurance contributions July 1, 2012 to June 30, 2013;
- 9.4 percent plus 0.97 percent health insurance contributions July 1, 2013 to June 30, 2014;
- 9.4 percent plus 1.02 percent health insurance contributions July 1, 2014 to June 30, 2015;
- 9.4 percent plus 1.07 percent health insurance contributions July 1, 2015 to June 30, 2016; and
- 9 percent plus 1.12 percent health insurance contributions July 1, 2016.

Contributions were subject to a maximum amount until 1961. Minimum contributions were in force continuously.

Interest, compounded annually, is computed as follows:

- 3 percent annually for periods before July 1, 1965;
- 4 percent annually, July 1, 1965, through June 30, 1977;
- 5 percent annually, July 1, 1977, through June 30, 1981; and
- 6 percent annually beginning July 1, 1981.

The 2.2 formula

The 2.2 formula improves the retirement benefit for TRS members by accelerating the rate at which future retirement benefits accrue. Formerly retirement benefits accrued at a slower rate in the early years as an educator and at a faster rate as service credit increased. The table below compares the previous four-step formula to the 2.2 formula.



Annual Accrual Rate

Years of service	Four-step formula	2.2% formula
First 10 years	1.67%	2.2%
Second 10 years	1.9%	2.2%
Third 10 years	2.1%	2.2%
Years beyond 30	2.3%	2.2%

2.2 upgrade

Credit earned before July 1, 1998, may be upgraded to the 2.2 formula by making an optional payment. If a member does not upgrade pre-July 1998 service, benefits for this service will be based on the four-step formula. The upgrade to the 2.2 formula is entirely voluntary and may be elected by calling the TRS Member Services Department. See Chapter 11, Retirement Benefits for an example of the upgrade cost.

Purchasing credit for optional service

Several payment options – lump-sum, installments, direct rollover – are available when a member wants to purchase credit for optional service, to repay refunded service, and to upgrade pre-1998 service to the 2.2 flat rate formula.

Employer’s payment of member’s 2.2 upgrade balance or optional contribution balance

An employer may pay all or part of the member’s 2.2 upgrade balance or optional contribution balance directly to TRS. If an employer is paying a member’s 2.2 upgrade, TRS can accept only one employer payment per year. The Employer Payment Coupon, which is shown at the end of this chapter, must be remitted with the payment. The employer must indicate on the form if the payment is a before-tax or after-tax payment.

If the employer chooses to “pick up” the amount on a before-tax basis in accordance with the Internal Revenue Code, Section 414(h), the amount is not included in the member’s gross taxable income for income tax purposes.

Federal guidelines require that a pick up authorization be included in either a collective bargaining agreement, a contract, or a resolution because the employer payment is not of a statutory nature. The authorization should read similar to the following language:

The contributions for the upgrade required under the Pension Code, Section 16-129.1 (40 ILCS 5/16-129.1), although designated as employee contributions, are being paid by {name of employer} in lieu of contributions by the employees and are being picked up pursuant to the Internal Revenue Code of 1986, Section 414(h)(2), as amended. The employees covered by the {collective bargaining agreement, contract, resolution, etc.} shall not have the option of choosing to receive the contributed amounts directly instead of having them paid by the employer to the Teachers’ Retirement System.

The above language should also indicate the employee or group of employees for whom the pick up will be made.



After-tax payments

After-tax payments are quick and simple. Full-time, part-time, and substitute teachers are eligible. Once a member has established their purchase cost by contacting TRS, they simply mail their check, include their Social Security number, and tell TRS how to apply their payment.

Lump-sum or installment payments

TRS accepts personal checks, money orders, or cashiers' checks as either a lump-sum payment or installment payments using after-tax dollars. Members may also make payments to TRS from their bank accounts online if they do not wish to mail a check. Cash and credit card payments are not accepted.

A member may make a lump-sum payment or installment payments directly to TRS when purchasing optional service credit or repaying a refund. Each installment payment must be a minimum of \$50. If the total balance due is less than \$50, the member's payment must be for the full amount due.

A member may make a **lump-sum** payment directly to TRS when purchasing credit for optional service, repaying refunded service, or upgrading pre-1998 service to the 2.2 flat rate formula.

A check(s) payable to THIS Fund is required for health insurance contributions due for periods of optional service after June 30, 1995.

Before-tax payments

Rollovers

Rollovers allow a member to transfer pre-tax funds from many different types of retirement plans to TRS to pay for credit for optional service, repay refunded service, or upgrade pre-1998 service to the 2.2 flat rate formula without loss of tax benefits. In many cases, this is a real advantage. A member's current custodian must agree to make the transfer, and the member must follow specific requirements set forth in federal tax regulations. TRS will accept rollovers from most qualified retirement plans. Rollover payments are processed after TRS receives a completed Rollover Certification form. For more information, call (800) 877-7896.



TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS



2815 W Washington, PO Box 19253
 Springfield IL 62794-9253
 (800)877-7896, FAX: (217)753-0964
 TDD: (866)326-0087
 members@trs.illinois.gov
 http://trs.illinois.gov

Part-Time Service Certification
 (Prior to July 1, 1990)

Suzy A Smith 123 Sunny St Pleasanton IL 00000	Social Security number:	999-99-9999
	Date of birth:	01-01-1947
	Home telephone number:	(123) 456-7890
	Work telephone number:	(123) 987-6543
	Work extension number:	222
Complete this certification to claim service credit in the Teachers' Retirement System for part-time teaching that was completed before July 1, 1990.		
Other names under which member taught		
Member signature		Date

School Official Certification

School year beginning July 1 (1)	Dates of employment		Number of days in school term (4)	Actual number of days paid (5)	Part-time salary rate for school term (6)	Gross actual earnings for school term (7)	Total annual hours worked (8)
	From (2)	To (3)					

Box 5: Credit is granted for each day or partial day worked. **Do not combine partial days into full-day equivalents.**
 Box 6: If the member's daily rate varied during one school term, use a separate line for each compensation rate.

I certify that the information shown is correct as shown in our existing school records. If requested, I will provide this documentation. By signing, I certify that this information is correct. I am aware that pursuant to the Illinois Pension Code, 40 ILCS 5/1-135, any person who knowingly makes any false statement or falsifies or permits to be falsified any record in an attempt to defraud the Teachers' Retirement System is guilty of a Class 3 felony. Please be advised that if the TRS Board has a reasonable suspicion that a false record has been filed with the System, it is required to report the matter to the appropriate state's attorney for investigation.

School official's signature		School official's title		Date
Name of school district		County	Dist. no.	Telephone number ()
Address		City, state, ZIP		

Office Use Only:

Reviewed by	Date	Adjustment number
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 http://trs.illinois.gov

**Substitute or Homebound
 Service Certification**

(Prior to July 1, 1990)

Suzy A Smith 123 Sunny St Pleasanton IL 00000	Social Security number:	999-99-9999
	Date of birth:	01-01-1947
	Home telephone number:	(123) 456-7890
	Work telephone number:	(123) 987-6543
	Work extension number:	222

Complete this certification to claim service credit in the Teachers' Retirement System for substitute or homebound teaching that was completed in any Illinois public school covered by TRS.

Other names under which member taught

Member signature	Date
------------------	------

School Official Certification

School year beginning July 1 (1)	Number of full days worked (2)	Number of partial days worked (3)	Total number of days teacher was paid (4)	Daily rate (5)	Gross actual earnings for school term (6)	Total annual hours worked (7)

- Box 3: Credit is granted for each day or partial day worked. A partial day is defined as any day taught that was less than a full school day. **Do not combine partial days into full-day equivalents.**
- Box 4: Total days should equal column 2 + column 3 unless some of the partial days were concurrent. Please note these exceptions on the form. If total days equal 100 or more, send supporting documentation used to determine days.
- Box 5: If the member's daily rate varied during one school term, use a separate line for each compensation rate.

I certify that the information shown is correct as shown in our existing school records. If requested, I will provide this documentation. By signing, I certify that this information is correct. I am aware that pursuant to the Illinois Pension Code, 40 ILCS 5/1-135, any person who knowingly makes any false statement or falsifies or permits to be falsified any record in an attempt to defraud the Teachers' Retirement System is guilty of a Class 3 felony. Please be advised that if the TRS Board has a reasonable suspicion that a false record has been filed with the System, it is required to report the matter to the appropriate state's attorney for investigation.

School official's signature	School official's title	Date	
Name of school district	County	Dist. no.	Telephone number ()
Address	City, state, ZIP		

Office Use Only:

Reviewed by	Date	Adjustment number
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TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS



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 members@trs.illinois.gov
 http://trs.illinois.gov

Leave of Absence Certification

Suzy A Smith 123 Sunny St Pleasanton IL 00000	Social Security number:	999-99-9999
	Date of birth:	01-01-1947
	Home telephone number:	(123) 456-7890
	Work telephone number:	(123) 987-6543
	Work extension number:	222

Complete this certification to claim service credit in the Teachers' Retirement System for the period of an approved leave of absence. A leave of absence is creditable as an approved leave if you did not resign prior to the granting of the leave; the employer promised renewed employment at the end of the leave; and the employer, through its board, took official action to approve the request for leave. Service credit for a maximum of three years may be granted for an official leave of absence. To receive credit for a leave of absence, you must return to teaching and establish service credit with TRS or the State Universities Retirement System for the period of the leave or one year, whichever is less.

Other names under which member taught

Member signature	Date
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School Official Certification

Beginning date of leave of absence (month, day, year) / /	Ending date of leave of absence (month, day, year) / /		
Did the period of the leave of absence, plus creditable teaching service during the same school term, if any, include 170 days? <input type="checkbox"/> Yes <input type="checkbox"/> No	Annual salary rate prior to the leave of absence		
Did the member resume teaching in a position requiring participation in TRS following the leave of absence? <input type="checkbox"/> Yes <input type="checkbox"/> No			
Date the member resumed teaching / /	Position status resumed <input type="checkbox"/> Full-time <input type="checkbox"/> Part-time <input type="checkbox"/> Substitute		
<input type="checkbox"/> I certify that the member was granted a leave of absence during the period listed and that this information is correct as shown in our existing board minutes or school records. If requested, I will provide this documentation. I certify that the information shown is correct as shown in our existing school records. If requested, I will provide this documentation. By signing, I certify that this information is correct. I am aware that pursuant to the Illinois Pension Code, 40 ILCS 5/1-135, any person who knowingly makes any false statement or falsifies or permits to be falsified any record in an attempt to defraud the Teachers' Retirement System is guilty of a Class 3 felony. Please be advised that if the TRS Board has a reasonable suspicion that a false record has been filed with the System, it is required to report the matter to the appropriate state's attorney for investigation.			
School official's signature	School official's title	Date	
Name of school district	County	Dist. no.	Telephone number ()
Address	City, state, ZIP		

Office Use Only:

Reviewed by	Date	Adjustment number
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13003002 07/2010



Involuntary Layoff Certification

Suzy A. Smith 123 Sunny St. Pleasanton IL 00000	Social Security number: 999-99-9999 Date of birth: 01/01/1947 Home telephone number: (123) 456-7890 Work telephone number: (123) 987-6543 Work extension number: 123
--------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Complete this certification to claim service credit in the Teachers' Retirement System for an involuntary layoff.

Other names under which member taught	Member signature	Date
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School Official Certification

Please note that an involuntary layoff does not include nonrenewal of employment, dismissal for cause, or other performance-related reasons.

This involuntary layoff occurred when the member's employment was terminated as a result of a reduction in force due to (select one or more of the following):

- lack of funding
 lack of work
 elimination of position
 material reorganization

School district from which member was involuntarily laid off	School district county
--------------------------------------------------------------	------------------------

Date member was involuntarily laid off due to a reduction in force as provided for in the Illinois School Code / /

Current position <input type="checkbox"/> Full-time <input type="checkbox"/> Part-time <input type="checkbox"/> Substitute

Date member returned to teaching service / /

I certify that the information shown is correct as shown in our existing school records. If requested, I will provide this documentation. By signing, I certify that this information is correct. I am aware that pursuant to the Illinois Pension Code, 40 ILCS 5/1-135, any person who knowingly makes any false statement or falsifies or permits to be falsified any record in an attempt to defraud the Teachers' Retirement System is guilty of a Class 3 felony. Please be advised that if the TRS Board has a reasonable suspicion that a false record has been filed with the System, it is required to report the matter to the appropriate state's attorney for investigation.

School official's signature	School official's title	Date
-----------------------------	-------------------------	------

Name of school district	County	Dist. no.	Telephone number ()
-------------------------	--------	-----------	-------------------------

Address	City, state, ZIP
---------	------------------

Office Use Only:

Reviewed by	Verified by	Date	Adjustment number
-------------	-------------	------	-------------------

10013012 07/2010

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS



2815 W Washington, PO Box 19253
 Springfield IL 62794-9253
 (800)877-7896, FAX: (217)753-0964
 TDD: (866)326-0087
 members@trs.illinois.gov
 http://trs.illinois.gov

Unreported TRS Service Certification

Suzy A Smith 123 Sunny St Pleasanton IL 00000	Social Security number: 999-99-9999 Date of birth: 01-01-1947 Home telephone number: (123) 456-7890 Work telephone number: (123) 987-6543 Work extension number: 222
------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

This certification is completed to claim service credit in the Teachers' Retirement System for teaching service in any Illinois public school covered by TRS. By signing as the member, I authorize TRS to discuss and receive any and all documentation pertaining to my teaching service.

Member - Complete Section A and send to the employer.

Employer - Complete Section B and return to TRS.

Section A: Member Information

Other names under which member taught	
Member signature	Date

Section B: Employer Information and Certification

Report information on a fiscal year basis beginning July 1 and ending June 30. For contract periods longer than a school term, report information for the contract period within the fiscal year. Employment of four or more clock hours per day, five days per week is considered full-time teaching. **Supporting documentation, such as contracts, payroll records, W-2s, or job descriptions, must be submitted along with this form in order to grant service credit.**

Type of teaching FT/PT SUB (1)	School year beginning July 1 dates of employment		Number of days in school term (4)	Actual number of days paid (5)	Gross salary rate for school term (6)	Gross actual earnings for school term (7)	PT/SUB ONLY Total annual hours worked (8)
	From (2)	To (3)					

Box 5: Credit is granted for each day or partial day worked. **Do not combine partial days into full-day equivalents.**

Box 6: If the member's daily rate for substitute teaching varied during one school term, use a separate line for each compensation rate.

Certification: I certify the member was employed during the period listed and this information is correct as shown in our existing school records. I certify that the information shown is correct as shown in our existing school records. If requested, I will provide this documentation. By signing, I certify that this information is correct. I am aware that pursuant to the Illinois Pension Code, 40 ILCS 5/1-135, any person who knowingly makes any false statement or falsifies or permits to be falsified any record in an attempt to defraud the Teachers' Retirement System is guilty of a Class 3 felony. Please be advised that if the TRS Board has a reasonable suspicion that a false record has been filed with the System, it is required to report the matter to the appropriate state's attorney for investigation.

School official's signature	School official's title	Date
Name of school district	County	District no.
Address	City, state, ZIP	Telephone number ()

22000022 - 07/2010



TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS



2815 West Washington Street
 P.O. Box 19253
 Springfield, Illinois 62794-9253
 (888)877-0890
 employers@trs.illinois.gov
 http://trs.illinois.gov

Employer Payment Coupon
 For Member 2.2 Upgrade of Service Credit

The district superintendent, business manager, or payroll officer **must** complete this coupon to report employer payments of a member's optional contribution balance or payment of the 2.2 upgrade cost.

Name Suzy A. Smith	Social Security number 999-99-9999	Account number 77777
Employer name All American School District 1	TRS Code 999-9999	

Amount Enclosed: \$	Check Number:
---------------------	---------------

Place an "X" in the appropriate box. **Choose only one.**

- This payment is a before-tax payment which was picked up in accordance with Internal Revenue Code, Section 414(h)(2). The action of the employer picking up the payment is documented in a collective bargaining agreement, an individual agreement, or a resolution, dated _____.
- This payment is an after-tax payment.

NOTE: In either case, the payment made by the employer on behalf of the indicated member is creditable earnings if paid prior to or with the member's last regular paycheck.
 If reportable as creditable earnings, TRS Member Contributions, TRS Employer Contributions, and Member/Employer THIS Fund Contributions are due. Do not remit with this payment. Include these amounts with your next EFT remittance.

Name of district superintendent, business manager, or payroll officer (Please print.)	Telephone number
Signature of district superintendent, business manager, or payroll officer	Title

- This payment should be made separately. Do **not** include this payment with your monthly Employer Bill or any other contribution payments.
- Make your check **payable to Teachers' Retirement System** and mail to:
 Teachers' Retirement System
 2815 West Washington
 P.O. Box 19253
 Springfield, IL 62794-9253
- If remitting by overnight express, mail to:
 Teachers' Retirement System
 2815 West Washington
 Springfield, IL 62702-3397
- Indicate the above account number on your check.
- Return this coupon with your check. Retain a copy of this coupon for your records.
- Contact our **Accounting Department** toll free at **(888) 877-0890** if you have questions.

06008012 05/2013



Chapter Eight: Excess Costs

Excess sick leave and excess salary increase costs

Public Act 94-0004, which was signed into law on June 1, 2005, established new employer contributions. Employer contributions will be required for retiring members who, in their last four years prior to retirement, receive sick leave days in excess of the normal annual allotment that are used for service credit. The employer is also required to pay TRS contributions equal to the actuarial value of a pension benefit that results from any salary increase over 6 percent that is used in a retiring member's final average salary calculation.

Employer contribution responsibility

The required employer contributions must be paid by the employer and cannot be bargained or negotiated as a member contribution. These payments cannot be passed on to or be paid by a TRS member.

Employer contribution for excess sick leave

Members may receive up to two additional years of service credit at retirement for unused, uncompensated sick leave. If an employer grants sick leave days in excess of the teachers' normal annual sick leave allotment during a member's last four school years prior to retirement and the granted days increase the member's service credit, the employer may be subject to an employer contribution.

Definition of normal annual sick leave allotment

Any sick leave granted in accordance with an employer's retirement incentive program cannot be considered as part of the normal annual sick leave allotment. Normal annual allotment is defined as follows:

For teachers: the amount of annual sick leave granted to members employed under the collective bargaining agreement (CBA) or employment policies including personal days that can be used as sick days.

For administrators: the amount of annual sick leave granted to members under the CBA or employment policies including personal days that can be used as sick days. For employer contribution purposes, the normal annual allotment for administrators **will be the same amount** that is granted to teachers.

Example: If administrators receive 20 days for normal annual sick leave allotment and the CBA grants 15 days to teachers, the administrators' normal annual allotment will also be 15 days for employer contribution purposes. Therefore, in an administrator's last four school years prior to retirement, five days per year will be considered granted days in excess of the normal annual allotment and an employer contribution may be due.

Employer contribution is determined when a member retires

When an active member initiates the retirement process, TRS emails a Supplementary Report and a Sick Leave Certification form to the employer for completion. On the Supplementary Report, the employer reports the number of unused, uncompensated sick leave days the member had available for use at termination. This information is used to determine sick leave service credit. On the Sick Leave Certification form, the employer reports the normal annual allotment



and the number of days added to the member’s sick leave record during specified school years. The Sick Leave Certification form is used to determine whether excess sick leave days were granted during the member’s last four years prior to retirement. To be reportable for service credit, granted days must be added to the member’s record far enough in advance of retirement to be available for use in accordance with the 3-step formula. (See Chapter 6, Service Credit.)

Calculating the employer contribution

To calculate the employer contribution for excess sick leave, the member’s highest salary rate reported by the granting employer during the sick leave review period is multiplied by the total normal cost rate in the member’s last year of service. The total normal cost rate is subject to change annually. The total normal cost rates follow:

- 17.6 percent in fiscal years 2005-06 and 2006-07,
- 17.62 percent in 2007-08,
- 18.67 percent in 2008-09,
- 18.55 percent in 2009-10,
- 18.03 percent in 2010-11,
- 17.83 percent in 2011-12,
- 17.63 percent in 2012-13,
- 17.29 percent in 2013-14,
- 17.42 percent in 2014-15,
- 19.19 percent in 2015-16, and
- 17.68 percent in 2016-17.

The result is then multiplied by the portion of sick leave service credit the member received for sick days granted in excess of the normal annual sick leave allotment.

Example: At the beginning of the 2015-16 school year, a member was granted 85 days of sick leave in excess of the normal annual allotment. The 85 days were granted sufficiently in advance of the member’s retirement to be available for use with the 3-step formula. The granted days were reported to TRS for service credit when the member retired at the end of the 2016-17 school year.

\$50,000	Highest salary rate reported during the sick leave review period
x 0.1768	Total normal cost rate in member’s last year of service, 2015-16
\$8,840	
x 0.5	Service credit from granted days (85/170)
<u>\$4,420.00</u>	Employer contribution due

An Excess Sick Leave Calculator is available under the Employer Services area of the TRS website. Employers may use the calculator to estimate excess sick leave contribution costs.



Other sick leave considerations

Employer contributions for excess sick leave will not be required if:

- the member does not receive service credit for granted days,
- sick leave days were granted prior to the member's last four years, or
- the member was inactive for four or more school years preceding retirement.

If more than one employer grants sick leave in excess of the normal annual allotment during the member's last four years prior to retirement, service credit will be recognized in granting date order, beginning with the earliest and ending with the latest. Any granted days that earn service credit may be subject to employer contributions. Granted sick leave in excess of 340 days will not earn service credit and therefore will not be subject to employer contributions.

Employer contribution for salary increases in excess of 6 percent

When a member retires, the employer may be required to pay TRS a contribution for any salary increase over 6 percent that is used in the final average salary calculation. For Tier I members, the average salary is the average of the four highest consecutive annual salary rates within the last 10 years of creditable service. Typically, the member's last four years are used to calculate final average salary. For Tier II members, the average salary is the average of the eight highest consecutive annual salary rates within the last 10 years of creditable service.

Calculating the employer contribution

To calculate the employer contribution for excess salary increases, TRS first calculates the member's actual retirement benefit under current law and rules based upon the member's age at retirement, service credit, and average salary. If any of the salaries used to calculate the member's final average salary increased by more than 6 percent, TRS also calculates what the annuity would have been if salaries had been capped at 6 percent increases. The difference between the two benefit amounts is then multiplied by an actuarial factor. The result is the required employer contribution.

An Excess Salary Increase Calculator is available under the Employer Services area of the TRS website. Employers may use the calculator to estimate contribution costs for salary increases greater than 6 percent.

Actuarial factors represent the present value of future benefits the member will receive as a result of salary increases greater than 6 percent. Actuarial factors are based upon actuarial assumptions for life expectancy and TRS's investment return (currently 7.5 percent). The actuarial factor used in each employer cost calculation is determined by the member's exact age at retirement.

The employer contribution is calculated using year over year salaries paid by the same employer (if used in the final average salary). The reported annual salary rate amount is used in the calculation of the employer contribution for excess salary increases as long as the member worked at least 170 days during that school year, even if the member incurred docks and earned less than the full rate. Please refer to pages 10-13 for examples of the calculation of the employer contribution for salary increases in excess of 6 percent.



When there is more than one employer in the member's final average salary period, each employer's contribution is based on salary increases in excess of 6 percent granted by that individual employer. An employer would not be subject to contributions on salary increases provided by another employer or extra-duty earnings paid by another employer.

When a contribution is not required

Only salaries that are used in the member's final average salary calculation are subject to the employer contribution. Salary increases in earlier years will not result in an employer contribution. If the member receives an actuarial benefit rather than a formula benefit, the employer is not subject to contributions for excess salary increases. Any salary increases provided under the terms of an exempt contract or CBA will be exempt from the contribution.

Contribution exemptions due to Public Act 94-1057

Public Act 94-1057, which was signed into law on July 31, 2006, provides employer contribution exemptions for salary increases over 6 percent. Some of the exemptions are permanent while others are available for a limited-time period. The exemptions provided in PA 94-1057 apply only in specified circumstances. The permanent exemptions apply to members retiring on or after June 1, 2005. The temporary exemptions apply to members retiring on or after July 31, 2006.

Permanent exemptions for retirements that occur on or after June 1, 2005

Consolidations/annexations

PA 94-0004 requires employer contributions for a member's excess salary increases that were received from the same employer. If a member changes employers, PA 94-0004 does not require employer contributions for a salary increase over 6 percent that was earned during the first year with the new employer. PA 94-1057 clarifies that a consolidation or annexation constitutes a change in employer for the purpose of calculating employer contributions for excess salary increases. Salary increases greater than 6 percent that were awarded by the new employer during the year of consolidation or annexation are excluded from the calculation of employer contributions for excess salary increases. This exemption applies only for members whose employer number has changed. When an annexation has occurred, the exemption does not apply to those teachers who continue to be reported under the same employer number.

Example of consolidation: Beginning with the 2014-15 school year, District 10, District 20 and District 30 consolidate to form a new school district, District 100. District 100 is exempt from employer contributions for 2014-15 excess salary increases for members who were employed by District 10, District 20 and District 30 during the 2014-15 school year.

Example of annexation: Beginning with the 2014-15 school year, District 50 is eliminated through annexation to an existing school district, District 200. Under PA 94-1057, District 200 is exempt from employer contributions for 2014-15 excess salary increases for members who were employed by District 50 during the 2013-14 school year. However, District 200 is not exempt for 2014-15 salary increases for members who were employed by District 200 during the 2013-14 school year.

Full-time equivalency

For part-time and substitute teachers, TRS will use full-time equivalent rates to determine if salary increases exceeded 6 percent during the final average salary years. Employers should



continue to follow the current guidelines for reporting each member's annual salary rate and creditable earnings to TRS. At the time the retirement benefit is calculated, TRS will contact the employer if additional salary information is needed to determine a full-time equivalent rate. An employer contribution for excess salary increases will only be required if the comparison of full-time equivalent rates reflects an increase over 6 percent.

Example: Teacher A works part-time (3 days per week) during the 2014-15 school year and earns \$36,000. Teacher A works full-time during the 2015-16 school year and earns \$62,000. To determine if an employer contribution is required, TRS compares a full-time equivalent salary of \$60,000 for the 2014-15 school year to the actual 2015-16 full-time salary of \$62,000. In this example, the increase from the full-time equivalent salary of \$60,000 to \$62,000 is less than 6 percent. Therefore, no employer contribution is required even though Teacher A's reportable annual salary rate and creditable earnings increased from \$36,000 to \$62,000.

TRS will make every effort to identify applicable permanent exemptions during the benefit calculation process and apply them automatically. Therefore, in most cases it will not be necessary for the employer to request the exemptions for consolidations/annexations or full-time equivalency. However, if an employer receives notice that employer contributions for excess salary increases are due and believes these exemptions were not properly applied, the employer should send TRS a written request for review. The correspondence should cite any pertinent facts and should include employer contact information.

Temporary salary exemptions that occur on or after July 31, 2006

For a limited time, Public Act 94-1057 allows employers to request exemption from employer contributions for excess salary increases on certain types of compensation. These exemptions apply to members retiring on or after July 31, 2006. An employer may be exempt from employer contributions on only the portion of a member's salary increase that is due to one of the reasons listed below. The following exemptions apply to salary increases earned for the period of June 1, 2005 through June 30, 2011. If a contract or CBA is entered into between June 1, 2005 and June 30, 2011, and expires on or after July 1, 2011, salary increases due to the reasons listed below may be eligible for an extended exemption through the earlier of either the contract/CBA ending date or June 30, 2014.

- **Overload work performed by a full-load (100 percent time) teacher.** Overload work (class overload) is defined as classroom instruction in excess of the standard number of teaching class periods per day required by the employer of full-load teachers. Qualifying overload work will typically be performed by a classroom teacher for a complete semester or school term.

To be eligible for exemption from employer contributions, the salary increase for overload work must be proportional to the teacher's base annual salary rate. Only overload earnings that are equal to or less than a prorated portion of the teacher's base annual salary rate for classroom instruction will be eligible for the exemption.

Example: Full-load teachers at District 300 are required to teach six class periods per day and have one daily preparation period. Due to an increase in students, an additional class is added. Teacher B gives up his preparation period and teaches seven classes per day. He receives an additional 1/6 of his base annual salary rate for teaching the additional class for the entire school term.



If the resulting salary increase is used in Teacher B's final average salary calculation, PA 94-1057 allows District 300 to request that TRS recalculate the employer contribution for excess salary increases, excluding the portion of Teacher B's salary increase attributable to the class overload.

The overload exemption does not apply to payments for:

- intermittent periods of substitution/class coverage;
 - tutoring;
 - homebound teaching;
 - hourly work;
 - extra-duty assignments such as coaching, sponsorship, or curriculum development;
 - increased work hours for full-time administrators;
 - increase/excess number of students in the classroom; or
 - extending the length of the school day or school term.
- **Summer school teaching performed by a full-load (100 percent time) teacher.** To qualify for this exemption,
 - the member must be a full-load teacher during the regular school term,
 - the salary increase must be earned for summer classroom instruction, and
 - the summer rate of pay cannot exceed the member's base rate of pay for classroom instruction during the regular school term.

The exemption does not apply to

- summer duties that do not require teacher certification, such as attendance at workshops or curriculum writing;
 - tutoring or substitute teaching during the summer school session;
 - summer school administration;
 - members who work less than 100 percent time during the regular school term; or
 - members who only teach summer school.
- **Salary increases resulting from a promotion for which the member is required to hold a certificate or supervisory endorsement that is different than the certificate or supervisory endorsement required for the member's previous position.** To be eligible for this exemption, the member must be required by the Illinois School Code to hold a different teaching certificate or supervisory endorsement in the new position than was required for the member's previous position.

The Illinois State Board of Education, not TRS or the employer, determines the teaching certificate or supervisory endorsement required for a particular position. Typically, a promotion from one administrative position to another administrative position will not qualify for exemption because the same certification type is required.



To be eligible for the exemption,

- the promotion must be to a pre-existing position that has been filled by a teacher for at least one school year; and
- the salary must be no greater than the lesser of either
 - the average salary paid for similar positions at the district requiring the same certification, or
 - the amount stipulated in the CBA for a similar position requiring the same certification.

The employer is exempt from the employer contributions due to salary increases as a result of promotion only in the first school year the member holds the new position.

Example: Teacher C was a full-time teacher at District 400 through the 2008-09 school year. District 400 has an open principal position due to a recent retirement. Teacher C is promoted to the principal position at the beginning of the 2009-10 school year. The Illinois School Code requires Teacher C to hold a Type 75 administrative certificate in the principal position. Teacher C's previous teaching position required a Type 03 elementary certificate. As principal, Teacher C will earn a 2009-10 base salary of \$65,000 which is comparable to salaries of other principals at District 400. As a teacher, Teacher C earned a 2008-09 base salary of \$55,000 and would have earned a 2009-10 base salary of \$58,000 had she remained in her teaching position.

Teacher C works three years in the principal position and retires after the 2011-12 school year. The 2009-10 school year is used in Teacher C's final average salary calculation and District 400 is notified of an employer contribution for the 2009-10 increase and a 2011-12 increase. PA 94-1057 would allow District 400 to request TRS to exclude the \$7,000 (\$65,000 - \$58,000) portion of the 2009-10 salary increase in a recalculation of the employer contribution only for the 2009-10 school year.

- **Payments made to the member from the State of Illinois or the Illinois State Board of Education over which the employer does not have discretion.** Examples of payments over which the employer does not have discretion include the stipend for becoming a National Board Certified teacher (also referred to as Master Teacher Stipend) and payments for workshops presented or attended at the Regional Office of Education (ROE) for which the ROE requires the school district to be the common paymaster. Other payments that qualify for exemption include stipends paid to principals for serving as mentors in the Illinois New Principal Mentoring Program, stipends paid to mentoring teachers for participating in the Illinois Teacher Excellence Program, and stipends paid in accordance with the Illinois Teaching Excellence Program and the Salary Incentive Program for hard-to-staff schools.

Some TRS-covered employers agree to pay additional stipends (over and above the amount provided by ISBE) from district funds to teachers for attaining a Master Certificate. Such discretionary stipends are not eligible under PA 94-1057 for exemption from TRS employer contributions for salary increases in excess of 6 percent.

- **Salary increases over 6 percent paid to members who are 10 or more years from retirement eligibility.** This exemption will be automatically applied when TRS processes the member's claim.



Billing process

During the processing of a member's retirement benefit, TRS will provide employers a separate notification for each member with an employer contribution due for salary increases in excess of 6 percent or excess sick leave days. After the initial employer contribution notification, the amounts due will be reflected on the monthly Employer Bill (available to employers around the 25th of each month on the Employer Access area of the TRS website). The initial notification may include a Salary Exemption Affidavit form for PA 94-1057.

The employer should review the nature of the member's salary increases to determine eligibility for an exemption under PA 94-1057. To claim an exemption under PA 94-1057, the employer must

- complete and sign the Salary Exemption Affidavit, and
- **return it to TRS no later than 30 days after receipt of the monthly Employer Bill.**

TRS assumes the Employer Bill is received by the employer on the first of the month following the date it was billed.

Salary Exemption Affidavits must be returned on time. If the Salary Exemption Affidavit is not received within 30 days of receipt of the Employer Bill, the employer contributions for salary increases in excess of 6 percent cannot be recalculated. Contributions owed may be paid as a lump sum within 90 days of receipt of the Employer Bill. Contributions not paid within 90 days will accrue interest at 8.5 percent until June 30, 2013, 8.0 percent effective July 1, 2013, and 7.5 percent effective July 1, 2015 until paid. The bill must be paid within three years of receipt.

Please note that the salary increase for which an exemption is claimed by the employer on the Salary Exemption Affidavit must be new to the member or have increased by at least 6 percent in the year(s) the employer is seeking exemption. Only then will the recalculated employer contribution be lower than the amount provided in the original employer notification. When excess salary increases are due partially to circumstances that qualify for exemption and partially to circumstances that do not qualify for exemption, the employer may be eligible for a partial waiver of the employer contribution.

Public Act 94-1057 requires the employer contributions for sick leave days granted in excess of the normal annual allotment be paid within 30 days of receipt of the Employer Bill.

Example 1: Calculation of Employer Contribution for Salary Increases in Excess of 6 Percent for a Partial-Year Teacher

	Number of Days in the Employment Agreement	Number of Days Paid	Annual Salary Rate	Creditable Earnings
2011-12	180	180	\$50,000.00	\$50,000.00
2012-13	180	180	\$53,000.00	\$53,000.00
2013-14	180	180	\$54,000.00	\$54,000.00
2014-15	180	180	\$57,000.00	\$57,000.00
2015-16	180	60	\$63,000.00	\$21,000.00



Step 1: Calculate the member's retirement benefit under current law and rules based upon the member's exact age at retirement, service credit, and salaries.

When any of the years used in the final average salary calculation is a partial year, actual earnings and earnings credit are used in the final average salary calculation. Earnings credit is calculated by dividing the number of days paid by the number of days in the employment agreement.

	Service Credit	Earnings Credit	Annual Salary Rate	Creditable Earnings	Average Salary
2011-12	1.000	1.000	\$50,000.00	\$50,000.00	\$33,350.00*
2012-13	1.000	1.000	\$53,000.00	\$53,000.00	\$53,000.00
2013-14	1.000	1.000	\$54,000.00	\$54,000.00	\$54,000.00
2014-15	1.000	1.000	\$57,000.00	\$57,000.00	\$57,000.00
2015-16	0.353	0.333	\$63,000.00	\$21,000.00	\$21,000.00
					+ \$218,350.00
					÷ 4
				Final average salary	\$54,587.50

* $1 - 0.333 = 0.667$, $\$50,000 \times 0.667 = \$33,350.00$

Multiply the average salary times the years of service factor. Assume a 75 percent service factor for this example.

Salary Used in the Calculation of the Annuity Under Current Law and Rules

Final average salary	\$54,587.50
Service credit factor	x 0.75
Annual benefit	\$40,940.63

Step 2: Calculate the member's retirement benefit based upon the member's exact age at retirement and service credit, but with the member's salaries, with the same employer, subject to the 6 percent earnings increase limitation.

	Service Credit	Earnings Credit	Annual Salary Rate	Creditable Earnings	Salary Subject to 6% earnings increase limitation
2011-12	1.000	1.000	\$50,000.00	\$50,000.00	\$33,350.00*
2012-13	1.000	1.000	\$53,000.00	\$53,000.00	\$53,000.00
2013-14	1.000	1.000	\$54,000.00	\$54,000.00	\$54,000.00
2014-15	1.000	1.000	\$57,000.00	\$57,000.00	\$57,000.00
2015-16	0.353	0.333	\$63,000.00	\$21,000.00	+ \$20,119.86**
					\$ 217,469.86
					÷ 4
				Final average salary	\$54,367.47

** Salary subject to 6 percent: $\$57,000.00 \times 1.06 = \$60,420.00 \times 0.333 = \$20,119.86$



Multiply the average salary times the years of service factor. Assume a 75 percent service factor for this example.

**Annual Benefit Amount
if Salary Increases Had
Not Exceeded 6%**

Final average salary	\$54,367.47
Service credit factor	x 0.75
Annual benefit	<u><u>\$40,775.60</u></u>

Step 3: Calculate the employer contribution by multiplying the difference between the member’s retirement benefit and the retirement benefit subject to the 6 percent earnings increase limitation by an actuarial factor based upon the member’s age at retirement.

For this example assume an actuarial factor of 13.459.

Benefit difference	*\$165.03
Actuarial factor	x 13.459
Employer contribution	<u><u>\$2,221.14</u></u>

* \$40,940.63 actual benefit less \$40,775.60 benefit subject to the 6 percent earnings increase limitation

Example 2: Calculation of Employer Contribution for Salary Increases in Excess of 6 Percent for a Teacher Who Worked 170 or More Days

	Number of Days in the Employment Agreement	Number of Days Paid	Annual Salary Rate	Creditable Earnings
2011-12	180	180	\$50,000.00	\$50,000.00
2012-13	180	180	\$53,000.00	\$53,000.00
2013-14	180	170	\$54,000.00	\$51,000.00
2014-15	180	180	\$57,000.00	\$57,000.00
2015-16	180	172	\$63,000.00	\$60,200.00



Step 1: Calculate the member's retirement benefit under current law and rules based upon the member's exact age at retirement, service credit, and salaries. If a member receives 1.000 service credit for a year, annual salary rate is used in the average salary calculation, not creditable earnings.

Final Average Salary	
2012-13	\$53,000.00
2013-14	\$54,000.00
2014-15	\$57,000.00
2015-16	+ \$63,000.00
	\$227,000.00
	÷ 4
Final average salary	\$56,750.00
Service Credit Factor	x 0.75
	Assume a 75 percent service factor for this example.
Annual benefit	<u>\$42,562.50</u>

Step 2: Calculate the member's retirement benefit based upon the member's exact age at retirement and service credit, but with the member's salaries, with the same employer, subject to the 6 percent earnings increase limitation.

Annual Benefit Amount if Salary Increases Had Not Exceeded 6%	
2012-13	\$53,000.00
2013-14	\$54,000.00
2014-15	\$57,000.00
2015-16	+ \$60,420.00
	\$224,420.00
	÷ 4
Final average salary	\$56,105.00
Service credit factor	x 0.75
Annual benefit	<u>\$42,078.75</u>

Salary subject to the 6 percent earnings increase limitation: \$57,000 x 1.06

Step 3: Calculate the employer contribution by multiplying the difference between the member's retirement benefit and the retirement benefit subject to the 6 percent earnings increase limitation by an actuarial factor based upon the member's age at retirement.

For this example assume an actuarial factor of 13.459.

Benefit difference	*\$483.75
Actuarial factor	x 13.459
Employer contribution	<u>\$6,510.79</u>

* \$42,562.50 actual benefit less \$42,078.75 benefit subject to the 6 percent earnings increase limitation.



Chapter Nine: Member Refunds

Members may receive a refund of retirement contributions, or a refund or reduction in the 2.2 upgrade cost if they meet certain criteria. This section covers

- refunds of retirement contributions,
- refunds of the 0.4 percent member retirement contribution (if not already refunded),
- refunds of 1 percent retirement contributions,
- refunds of survivor benefit contributions,
- refunds or reduction of the 2.2 upgrade cost,
- refunds of excess purchases and repayments,
- refunds eligible for rollovers,
- taxability of refunds, and
- repayment of refunds.

Refunds of retirement contributions

If members terminate teaching with a TRS employer, they may apply for a refund of retirement contributions. This refund consists of the portions used to pay the retirement annuity and the annual increases in the annuity.

Effective July 1, 2005, member refunds include contributions for retirement and annual increases which are 7.9 percent and 0.5 percent of gross earnings, respectively. For school years 1998-99 through 2004-05, member refunds include contributions of 7.5 percent and 0.5 percent of gross earnings for retirement and annual increases, respectively. Lower contribution rates were in effect prior to July 1, 1998.

If members receive a refund of retirement contributions, they are not entitled to any other refunds. The 1 percent survivor benefit contribution, interest accumulated on the total contributions, and health insurance contributions paid after July 1, 1995, are not refundable.

The refundable amount appears as “refundable contributions” on the TRS Benefits Report.

Eligibility

Members who have terminated their teaching duties with a TRS employer may apply for a refund of their retirement contributions. A member who is on sick leave, a sabbatical leave, an unpaid leave of absence, or has accepted employment with a new TRS-covered employer is not eligible for a refund.

Effect of receiving a refund

When members accept a refund, they forfeit all rights to TRS benefits. Members considering a refund may want to contact TRS for an estimate of potential retirement and survivor benefits forfeited by accepting the refund. If a member chooses not to receive a refund, the member’s contributions will remain with TRS and will eventually provide a retirement benefit. Members with fewer than five years of service credit are eligible to receive a single-sum retirement benefit



at age 65. Members with five or more years of service are eligible to receive a retirement annuity. (See Chapter 11, Retirement Benefits.)

Transfer of credit

TRS cannot transfer creditable service (and the funding for that service) directly to a retirement system in another state. However, many retirement systems permit purchase of out-of-system service. TRS will provide the other system with verification of Illinois teaching service if the member accepts a refund and sends a written request. A member may then make payment for service directly to the other system if this is required or request a rollover of refundable contributions. (See “Refunds eligible for rollovers”)

Application procedure

To obtain a refund, a member must file a Refund Application with TRS. The application is available by calling TRS’s Member Services Division at (800) 877-7896. The application can be returned any time after the member has formally resigned from his or her TRS-covered position. TRS will process the refund and forward it to the Office of the Comptroller for payment when four months have passed since the member’s final day of teaching.

Refunds of the 0.4 percent member retirement contributions

Effective July 1, 2005, the member contribution rate increased by law to 9.4 percent. From 2005-06 through the 2015-16 school years, the ERO was funded in part by the 0.4 percent increase in member TRS contributions.

If a member did not receive a retirement annuity calculated using ERO, the 0.4 percent contributions was refunded without interest. ERO was allowed to automatically expire by the General Assembly on July 1, 2016. As a result, most active and inactive TRS members will be eligible in late 2016 for a refund of the 0.4 percent ERO contributions they paid between 2005 and 2016.

Refunds of 1 percent retirement contributions

Members whose membership began prior to July 1, 1998; who do not upgrade their pre-July 1998 service credit to the 2.2 benefit formula; and who retire with more than 34 years of service credit are entitled to a refund of 1 percent of creditable earnings after the later of June 30, 1998, or the attainment of 34 years of service credit. Sick leave is not considered when determining the attainment of 34 years of service credit.

The refund is paid at retirement. TRS automatically notifies the member of the refund amount after the member’s retirement claim is processed. These contributions are refundable because the member’s retirement benefit is not calculated under the 2.2 benefit formula. This refund is taxable for federal income tax purposes.

Refunds of survivor benefit contributions

If members do not have a dependent beneficiary at retirement, they may apply for a refund of the 1 percent portion for survivor benefits.

The refundable amount is 1 percent of total gross creditable earnings for each year of teaching service after July 24, 1959.



Eligibility requirements

At the time of applying for a retirement annuity or while receiving a retirement annuity, a member who contributed to TRS after July 24, 1959, may take a refund of survivor benefit contributions if he or she does not have a dependent beneficiary. A dependent beneficiary is:

- a spouse to whom the member has been married for at least one year, except where a child is born of the marriage in which case the one-year qualifying period is not applicable;
- a civil union partner to whom the member has been partnered for at least one year;
- an unmarried natural or adopted child under age 18, or between ages 18 and 22 if he or she is a full-time student in an accredited educational institution, or an unmarried child of any age who is dependent by reason of a physical or mental disability and claimed as a dependent on the member's final federal income tax return; or
- a dependent parent who received at least half of his or her support from the member for the 12-month period immediately prior to the member's death.

For an adopted child to be an eligible dependent beneficiary, the adoption proceedings must have been finalized prior to the member's death and while the child was a minor. For purposes of determining dependency, "disability" is defined as an inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to last for a continuous period of 12 months or more.

Children, unless named as a beneficiary on the MIBD form, are only eligible for benefits if they are the children of the surviving parent who will receive monthly benefits. In the case of a divorce, if the member names the new spouse or civil union partner and had children with the prior spouse or civil union partner, those children are not eligible for monthly survivor benefits.

A parent may be an eligible dependent beneficiary only if there is no other dependent beneficiary.

Effects of receiving a refund

When a member receives a refund of his or her survivor benefit contributions, the member waives all rights to his or her beneficiary's receiving survivor benefits. However, the member's remaining accumulated retirement contributions, if any, still remain payable to the member's beneficiaries upon the member's death.

Application procedure

When the member is applying for retirement or at anytime thereafter, the member may request a Refund of Survivor Benefit Contributions Application form from TRS. The form will not be sent until the processing of the member's retirement is complete. Completed forms must be returned to the TRS Springfield office. Within approximately six weeks after TRS receives the completed application, TRS will process the refund and will forward it to the Office of the Comptroller for payment.

Repayment of refund

The survivor benefit refund may be repaid with interest if the member returns to teaching and earns at least one year of creditable service.



Refunds or reduction of the 2.2 upgrade cost

Effective June 4, 1999, if a member retires with more than 34 years of service credit, he or she may receive a 25 percent reduction in upgrade costs for each year of creditable service beyond 34 years, up to a maximum of 100 percent. Partial years are prorated.

For every three years taught after July 1, 1998, the equivalent of one year of the 2.2 upgrade cost will be reduced or refunded.

25 percent-per-year refund

The following table shows the upgrade cost reduction feature for retirements that are effective on June 4, 1999, or later. Partial years will be prorated.

TRS will calculate the amount of any refund due and will credit the member with 6 percent interest.

<u>Years of Service</u>	<u>Percentage of 2.2 Upgrade Cost Refunded</u>
34	0%
35	25%
36	50%
37	75%
38	100%

Refunds eligible for rollovers

All refund payments may be either made directly to the member or directly rolled over to an eligible retirement plan specified by the member. In a direct rollover, the eligible rollover distribution (the taxable portion) is paid directly from TRS to an individual retirement account (IRA) or another qualified retirement plan that accepts rollovers. By using a direct rollover, the member avoids a 20 percent withholding requirement if the payment is made directly to the member. Also, if the member chooses a direct rollover, the distribution is not taxed until it is withdrawn from the IRA or other qualified retirement plan.

Taxability of refunds

Refunds are not subject to the Illinois Individual Income Tax. However, any portion of the refund attributable to contributions made by either the member or employer that were excluded from taxable income in the years the contributions were made is subject to federal income tax.

To help in tax planning, correct and complete applications received by the close of business on December 5 will be processed in the current tax year. Refund applications received after December 5 will be processed in the next tax year.

Refund recipients will be notified of the taxable portion of their refunds. TRS also will report the refund payment to the Internal Revenue Service on IRS Form 1099-R and will send the refund recipient a copy of this form in January or February in the year after the refund is taken.

Special tax consequences and penalties may apply to refund payments. Members should consult a professional tax consultant for details of the taxability of refunds. Additional information is also contained in **Internal Revenue Service Publication 575, Pension and Annuity Income**. To obtain this publication, visit the IRS website, www.irs.gov or call (800) 829-3676.



Repayment of refunds

A member who accepts a refund terminates membership with TRS and cancels all service credit. A refund may be repaid with interest applied from the date of the refund to the date of the repayment.

Unless repayment is permitted under the Retirement Systems Reciprocal Act, service credit previously forfeited may not be used as a basis for payment of benefits until the member completes one year of teaching following the refund. Currently, the Retirement Systems Reciprocal Act requires at least two years of service credit with another system before service credit can be reinstated through repayment of a refund.

The refund repayment and teaching requirements must be completed prior to the member's retirement, death, or commencement of disability benefits.



Chapter Ten: Post-Retirement Matters

Collecting contributions from employees who are TRS annuitants

Do not remit TRS or THIS Fund contributions from TRS annuitants unless TRS post-retirement employment limitations are exceeded or the annuitant returns to service during the same school year in which he or she last contributed to TRS. See “Employment limitations for TRS annuitants” for information about post-retirement employment limitations.

Eligibility for a TRS retirement annuity

To be eligible for a TRS retirement annuity, the Illinois Pension Code requires members to terminate active service. To satisfy the termination of service requirement, the retiring member must comply with the following guidelines:

- The member must formally resign from his or her teaching position.
- The member must wait at least 30 calendar days from the date of resignation before performing any duties requiring teacher licensure for the same employer.
- The member cannot prearrange post-retirement employment with the same employer prior to the effective date of retirement.

Designations such as “temporary,” “interim,” and “independent contractor” will not suffice to establish termination of active service if the continued employment is with the same employer.

Annuitants who have established termination of service may not return to post-retirement teaching in the same school year they last contributed to TRS.

Once pension eligibility is established, annuitants must comply with post-retirement employment limitations.

Employment limitations for TRS annuitants

When annuitants return to teaching and are receiving a TRS retirement annuity, certain restrictions apply regarding from whom annuitants may accept employment, the type of position in which they may be employed, and the number of days and hours they may work.

Employment limitation

TRS annuitants may be employed in any positions that are not TRS-covered positions without limitation. For example, an annuitant may be employed by any college, university or private school. In addition, he or she may be employed by a TRS-covered employer in a position not covered by TRS without limitation. For example, an annuitant may be employed as a bus driver for any number of days or hours.

An annuitant who relinquishes his or her teaching certificate and continues in the same position must adhere to the termination of service requirements and to the post-retirement limitations.

An annuitant whose pre-retirement job no longer requires teacher licensure due to a change in job title or a minor change in job duties is subject to the termination of service requirements and the post-retirement limitations.



Once members are retired, they may not resume employment in a TRS-covered position, including substitute and summer school teaching, in the same school year in which they last contributed to TRS. The school year is July 1 through June 30. Therefore, if a member retires during the school year, the member may teach summer school following retirement only if his or her first day of teaching is after June 30.

If a member waited to attain a certain age in order to retire, he/she cannot return to TRS-covered employment until the day following the retirement date. For example, a member's last day of work is June 3, 2016. He turns 55 on September 20, 2016, and his retirement annuity commences on that day. The annuitant cannot return to TRS-covered employment until September 21, 2016.

For questions regarding the termination of service requirements and/or post-retirement limitations, contact the Employer Services Department at (888) 877-0890 or via email at employers@trs.illinois.gov.

100 days/500 hours limitation

Following the school year in which a member last contributed to TRS, an annuitant may be employed in a TRS-covered position for up to 100 paid days or 500 paid hours per school year and still receive a retirement annuity.

For post-retirement employment purposes, the Illinois Pension Code equates one full day with five hours. Therefore, if an annuitant works only full days (five or more hours per day), each day would be counted toward the 100 days limitation. If an annuitant works all partial days or a combination of full and partial days, the time worked would be counted toward the 500 hours limitation. Each full day (five or more hours) would be counted as five hours, even if the annuitant actually worked more than five hours on that date. For partial days, the actual number of clock hours worked would be counted. For example if an annuitant worked on two days during a given week, three hours on Tuesday and seven hours on Thursday, a total of eight hours (three for Tuesday and five for Thursday) would be counted toward the 500 hours limitation. It is not permissible for an annuitant to combine partial days into full day equivalents to use the 100-day limitation when the 500-hour limitation applies. For example, an annuitant who works half days (3.5 hours per day) cannot work 180 days and count 90 days against the post-retirement limitations. Time must be counted toward the 500-hour limitation. TRS recommends that each annuitant maintain a record of his or her time worked.

Only work that requires teacher licensure (including summer school and substitute teaching) is subject to the days or hours post-retirement employment limitation. All time that a teacher or administrator is required to be present for duties requiring teacher licensure is subject to the limitation. For teachers, this includes preparation periods and time before, between, and after classes. For administrators, this includes all time that is required to be spent on administrative duties, such as attendance at board meetings and contract negotiations. Paid sick, personal, and vacation days are subject to the post-retirement employment limitation.

Extra duties that do not require teacher licensure (e.g., coaching, lunchroom supervision, chaperoning) are not subject to the 100 days or 500 hours post-retirement employment limitation.

Exceeding the limitations

If an annuitant exceeds the post-retirement employment limitations after retiring for one complete school year,



- TRS must be notified;
- the retirement annuity will be suspended;
- the annuitant will re-enter active membership;
- the employer must remit TRS contributions on all creditable earnings after the employment limitations are exceeded; and
- the member's insurance will be cancelled effective the 1st of the month following re-entry into active service.

There are two circumstances in which an annuitant will be required to repay all annuity payments in full from the date of retirement:

- if teaching is resumed in the same school year in which the annuitant last contributed, or
- if the annuitant exceeds employment limitations in the first school year following retirement.

Special consequences apply if an annuitant exceeds the employment limitations following a teacher's retirement under any 5&5 Early Retirement Incentive (ERI) program. All enhanced age and service credit are forfeited and may not be used again at retirement. No member or employer ERI contributions will be refunded.

Reciprocal Retirement

A member who retires under the Illinois Retirement Systems Reciprocal Act must adhere to the post-retirement employment limitations of each retirement system that is, or will be, paying retirement benefits. The member must adhere to the post-retirement limitations of the system under which he or she returns to work. Therefore, the member should contact each applicable reciprocal system regarding employment limitations. All systems will discontinue benefits if the limitations are exceeded.

Retirement with CTPF

A member who retired under the Chicago Teachers' Pension Fund (CTPF) is allowed to be employed in a TRS-covered position without limitation for CTPF purposes. However, the member will qualify as a TRS member and must contribute to TRS if he or she is employed in a TRS-covered position for more than 100 days or 500 hours.

Employment limitations for single-sum retirement benefit recipients

A member with fewer than five years of creditable service who taught after July 1, 1947, is eligible to receive a single-sum retirement benefit at age 65. To be eligible, the member must terminate TRS-covered employment.

Upon receipt of the single-sum benefit, a member may teach in TRS-covered positions without restriction. Contributions are not required, regardless of the number of days or hours worked.

Health insurance available after retirement

The Teachers' Retirement Insurance Program (TRIP) offers several coverage options. Each option provides prescription drug benefits and comprehensive coverage for medically necessary services; however, the benefits under each option may differ. Benefit recipients have the choice of a



traditional major medical indemnity plan or one of several managed care plans. The availability of the different coverage options will vary based upon the benefit recipient's permanent address.

Medicare Advantage TRAIL Program

Effective February 1, 2014, the state began a new Medicare Advantage Program called Total Retiree Advantage Illinois (TRAIL) for annuitants and survivors enrolled in both Medicare Parts A and B. Visit www.cms.illinois.gov/thetrail for eligibility information.

Eligibility

In addition to current participants, enrollment in TRIP is open to:

- any member who has eight or more years of TRS service credit and is receiving a monthly retirement benefit.
- any beneficiary who is receiving a survivor benefit through a member who had eight or more years of service credit.
- any member who is receiving a disability benefit, regardless of the years of service credit.

Enrollment

Enrollment in TRIP is available at four different times:

- when a member applies for monthly survivor, disability, or retirement benefits. TRS will mail the member a TRIP enrollment form. This form must be completed and returned within 30 days after the effective date of the annuity benefits for enrollment in the program. The insurance becomes effective the first day of the first full month of annuity benefits or the first day of the month in which the enrollment form is received, whichever is later. The effective date of coverage may be delayed for up to four full months after the effective date of the annuity. However, the enrollment form must still be received within 30 days of the effective date of annuity benefits. If both husband and wife or civil union partners are benefit recipients, both must complete health plan enrollment forms.
- when a benefit recipient turns age 65. Approximately 60 days before a benefit recipient's 65th birthday, an enrollment form will be mailed to benefit recipients not currently enrolled in the health insurance program. The benefit recipient has six months from the date he or she becomes eligible for Medicare to enroll in the plan. If the benefit recipient is not eligible for Medicare, he or she has 30 days from his or her 65th birthday to enroll in the plan. The insurance becomes effective the first of the month in which the benefit recipient turns 65 or the first of the month in which the enrollment form is received by TRS, whichever is later.
- when coverage by a former plan is involuntarily terminated. At retirement, an annuitant may elect to continue coverage with another plan rather than enroll in TRIP. If this occurs, the annuitant and eligible dependents may enroll in TRIP when coverage under the other plan is involuntarily terminated. The enrollment form along with a letter from the plan stating the effective date of termination must be returned no later than 30 days after the effective date of termination of the plan's coverage. The insurance becomes effective the first day of the month following cancellation of coverage with the other plan.



- during the annual Benefit Choice Period (usually May 1 through May 31 each year) if the benefit recipient has never been enrolled in TRIP. The insurance becomes effective on July 1.

Administration

TRIP is administered by Central Management Services (CMS). TRS acts as an agent for CMS in collecting the member contribution and employer contributions to help fund the Teachers' Health Insurance Security (THIS) Fund, which finances TRIP. No TRS monies are used to fund TRIP.

Premium payment

A benefit recipient's premium will be based upon his or her residence and accessibility to a managed care plan. Premiums are deducted from the annuitant's monthly annuity received at the end of the month of coverage. If the annuity is not sufficient to cover the premiums, the benefit recipient will receive a direct pay statement that requires monthly payments.

Employers may pay a portion or all of an annuitant's share of the premium for participating in TRIP. TRS will accept the annuitant's premium cost for each designated benefit recipient from the employer. In addition, the employer may also elect to pay premiums for a benefit recipient's dependents. The employer is responsible for notifying TRS of any coverage changes. If an employer makes premium payments for annuitants or dependents who have changed their TRIP coverage, CMS may refund a maximum of six months of prior payments.

The retiring member receives a TRIP enrollment form with the initial Retirement Application form. The enrollment form contains a section where the employer agrees to pay monthly premiums. The retiring member is responsible for contacting the employer to obtain the authorization. If the employer agrees to pay the monthly premium, the district representative must sign the enrollment form and identify the employer name and number.

If the school district offers a supplemental health insurance plan in addition to the TRIP plan, please ask the member to include the information on the TRIP application under Section 6—Other group health coverage.

The first time TRS receives a signed enrollment form, the employer will be sent a Health Insurance Premium Payment Agreement to be completed and returned to TRS. This authorizes TRS to bill the district monthly for the TRIP premium.



Teachers' Retirement Insurance Program (TRIP)

1. TRS member information. Be sure to check "yes" or "no" for deferred coverage. If enrolling based on retirement, you may delay the effective date of coverage up to four months after the effective date of your benefits. If you check "yes," indicate the month and year you wish the effective date of coverage to begin.

Jane A. Doe	Social Security number:	999-99-9999
1234 Main St	County of residence:	County
Apt. B	Home telephone number:	(555) 555-1234
Anytown IL 12345	Gender:	M
	Date of birth:	01/01/1954

Email Address

Effective date of retirement	Marital status <input type="checkbox"/> M <input type="checkbox"/> S <input type="checkbox"/> CU	Deferred coverage <input type="checkbox"/> Yes <input type="checkbox"/> No	Effective date of deferred coverage
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2. Complete this section ONLY if enrolling your spouse or civil union partner and/or qualifying dependents. As legal proof of your relationship, you must enclose a copy of your valid marriage certificate for a dependent spouse or a civil union certificate for a dependent civil union partner and/or a birth certificate for a dependent child. The certificates are required for insurance coverage. Indicate the relationship of the dependents you wish to enroll in the insurance program. Enter your dependent's date of birth as a two-digit month, a two-digit day, and a four-digit year (Example: 02/09/1900). Indicate whether each dependent is covered by Medicare by selecting "Y" for yes or "N" for no.

Last name	First name	Relationship	Date of birth (xx/xx/xxxx)	Social Security number	Medicare	
					(Y) Yes	(N) No

3. If you or your dependents are 65 or older, are you eligible for Medicare Part A and Part B?
 Yes. Please complete Section 4. No. Please attach a copy of written verification from the Social Security Administration stating that you **are not** eligible for both Part A and Part B.

4. Complete this section for yourself and/or your spouse/civil union partner/qualifying dependents if eligible for Medicare. Information may be found on your Medicare card. **Please attach a copy of the Medicare card for each person.** If you are Medicare eligible and a copy of your Medicare card is not attached, this will cause a delay in the processing of your enrollment form.

Covered person's name	Part A effective date	Part B effective date	Medicare number

5. Type of desired coverage – Member, spouse, civil union partner, and/or dependents must select the same coverage. Check the appropriate plan coverage desired. If you select Managed Care, provide the Managed Care Plan name and code. If you select an HMO plan, please also complete the primary care physician's name and ten-digit National Provider Identifier (NPI) for each person. **To acquire the NPI, please contact the HMO that you are considering for enrollment.**

Desired coverage – Check one:
 Medical Indemnity - TCHP (please go to Section 6)
 Managed Care (please complete section below)

Provide Managed Care Plan name and code:

Medical Group # (3 digits) **(Required for HMO Illinois and BlueAdvantage HMO only)**

Covered person's name	Physician	National Provider Identifier (NPI)

21004002 05/2013

You must complete the reverse side of this form.



Member Name: Jane A. Doe

Social Security number: 999-99-9999

6. Other group health coverage. If you, or any of your dependents who are covered under any State of Illinois health plan, are covered under any other health plan(s), you must provide this information to ensure health claims are correctly processed (examples include non-state group health plans, and Medicaid).

You must complete Section A below. If you have other insurance, you must also complete Section B and provide a copy of the insurance identification card from the other coverage.

Section A - List coverage that will be effective during the same time as TRIP. Do not include Medicare or policies that will be cancelled when TRIP coverage is effective.

- I and/or my dependent do not have other group health insurance coverage.
I and/or my dependent do have other group health insurance coverage (you must complete Section B indicating the other coverage). You must list each insurance company separately. Please make copies if additional space is needed.

Section B - Only applies to members or dependents enrolling in TRIP.

Insurance company's name:
Policy holder's name:
Identification number: Group Number:
Effective date:
Covered persons: Relationship:
Insurance company's name:
Policy holder's name:
Identification number: Group Number:
Effective date:
Covered persons: Relationship:

7. Authorized signature

I hereby apply for the Teachers' Retirement Insurance Program (TRIP). All information furnished by me on this application is true and complete to the best of my knowledge. I authorize the Teachers' Retirement System to deduct the cost of this coverage from my annuity. I agree to abide by all rules and to furnish any additional information requested. It is my responsibility to ensure that accurate information is maintained and kept updated regarding my other health insurance. If other coverage is added or terminated for any individuals covered under my Teachers' Retirement Insurance Program, I must notify TRS immediately.

My signature below confirms that I understand all the options selected and authorize the release of information to the health plan I select and the State of Illinois. This authorization will remain in effect until further written notice.

Signature (member or legal representative) Date

8. School district authorization for paying premium. If the school district is paying your portion of the monthly premium or your portion and your dependent's premium, the district representative must complete the appropriate information and sign the appropriate line. The district representative must also identify the district name and TRS code.

- Are you paying for (select one): Member, Member and spouse or civil union partner, Member and all dependents
Will you pay (select one): Managed Care, Non-Accessible medical indemnity, Accessible medical indemnity
Will you pay rate increases? Yes, No

If one of the above boxes is not selected, please indicate a specified dollar amount or percentage rate:

Monthly dollar amount Percentage rate of total premiums

Effective date of paying premium (required entry) Termination date of paying premium (required entry)

District name and TRS code District representative's signature Date

Remember, if you have dependents, you must enclose a copy of your valid marriage certificate for a dependent spouse or a civil union certificate for a dependent civil union partner and/or a birth certificate for a dependent child as legal proof of your relationship. The certificates are required for insurance coverage.

Complete and mail to:
Teachers' Retirement System of the State of Illinois
2815 West Washington
P. O. Box 19253
Springfield, IL 62794-9253



Chapter Eleven: Retirement Benefits

TRS provides two types of retirement benefits. A **single-sum benefit** is payable at age 65 to a member with fewer than five years of service. An **annuity**, a series of regular monthly payments for life, is paid to a member who has five or more years of service credit and meets specific age requirements. Two types of annuities are available: retirement (standard) and reversionary.

Single-sum retirement benefit

A Tier I or Tier II member who has fewer than five years of creditable service and taught after July 1, 1947, is eligible to receive a single-sum retirement benefit at age 65. The benefit is the actuarial equivalent of a standard annuity consisting of 1.67 percent of the final average salary for each year of creditable service. To be eligible for this benefit, the member must terminate TRS-covered employment and complete a Single-Sum Retirement Benefit Application.

Upon receipt of the single-sum benefit, an individual may teach in positions covered by TRS without restriction. Contributions are not required. Because individuals who have received single-sum retirement benefits are not TRS annuitants, they may not participate in the Teachers' Retirement Insurance Program.

Retirement eligibility

To be eligible to receive a monthly retirement annuity from TRS, a member must terminate TRS-covered employment and meet specific age and service requirements. To satisfy the termination of service requirement, the retiring member must comply with the following guidelines:

- The member must formally resign from his or her teaching position.
- The member must wait at least 30 calendar days from the date of resignation before performing any duties requiring teacher certification for the same employer.
- The member cannot prearrange post-retirement employment prior to the effective date of retirement with the same employer.
- The member may not begin post-retirement employment in the same school year in which he or she last contributed to TRS.

See Chapter 10, Post-Retirement Matters.

Tier I retirement annuity

Tier I members first contributed to TRS before January 1, 2011 or have pre-existing creditable service with a reciprocal pension system prior to January 1, 2011.

In addition to terminating service, Tier I members must meet one of the following age and service credit requirements:

<u>Years of Service</u>	<u>Age</u>
5	62
10	60
20	55 (<i>discounted annuity</i>)
35	55 *

* If a member is eligible to receive a retirement annuity of at least 74.6 percent of the final average salary and will reach age 55 between July 1 and December 31, TRS considers the member to have attained age 55 on the preceding June 1.

* TRS members who are employees of the State of Illinois may retire under the Rule of 85. Contact TRS for eligibility requirements.



Under federal law, inactive members are required to take a TRS distribution at age 70½.

Annuity calculation

To determine the annuity, TRS uses either an actuarial annuity calculation or an average salary/service credit calculation, whichever results in a higher benefit.

Actuarial annuity calculation

The actuarial calculation is based on interest and mortality rate factors that are subject to change. The actuarial benefit, also known as the money purchase benefit, has been eliminated for teachers who became members on or after July 1, 2005. Members who joined before this date continue to receive the larger of either the formula calculation or the actuarial calculation at the time of retirement. For most members, the formula calculation results in a larger benefit than the actuarial calculation. The actuarial calculation usually benefits members with exceptionally long careers or large periods of inactive status.

Average salary/service credit calculation

The average salary/service credit calculation, with terms defined in this section, yields a larger retirement annuity for most members with current or recent service. The maximum retirement benefit is 75 percent of the average salary. There is no limit on the actuarial annuity benefit.

Average salary is the average of the four highest consecutive annual salary rates within the last 10 years of creditable service. When less than one year of service credit is earned in a school year, actual earnings are used to compute average salary. When average salary is computed, the portion of salary increase from one year to the next that exceeds the previous year's full-time rate by more than 20 percent is excluded from the calculation. The 20 percent limitation applies only to service with the same employer. Consolidation of school districts does not constitute a new employer, therefore the 20 percent cap still applies.

Years of creditable service determine the percentage of the average salary to which the member is entitled. For years of **service prior to July 1998** that have not been upgraded to the 2.2 benefit formula, members are entitled to the following percentage credit:

- 1.67 percent for each of the first 10 years
- 1.9 percent for each of the second 10 years
- 2.1 percent for each of the third 10 years
- 2.3 percent for each year over 30 years of service

For **post-June 1998 service**, the member receives 2.2 percent for each year of service.

A special provision governs members who had at least 24 years of service credit as of July 1, 1998. If a member does not upgrade to the 2.2 percent rate and had at least 24 years of service prior to July 1998, he or she will receive 2.2 percent for each year of service earned after June 1998 up to 30 years and then 2.3 percent for each year of service over 30 years.

A member may upgrade all pre-July 1998 service to the 2.2 percent rate by making an additional contribution. The contribution is equal to 1 percent times the member's highest salary rate in the four consecutive school years immediately prior to, but not including, the school year in which



application is made for the upgrade times the number of years of creditable service earned prior to July 1, 1998, or 20, whichever is less. For information about receiving a refund or reduction of the 2.2 upgrade cost, see Chapter 9, Member Refunds.

Members may obtain a retirement benefit estimate by calling TRS at (800) 877-7896 or by logging on to Member Account Access at <http://trs.illinois.gov>. Secure online benefit estimates use personal information from TRS member records; a user ID and password are required.

How to estimate an upgrade contribution

Step 1 Determine which is less, the member's pre-July 1998 service credit or 20 years. Do not include any sick leave credit.

Assume the member had 31.405 years of service credit as of June 30, 1998.

Step 2 Multiply the service credit from Step 1 by 1% (0.01).

Years of service credit		20.000
Factor	x	0.01
Upgrade percentage		<u>0.20</u>

Step 3 Determine the highest salary rate in the four consecutive school years immediately prior to, but not including, the school year in which the application occurs.

Assume the upgrade application is received in May 2008.

Choose from:

03-04	\$33,000
04-05	\$35,000
05-06	\$37,500
06-07	\$39,000

Step 4 Multiply the salary rate in Step 3 by the percentage factor in Step 2.

Salary rate		\$39,000
Percentage factor	x	0.20
Upgrade contribution		<u><u>\$7,800</u></u>

How to estimate average salary

To compute the member's final average salary, review the past 10 years of service to find the highest four consecutive salaries. Add the salaries of the consecutive full or partial years used that total four years, and then divide the sum by four to determine the average.

Example:

Year	Service Credit	Salary Rate
12-13	1.000	\$33,000
13-14	1.000	35,500
14-15	1.000	37,000
15-16	+ 1.000	+ 41,000
	4.000	\$146,500
		÷ 4
Average salary		<u><u>\$36,625</u></u>



Example:

Service credit in 2015-16 is determined by dividing the number of days paid by 170 (130 ÷ 170 = 0.765). When any of the years used in the calculation of final average salary is a partial year, actual earnings and earnings credit are used in the calculation of final average salary. In this example, to obtain four full years of earnings, the salary rate in the fourth preceding year (2011-12) is multiplied by one minus the earnings credit for the final year. The earnings credit for the school term 2015-16 is computed by dividing days paid by the number of contract days in the school term or employment agreement, if longer.

Year	Service Credit	Earnings Credit	Salary Rate	Earnings	Average Salary
11-12	1.000	0.297 ^(b)	\$24,800.00	\$24,800.00	\$7,365.60 ^(c)
12-13	1.000	1.000	26,500.00	26,500.00	26,500.00
13-14	1.000	1.000	27,200.00	27,200.00	27,200.00
14-15	1.000	1.000	28,575.00	28,575.00	28,575.00
15-16	0.765	0.703 ^(a)	30,000.00	24,000.00	+ 24,000.00
					\$113,640.60
					÷ 4
				Average salary	\$28,410.15

(a) $130 \div 185 = 0.703$ earnings credit

(b) $1 - 0.703 = 0.297$

(c) $\$24,800 \times 0.297 = \$7,365.60$

Example:

The salary of \$41,000 for the 2015-16 year exceeds the 2014-15 salary by more than 20 percent. To compute the maximum salary that can be used in calculating the average, multiply the prior year’s salary by 120 percent (1.20).

$\$34,000 \times 1.20 = \$40,800$ maximum

Year	Service Credit	Salary Rate	Average Salary
12-13	1.000	\$30,000.00	\$30,000.00
13-14	1.000	32,000.00	32,000.00
14-15	1.000	34,000.00	34,000.00
15-16	1.000	41,000.00	+ 40,800.00
			\$136,800.00
			÷ 4
		Average salary	\$34,200.00

How to estimate a retirement annuity

Example:

Step 1 Calculate average salary. The average salary is \$36,625 (see previous “How to estimate average salary” example)



Step 2 Determine the years of service factor.

32.405 years of service credit and all of the pre-July 1998 service credit is upgraded.

$$32.405 \text{ years} \times 2.2\% = 0.712910$$

Step 3 Multiply the average salary times years of service factor. The result is an estimated yearly retirement annuity. Divide this number by 12 for the estimated monthly annuity.

Average salary		\$36,625
Factor	x	0.712910
Annual annuity		<u>\$26,110.33</u>
	÷	12
Monthly annuity		<u><u>\$2,175.86</u></u>

Exact age

When TRS requires proof of age, a birth certificate should be used. If a birth certificate is unavailable, the following documents may be submitted:

- military record
- marriage record showing date of birth
- evidence of Social Security payments that require attainment of a specific age
- church record of birth or baptism
- valid passport
- valid driver's license
- two or more documents showing birth dates, such as naturalization papers, insurance policies, school records, or medical records.

The following steps can be used to compute exact age. TRS uses the member's exact age to calculate a discounted annuity.

Example

Step 1 Find the day and month the member plans to retire and the member's birthday and month on the Fraction of a Year table at the end of this chapter. The decimal number indicates the portion of a year beyond January 1.

Assume the member plans to retire June 6, 2016. This translates into the figure 2016.427 from the table. The member was born April 23, 1958. From the table, this is 1958.307.

Step 2 Subtract the figure that represents the member's birthday from the retirement date.

Retirement date		2016.427
Birthday	-	<u>1958.307</u>
Exact age		<u><u>58.120</u></u>

Discounted annuity

If the member retires between the ages of 55 and 60 with 20 or more years of service but fewer than 35 years of service, the annuity is reduced by 6 percent for each year (.005 per month) the member is under age 60.



A discounted annuity is based on average salary, years of service, and age.

The following steps can be used to estimate a discounted retirement annuity:

- Step 1** Complete the retirement annuity calculation. Find the member's exact age at retirement.
Step 2 Subtract the exact age from 60. Multiply the difference by 0.06 (6% per year that the annuity is discounted).

The annuity in this example is \$26,110.33 and the member's exact age is 57.115.

	60.000
Exact age	- <u>57.115</u>
	2.885
	x 0.06000
	<u>0.17310</u>

- Step 3** Subtract the result of Step 2 from 1.000 to obtain the age discount factor.

	1.000000
Age discount factor	- <u>0.17310</u>
	<u><u>0.8269</u></u>

- Step 4** Multiply the age discount factor times the annuity to determine the discounted annuity. Then divide by 12 for the monthly annuity.

Retirement annuity	\$26,110.33
Age discount factor	x 0.8269
Annual discounted annuity	\$21,590.63
	÷ 12
Monthly discounted annuity	<u><u>\$1,799.22</u></u>

Example:

- Step 1** Determine the highest annual salary rate used in the computation of the final average salary. The highest annual salary rate used in the computation of final average salary for the member in this example is \$41,000.

Tier II retirement annuity

Tier II members first contributed to TRS on or after January 1, 2011 and do not have any previous service credit with a pension system that has reciprocal rights with TRS.

Eligibility

To be eligible for a nonreduced retirement annuity, a Tier II member must be 67 years old with 10 or more years of service credit.

A Tier II member may retire at age 62 with at least 10 years of service, but will receive retirement benefits reduced 6 percent for every year the member is under age 67.

Annuity calculation

The maximum retirement benefit is 75 percent of the average salary.

The retirement benefit is calculated by the formula of 2.2 percent multiplied by final average salary multiplied by the total years of service credit.



Average salary is the average of the eight highest consecutive annual salary rates within the last 10 years of creditable service. When less than one year of service credit is earned in a school year, actual earnings are used to compute average salary. When average salary is computed, the portion of salary increase from one year to the next that exceeds the previous full year’s full-time rate by more than 20 percent is excluded from the calculation. The 20 percent limitation applies only to service with the same employer. Consolidation of school districts does not constitute a new employer, therefore the 20 percent cap still applies.

The amount of reportable earnings for Tier II members cannot exceed a limit that is tied to the Consumer Price Index. For additional information on the limits refer to Chapter 3, “Creditable Earnings.”

Members may obtain a retirement benefit estimate by calling TRS at (800) 877-7896.

How to estimate average salary

To compute the member’s final average salary, review the past 10 years of service to find the eight highest consecutive salaries. Add the salaries of the consecutive full or partial years used that total eight years, and then divide the sum by eight to determine the average salary.

Example:

Year	Service Credit	Salary Rate
Year 1	1.000	\$33,000
Year 2	1.000	\$34,500
Year 3	1.000	\$36,000
Year 4	1.000	\$38,000
Year 5	1.000	\$41,000
Year 6	1.000	\$44,500
Year 7	1.000	\$47,000
Year 8	1.000	+ \$50,000
		\$324,000
		÷ 8
		<u>\$40,500</u>

Example:

Service credit in Year 9 is determined by dividing the number of days paid by 170 ($130 / 170 = 0.765$). When any year used in the calculation of final average salary is a partial year, actual earnings and earnings credit are used in the calculation of final average salary. In this example, to obtain eight full years of earnings, the salary rate in the eighth preceding year (Year 1) is multiplied by one minus the earnings credit for the final year. The earnings credit for the Year 9 school term is computed by dividing days paid by the number of days in the school term or employment agreement, if longer.



Year	Service Credit	Earnings Credit	Salary Rate	Earnings	Average Salary
Year 1	1.000	0.297 ^(b)	\$41,750.00	\$41,750.00	\$12,399.75 ^(c)
Year 2	1.000	1.000	\$42,000.00	\$42,000.00	\$42,000.00
Year 3	1.000	1.000	\$43,900.00	\$43,900.00	\$43,900.00
Year 4	1.000	1.000	\$47,000.00	\$47,000.00	\$47,000.00
Year 5	1.000	1.000	\$49,955.00	\$49,955.00	\$49,955.00
Year 6	1.000	1.000	\$51,000.00	\$51,000.00	\$51,000.00
Year 7	1.000	1.000	\$53,575.00	\$53,575.00	\$53,575.00
Year 8	1.000	1.000	\$56,000.00	\$56,000.00	\$56,000.00
Year 9	0.765	0.703 ^(a)	\$57,750.00	\$40,582.00	+ \$40,582.00
					\$396,411.75
					÷ 8
					\$49,551.47

(a) $130 / 185 = 0.703$ earnings credit

(b) $1 - 0.703 = 0.297$

(c) $\$41,750 \times 0.297 = \$12,399.75$

Example:

The salary of \$53,000 for Year 3 exceeds the Year 2 salary by more than 20 percent. To compute the maximum salary that can be used in calculating the average, multiply the prior year's salary by 120 percent (1.20).

$\$43,000 \times 1.20 = \$51,600.00$

Year	Service Credit	Salary Rate	Average Salary
Year 1	1.000	\$42,250.00	\$42,250.00
Year 2	1.000	\$43,000.00	\$43,000.00
Year 3	1.000	\$53,000.00	\$51,600.00
Year 4	1.000	\$54,575.00	\$54,575.00
Year 5	1.000	\$57,000.00	\$57,000.00
Year 6	1.000	\$59,950.00	\$59,950.00
Year 7	1.000	\$61,000.00	\$61,000.00
Year 8	1.000	\$64,660.00	+ \$64,660.00
			\$434,035.00
			÷ 8
			\$54,254.38



How to estimate a retirement annuity

Example:

- Step 1** Calculate average salary. The average salary is \$47,950.00 (see previous “How to estimate average salary” example)
- Step 2** Determine the years of service factor. 33.000 years of service credit X 2.2% = 0.726000
- Step 3** Multiply the average salary times years of service factor. The result is an estimated yearly retirement annuity. Divide this number by 12 for the estimated monthly annuity.

Average salary	\$47,950.00
Factor	x 0.726000
Annual annuity	<u>\$34,811.70</u>
	÷ 12
Monthly annuity	<u><u>\$2,900.98</u></u>

Discounted annuity

If a Tier II member retires between the ages of 62 and 67 with 10 or more years of service, the annuity is reduced by 6 percent for each year (0.005 per month) the member is under age 67. A discounted annuity is based on average salary, years of service, and age.

The following steps can be used to estimate a discounted retirement annuity:

- Step 1** Complete the retirement annuity calculation. Find the member’s exact age at retirement. For information regarding exact age, please refer to page 5.
- Step 2** Subtract the exact age from 67. Multiply the difference by 0.06 (6% per year that the annuity is discounted).

The annuity in this example is \$48,795.00. The member’s exact age is 64.372

	67.000
Exact age	- 64.372
	<u>2.628</u>
	x 0.06000
	<u><u>0.15768</u></u>

- Step 3** Subtract the result of Step 2 from 1.000 to obtain the age discount factor.

	1.000000
	- 0.15768
Age discount factor	<u><u>0.84232</u></u>

- Step 4** Multiply the age discount factor by the annuity to determine the discounted annuity, and then divide by 12 for the monthly annuity.

Retirement annuity	\$48,795.00
Age discount factor	x 0.84232
Annual discounted annuity	<u>\$41,101.00</u>
	÷ 12
Monthly discounted annuity	<u><u>\$3,425.08</u></u>



Reversionary annuity

Unless they elect otherwise, retiring members receive a **standard annuity** from TRS. This pays a 100 percent benefit to the member and a 50 percent benefit to a surviving spouse or civil union partner, if any. This annuity provides the largest amount payable throughout the member's lifetime.

A member may elect a **reversionary annuity** as an alternative to a standard annuity. If a reversionary annuity is elected, the member's standard annuity is reduced to provide a monthly annuity for a surviving dependent beneficiary. Members designate this beneficiary on the Age Retirement Annuity Application. A dependent beneficiary includes a spouse, a civil union partner, a child, or a parent or other person for whom the member provided more than 50 percent of that person's support in the last 12 months.

Members who are considering a reversionary annuity should request an estimate of both their annuity payment and the payment to their survivor.

The reversionary annuity is in addition to any death benefits paid by TRS. (See Chapter 13, Death Benefits.) Members should note that one dependent beneficiary may be designated as the recipient of the payments from the reversionary annuity on the Age Retirement Annuity Application, while another may be designated to receive death and survivor benefits from TRS on the Member Information and Beneficiary Designation (MIBD) form.

The reversionary annuity may be revoked effective the first of the month following notification to TRS of the designated beneficiary's death. On this date, only monthly payments for the unreduced standard annuity amount become payable to the annuitant. The reduction in monthly annuity is not made up to the retired member as a result of the beneficiary's death.

Application procedures

Members planning to retire should contact TRS approximately six to 12 weeks prior to their anticipated retirement date for a retirement application. TRS then reviews the member's record to verify:

- Amounts due to TRS for optional service credit have been paid. To avoid a delay in the processing of the benefit, these amounts should be paid prior to the final day of employment. Optional service payments cannot be made after the member begins receiving retirement benefits.
- Any out-of-system service to determine the amount creditable toward retirement. This is 2/5 of the member's total TRS service with a maximum of 10 years.
- The member meets the eligibility requirements to receive a retirement annuity.

Members are then sent the following personalized forms to review, sign, complete, and return:

- Age Retirement Annuity Application
- Depository Agreement for TRS Benefit Payments (direct deposit application)
- Teachers' Retirement Insurance Program (TRIP) Enrollment Application

In addition, a Supplementary Report and Sick Leave Certification form is emailed to each current employer on behalf of the member.



Retirement application for annuitants who re-enter TRS membership

If an annuitant resumes active TRS member status either through teaching before the statutory time limits have elapsed or by teaching beyond the statutory hour or day limitations (See Chapter 10, Post-Retirement Matters), he or she must submit a new retirement application to TRS when filing for retirement again.

If the annuitant re-enters service and retires after completing at least one year of service, at the time of the second retirement the annuity will be recomputed using the law in effect on the first retirement date. If the member establishes at least three years of creditable service after re-entry, the annuity will be recomputed based on any legislative amendments enacted between the member's first retirement and application for a second retirement annuity.

Effective date of retirement

A member must cease teaching and terminate TRS-covered employment to become eligible for a TRS retirement annuity.

A retirement annuity begins on the later of:

- the day following the last day that salary reportable to TRS is earned or
- on the day that the minimum qualifying service and age are attained.

Annuity payments

The first annuity payment should reach the member within approximately 60-90 days after receipt of all the completed forms and any payments owed TRS. Payments are mailed from the Office of the Comptroller on the last working day of each month. The payment received on the first of the month represents the annuity earned from the preceding month. TRS should be notified if the payment has not arrived by the 10th of the month.

To protect annuitants, the retirement annuity is suspended if two payments remain uncashed. Subsequent payments will be mailed when TRS learns the circumstances or whereabouts of the previous uncashed payments.

Direct deposit

Annuitants, beneficiaries, and disability recipients may have payments electronically deposited into a bank or financial institution. To authorize direct deposit of their benefit payments, the member and the member's financial institution must complete the Depository Agreement for TRS Benefit Payments form.

The completed form must be received by the 15th of the month for a change to be effective at the end of the month.

Mailing address

All TRS members and annuitants should keep a current home address on file with TRS so that correspondence and tax information can be mailed to their homes, even if they take advantage of the direct deposit arrangement. A change of address should bear the member's or



annuitant's Social Security number and be received before the 10th of the month to reflect the change on the next annuity payment.

Automatic annual increases in annuity for Tier I annuitants

Tier I annuitants with at least one year of creditable service after August 1969 receive an annual 3 percent increase in the current annuity on the **later** of the following:

- January 1 following the attainment of age 61 or
- January 1 following the first anniversary in retirement.

Annuitants in retirement on July 1, 1969, who subsequently re-entered active TRS membership for at least one year also received this increase. This increase is effective in January of each year and is reflected in the payment received in February.

The first increase paid will include increases for the entire time the member has been in retirement. The first increase is calculated by determining the years that have elapsed since the member retired or reached age 55, whichever is later, and the effective date of the member's initial increase (see next example).

The member's original retirement annuity is then increased 3 percent for each year or partial year in retirement for all periods after 1978.

Annuitants who retired before July 1, 1969, and annuitants who retired after that date but who had no service after July 1969 are also eligible for post-retirement increases if they retired with either of the following:

- Five or more years of service if they retired at age 55 or thereafter, or
- 20 or more years of service if they retired prior to age 55 (on a disability retirement annuity).

These annuitants must make a one-time payment of 1 percent of the average monthly salary on which the original annuity was computed times the number of full years of creditable service or 1 percent of the original monthly annuity times the number of full years of creditable service if the original annuity was not computed on average salary. The additional contributions are required because members did not make contributions toward post-retirement increases prior to July 1, 1969.

The increase is payable the later of January 1 following attainment of age 65, January 1 following the first anniversary in retirement, or the first of the month following receipt of the qualifying contribution from the annuitant.



Example:

(Applies to member retiring after 1978)

Step 1 Find the date the member will become eligible for the first increase. This is the later of the following:

January 1 following the attainment of age 61

January 1 following the first anniversary in retirement.

Assume the member was born March 16, 1955, and retired June 6, 2015. Add 61 to 1955 to obtain the year that the member will be age 61. January of the following year, the member will be eligible for the first increase.

$$\begin{array}{r} 1955 \\ + \quad 61 \\ \hline 2016 \end{array}$$

First eligible: January 1, 2017

Step 2 Find the fractional equivalent of the member's retirement date on the Fraction of a Year table at the end of this chapter. Find the number of years and partial years that will elapse between the member's retirement and the first increase.

Assume the member retired on June 6, 2015. June 6 on the table is 0.427. The exact retirement date is 2015.427. Subtract the retirement date from the year of eligibility.

$$\begin{array}{r} \text{First eligible} \quad 2017.000 \\ \text{Retirement date} \quad - \quad 2015.427 \\ \hline \text{Years elapsed} \quad \quad \quad \underline{1.573} \end{array}$$

Step 3 Multiply Step 2 by 0.03 (3 percent) to determine the factor for the first increase.

$$\begin{array}{r} \text{Years elapsed} \quad 1.573 \\ \text{3 percent} \quad \quad \quad \times \quad 0.03 \\ \hline \text{Factor for increase} \quad \quad \quad \underline{0.04719} \end{array}$$

Step 4 Multiply the member's original annuity by the factor in Step 3. Assume the original monthly annuity was \$1,843.79

$$\begin{array}{r} \text{Original annuity} \quad 1,843.79 \\ \text{Factor} \quad \quad \quad \times \quad 0.04719 \\ \hline \text{Initial increase} \quad \quad \quad \underline{87.01} \end{array}$$

Step 5 Add the amount of the initial increase to the original annuity to determine the new monthly annuity.

$$\begin{array}{r} \text{Original annuity} \quad 1,843.79 \\ \text{Initial increase} \quad \quad \quad + \quad 87.01 \\ \hline \text{Annuity January 1, 2017} \quad \quad \quad \underline{1,930.80} \end{array}$$

Step 6 Multiply the current monthly annuity by 1.03 to find the monthly annuity for the following year.

$$\begin{array}{r} \text{Annuity January 1, 2017} \quad 1,930.80 \\ \text{3 percent increase} \quad \quad \quad \times \quad 1.03 \\ \hline \text{Annuity January 1, 2018} \quad \quad \quad \underline{1,988.72} \end{array}$$

Note: Some annuitants may receive an increase in their annuities prior to the initial post-retirement increase due to minimum annuity legislation. Annuitants affected will be notified by TRS.



Automatic annual increases in annuity for Tier II annuitants

Tier II annuitants will receive an annual increase on the later of the following:

- January 1 following the attainment of age 67, or
- January 1 following the first anniversary in retirement.

Annual cost-of-living increases for Tier II annuitants will be calculated using either 3 percent or one-half of the Consumer Price Index as of the preceding September, whichever is less, of the originally granted retirement annuity. If the increase in the Consumer Price Index for the preceding September is zero or there is a decrease, then the annuity will not be increased. When there is an increase, it will not be compounded.

The increase is effective in January of each year and is reflected in the payment received in February. This increases the annuitants' monthly benefit and is not a separate lump-sum payment.

Some annuitants may receive increases in their annuities prior to the initial post-retirement increase due to minimum annuity legislation. Affected annuitants will be notified by TRS.

Reciprocal service

(40 ILCS 5 /20-101 et seq.)

Members who have service in more than one public retirement system in Illinois may qualify for enhanced retirement and survivor benefits by selecting a reciprocal retirement. The Illinois Retirement Systems Reciprocal Act allows members to use service credit in each system to the maximum advantage.

Reciprocity offers the following advantages:

- Service credit in any of the reciprocal systems may be used to meet service qualification requirements for a pension.
- Earnings credit under all reciprocal systems will be considered by each system in determining final average salary. This practice usually results in a higher benefit.
- Members may reinstate refunded service at a reciprocal system once they have established two years of service credit at another reciprocal system.

To be eligible for reciprocity, the member must have at least one year of service in two or more systems and his or her combined credit must meet the minimum service requirements of each system. The one exception to this rule is if the member participated in IMRF as a teacher aide and earned less than 12 months of IMRF service credit, and was next employed in a position covered by TRS. If this applies, the member may apply his/her IMRF service toward a reciprocal pension even though it does not meet the 12-month requirement. Members may repay any refund taken from a reciprocal system before retiring and use the combined credit, but they must complete at least two years of service in any other system following the date of the refund.

If the service periods overlap, the reciprocal benefits will be adjusted proportionately. Members who have significant amounts of overlapping service may want to consider retiring independently under each system rather than using the Reciprocal Act.



Reciprocity applies only to retirement and survivor benefits. In most cases, it cannot be used for disability and insurance purposes.

Members wishing to select reciprocity must apply to each retirement system. The systems will then exchange information in order to determine the benefits payable. Once in payment status, the member will receive separate checks from each system. The use of reciprocity is entirely voluntary.

If a member is within three years of retirement, he or she may receive a reciprocal benefit estimate by contacting his or her current retirement system. That system will gather information from the other reciprocal systems and provide the member with a consolidated estimate.

In addition to TRS, systems under the Illinois Retirement Systems Reciprocal Act include:

- County Employees' Annuity and Benefit Fund of Cook County
- Forest Preserve District Employees' Annuity and Benefit Fund of Cook County
- General Assembly Retirement System
- Illinois Municipal Retirement Fund
- Judges' Retirement System
- Laborers' Annuity and Benefit Fund of Chicago
- Municipal Employees' Annuity and Benefit Fund of Chicago
- Park Employees' Annuity and Benefit Fund of Chicago
- Public School Teachers' Pension and Retirement Fund of Chicago
- Metropolitan Water Reclamation District Retirement Fund
- State Employees' Retirement System of Illinois
- State Universities Retirement System

Taxability of retirement benefits

Illinois income taxes

Illinois residents must file an Illinois income tax return; however, Illinois law exempts all TRS benefits from state income taxes. To claim this exemption, individuals should include the taxable benefit amount on the line designated "Federally taxed retirement and Social Security" on their Illinois 1040 Form and attach a copy of page one of the Internal Revenue Service Form 1040 to their Illinois income tax return.

Federal income taxes

Depending upon when the member began contributing to the retirement program and depending upon when the member became an annuitant, the determination of the taxability of the annuity payments will differ. Three time periods are important: annuities which began on or prior to July 1, 1986; annuities which began between July 2, 1986, and November 18, 1996, inclusively; and annuities which began after November 18, 1996. However, if a member began his or her membership with TRS after July 1, 1983, and if the member did not purchase optional service



with after-tax contributions, then the full amount of the annuity which is received by the member is taxable under the federal Internal Revenue Code.

Each annuitant is sent an IRS Form 1099-R in January from the state comptroller. The 1099-R indicates the amount of the annuity paid during the preceding calendar year, the taxable portion, and the amount that was withheld for federal income taxes.

Annuities which began after November 18, 1996

If the member's annuity starting date was after November 18, 1996, the cost recovery method which must generally be used is known as the Simplified Method. Like the General Rule, under the Simplified Method, the taxability of every annuity payment is based upon a more simplified set of assumptions. The Simplified Method, which was codified by a provision of the Small Business Job Protection Act of 1996, is explained fully in [IRS Publication 17, Your Federal Income Tax](#).

Prior to November 18, 1996, the taxable amount was calculated using a different method.

NOTE: This chapter presents possible tax treatment for distributions by TRS. Members, annuitants and beneficiaries must consult with their local office of the Internal Revenue Service or their professional tax advisor for assistance in computing tax liability and preparation of forms and tax returns. The Internal Revenue Service Form Distribution Center's phone number is (800) 829-3676.



FRACTION OF A YEAR TABLE

Date	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1	0.000	0.085	0.162	0.247	0.329	0.414	0.496	0.581	0.666	0.748	0.833	0.915
2	0.003	0.088	0.164	0.249	0.332	0.416	0.499	0.584	0.668	0.751	0.836	0.918
3	0.005	0.090	0.167	0.252	0.334	0.419	0.501	0.586	0.671	0.753	0.838	0.921
4	0.008	0.093	0.170	0.255	0.337	0.422	0.504	0.589	0.674	0.756	0.841	0.923
5	0.011	0.096	0.173	0.258	0.340	0.425	0.507	0.592	0.677	0.759	0.844	0.926
6	0.014	0.099	0.175	0.260	0.342	0.427	0.510	0.595	0.679	0.762	0.847	0.929
7	0.016	0.101	0.178	0.263	0.345	0.430	0.512	0.597	0.682	0.764	0.849	0.932
8	0.019	0.104	0.181	0.266	0.348	0.433	0.515	0.600	0.685	0.767	0.852	0.934
9	0.022	0.107	0.184	0.268	0.351	0.436	0.518	0.603	0.688	0.770	0.855	0.937
10	0.025	0.110	0.186	0.271	0.353	0.438	0.521	0.605	0.690	0.773	0.858	0.940
11	0.027	0.112	0.189	0.274	0.356	0.441	0.523	0.608	0.693	0.775	0.860	0.942
12	0.030	0.115	0.192	0.277	0.359	0.444	0.526	0.611	0.696	0.778	0.863	0.945
13	0.033	0.118	0.195	0.279	0.362	0.447	0.529	0.614	0.699	0.781	0.866	0.948
14	0.036	0.121	0.197	0.282	0.364	0.449	0.532	0.616	0.701	0.784	0.868	0.951
15	0.038	0.123	0.200	0.285	0.367	0.452	0.534	0.619	0.704	0.786	0.871	0.953
16	0.041	0.126	0.203	0.288	0.370	0.455	0.537	0.622	0.707	0.789	0.874	0.956
17	0.044	0.129	0.205	0.290	0.373	0.458	0.540	0.625	0.710	0.792	0.877	0.959
18	0.047	0.132	0.208	0.293	0.375	0.460	0.542	0.627	0.712	0.795	0.879	0.962
19	0.049	0.134	0.211	0.296	0.378	0.463	0.545	0.630	0.715	0.797	0.882	0.964
20	0.052	0.137	0.214	0.299	0.381	0.466	0.548	0.633	0.718	0.800	0.885	0.967
21	0.055	0.140	0.216	0.301	0.384	0.468	0.551	0.636	0.721	0.803	0.888	0.970
22	0.058	0.142	0.219	0.304	0.386	0.471	0.553	0.638	0.723	0.805	0.890	0.973
23	0.060	0.145	0.222	0.307	0.389	0.474	0.556	0.641	0.726	0.808	0.893	0.975
24	0.063	0.148	0.225	0.310	0.392	0.477	0.559	0.644	0.729	0.811	0.896	0.978
25	0.066	0.151	0.227	0.312	0.395	0.479	0.562	0.647	0.732	0.814	0.899	0.981
26	0.068	0.153	0.230	0.315	0.397	0.482	0.564	0.649	0.734	0.816	0.901	0.984
27	0.071	0.156	0.233	0.318	0.400	0.485	0.567	0.652	0.737	0.819	0.904	0.986
28	0.074	0.159	0.236	0.321	0.403	0.488	0.570	0.655	0.740	0.822	0.907	0.989
29	0.077	0.159	0.238	0.323	0.405	0.490	0.573	0.658	0.742	0.825	0.910	0.992
30	0.079		0.241	0.326	0.408	0.493	0.575	0.660	0.745	0.827	0.912	0.995
31	0.082		0.244		0.411		0.578	0.663		0.830		0.997



Chapter Twelve: Disability Benefits

Types of disability benefits available

TRS offers three types of disability benefits: occupational disability benefits, nonoccupational disability benefits, and a disability retirement annuity. Occupational disability benefits are paid solely for work-related disabilities.

Service credit

Members continue to accrue service credit while receiving nonoccupational or occupational disability benefits. No service credit is earned while a member is receiving a disability retirement annuity.

When a member teaches a partial school year and receives disability benefits for a partial school year, one full year of service credit is earned when the member receives earnings from teaching and disability benefits for a total of 170 days during the school term or employment agreement if longer.

Members do not need to resign to become eligible for disability benefits. An employer may grant a disabled member a leave of absence during this period.

Employment

Members receiving nonoccupational or occupational disability benefits may not teach in any capacity except under legislation described in “Law allows limited, part-time teaching,” or be gainfully employed. Members receiving a disability retirement annuity are prohibited from teaching in any capacity except under legislation described in “Law allows limited, part-time teaching.”

“Gainful” employment is defined as employment that results in gross compensation for personal services, including fees, wages, salary and commissions, which exceeds \$833 in any month or \$10,000 in any year.

Medical examinations

Two state-licensed physicians must substantiate the disability by completing Physician’s Certification of Disability forms, certifying that the member is disabled and unable to properly perform the duties of his or her position. If the disability is due to pregnancy, only one physician is required to certify the disability claim.

A licensed physician is any individual licensed by the state in which he or she practices as a medical doctor. All licensed physicians must submit their license number on all reports to TRS.

To substantiate a member’s continued eligibility for disability benefits, TRS may require additional medical examinations and request medical records, Department of Employment Security earnings statements, Social Security benefit payment information, income tax records, or other pertinent information. The frequency of re-examination is governed by individual circumstances; however, a member receiving nonoccupational disability or occupational disability benefits must have medical examinations at least once a year.

When a member’s time period for nonoccupational disability expires, the member may be eligible for a disability retirement annuity. At this point, the member must submit to medical examinations, unless he or she has been examined within the last six months and a continuing disability has been substantiated.



TRS may require an independent medical examination in addition to those undergone by the member to substantiate the disability. This may occur when the previous medical examinations were inadequate, when there is a question regarding the independent judgement of the physician, or when the form has been completed improperly. TRS will cover the cost of an independent medical examination.

Failure to submit to a medical examination or provide information as requested will result in suspension of benefits.

Members are responsible for notifying TRS when they are able to return to teaching.

Nonoccupational disability benefits

Eligibility

A member who is a full-time teacher must have three years of service credit, have become disabled while teaching (or within 90 days of teaching), and use all accumulated sick time including personal leave and vacation days available for use as sick leave (regardless of whether these days are actually paid) to qualify for nonoccupational disability benefits.

Part-time and substitute teachers are eligible if they have three years of service credit and have worked as a teacher for at least 340 hours in either the school year in which the disability occurs or the preceding school year. The disability must have occurred within 90 days of the member's last day of teaching.

Service credit under the State Employees' Retirement System of Illinois, the State Universities Retirement System, and the Illinois Municipal Retirement Fund counts toward the member's eligibility for a disability benefit and the total period during which the disability benefit is payable unless such service is concurrent with the member's TRS service.

Application procedures

When the member becomes disabled, he/she should notify TRS in writing of his or her intent to file a claim for disability benefits.

The request should include the:

- name,
- Social Security number or TRS member ID,
- current mailing address,
- email address,
- phone number,
- type of disability and due date if pregnant,
- last day worked (or will work), and
- last day that paid sick leave or unpaid sick leave is exhausted.

TRS will send the member the following forms:

- Application for Disability Benefits form



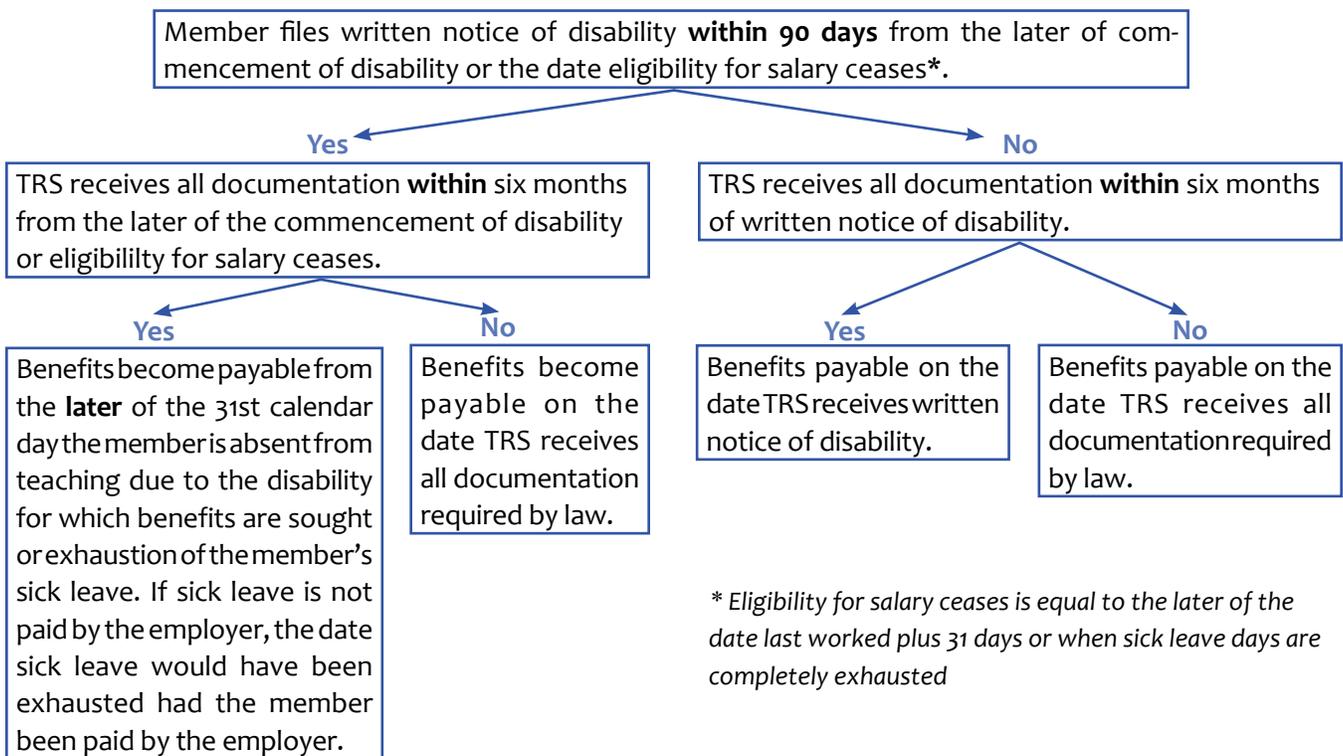
- Two Physician’s Certification of Disability forms - only one form for pregnancy
- Release of Medical Information forms

The Physician’s Certification of Disability forms must be based on examinations that occurred within 90 days of the member’s last day of teaching. It is the member’s responsibility to provide his or her physicians with this form. All completed forms must be returned to the TRS Springfield office.

The Supplementary Report will be emailed to the employer and should be submitted after the member’s last paid day, inclusive of paid sick days.

Effective payment date for nonoccupational disability

The following chart explains how nonoccupational disability payment dates are determined.



When an individual is employed under an agreement for fewer than 12 full months, neither the 31-day requirement nor the sick leave utilization requirement is satisfied during periods not covered by the agreement.

Benefit amount

The nonoccupational disability benefit is equal to 40 percent of the greater of the member’s annual contract rate (including flexible benefit plans and extra duties) in effect at the time the benefit becomes payable or the annual contract rate (including flexible benefit plans and extra duties) on the date the disability began. For noncontractual teachers, such as substitute teachers, TRS uses an annualized salary rate based on the member’s actual earnings to determine the benefit.



On January 1 following the fourth anniversary of the effective date of the nonoccupational disability benefit, the monthly benefit will increase 7 percent. Thereafter, the benefit increases by 3 percent of the current benefit each January 1.

Example:

Applicable salary		\$21,300
Benefit percentage	x.	40
Annual benefit		\$8,520
No. of months per year	÷	12
Monthly benefit		\$710

Duration of benefits

Nonoccupational disability benefits cease if the member:

- resumes teaching (includes substitute, hourly, or part-time employment), please refer to “Law allows limited, part-time teaching,” page 10,
- engages in or is able to engage in gainful employment,
- is no longer disabled,
- has received benefits for a period equal to one-fourth of the member’s service credit,
- requests termination of the benefit, or
- becomes eligible and applies for a disability or age retirement annuity.

If a member resumes employment after receiving a disability benefit and is subsequently disabled for the same cause within 90 days, benefits will be reinstated at the previous rate following the completion of the Application for Disability Benefits form, two Physician’s Certification of Disability forms substantiating the disability, and the Supplementary Report form. Benefits will begin, in this case, the day following the last day the member is paid by his or her employer.

A member may be eligible to transfer from a nonoccupational disability benefit to a disability retirement annuity or an age retirement annuity if the age and service requirements are met. The effective date of the retirement annuity is the first day of the month after TRS receives the completed Disability Retirement Annuity Application or Age Retirement Annuity Application form.

Occupational disability benefits

Eligibility

No minimum service requirement must be met before a member is eligible to receive occupational disability benefits. However, the member must be working in a TRS-covered position and have been disabled due to a duty-related injury or illness as determined by the Illinois Industrial Commission or the employer’s workers’ compensation insurance carrier to be eligible for this benefit.

Part-time and substitute teachers are eligible for occupational disability benefits.

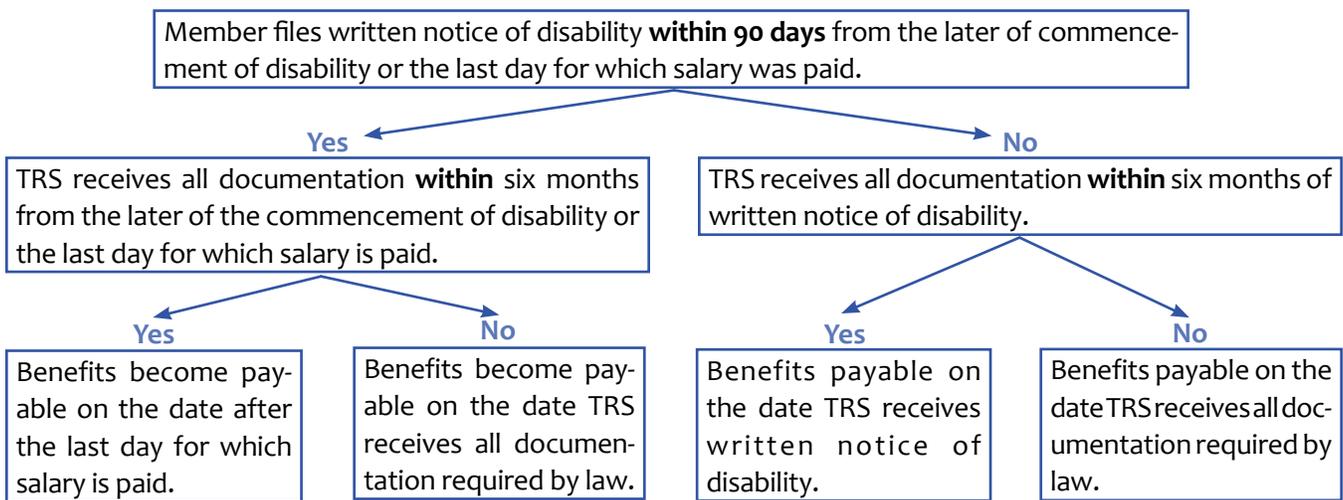


Application procedures

To receive a benefit, the member must notify TRS in writing of his or her intent to file a claim for occupational disability benefits and request a Disability Claim Packet. TRS will require verification that the disability was duty-related from the member, the employer, and two state-licensed physicians. Each physician's report must be based on an examination that occurred within 90 days of the member's last day of teaching. The disability must have occurred within 90 days of the last day of teaching. In addition, TRS must receive a copy of the adjudication by the Illinois Industrial Commission or the award by the insurance carrier with which the employer has a workers' compensation policy with a finding that the disability was employment-related.

Effective payment date for occupational disability

The following chart explains how occupational disability payment dates are determined.



Benefit amount

The occupational disability benefit is equal to 60 percent of the *greater* of the contract rate in effect at the time the benefit becomes payable or the contract rate on the date the disability began. For noncontractual employees, such as substitute teachers, TRS pays disability benefits based on the greater of the member's most recent annualized salary rate at the time the disability becomes payable or the annualized salary rate at the time the disability began.

The benefit is reduced by any amounts received under the Workers' Compensation Act or the Workers' Occupational Diseases Act. Once workers' compensation benefits expire, TRS will pay the full 60 percent if the member remains eligible for the benefit.

On January 1 following the fourth anniversary of the effective date of the disability benefit, the monthly benefit will increase by 7 percent. Thereafter, the benefit increases by 3 percent of the current benefit each January 1.



Example:

Multiply 0.60 (60 percent) times the member's applicable contract salary rate.

Applicable salary rate	\$21,300
	x 0.60
Annual benefit before reduction	\$12,780
	÷ 12
Benefit payable by TRS	\$1,065

Reduce this benefit by the amount paid by workers' compensation.

Monthly TRS benefit	\$1,065
Benefit paid by workers' compensation	- \$650
Benefit payable by TRS	\$415

If the workers' compensation is payable in a one-time lump sum or partial lump sum with the remainder paid in weekly or monthly installments, TRS considers the compensation as if it had been paid on a weekly basis. If any of the compensation is paid in one sum, the total sum is used for purposes of determining the amount offset by TRS. The amount is not reduced by legal expenses and will not be applied to medical expenses paid on behalf of or to the member.

Duration of benefits

Occupational disability benefits cease when the member

- resumes teaching – includes substitute, hourly, or part-time employment (see “Law allows limited, part-time teaching,” page 10),
- engages in or is able to engage in gainful employment,
- is no longer disabled,
- requests termination of the benefit, or
- becomes eligible and applies for an age retirement annuity.

TRS requires periodic medical examinations and reports. TRS will notify the member when the medical examination reports are required.

If the disability benefit is discontinued because the member resumes teaching or is otherwise gainfully employed and the member is disabled again due to the same cause within 90 days, the benefit will resume at the previous rate once TRS receives written notification and verification of the disability and the member is no longer receiving salary.

A member may be eligible to transfer from an occupational disability annuity to an age retirement annuity if age and service credit requirements are met. The effective date of the retirement annuity is the first day of the month after TRS receives the Age Retirement Annuity Application form. See Chapter 11, Retirement Benefits, for the eligibility requirements for an age retirement annuity.



Disability retirement annuity

Eligibility

A member who remains disabled after the nonoccupational disability benefit eligibility period has expired is eligible for either a disability retirement annuity or an age retirement annuity (if the age and service credit requirements are met). A member may switch to either a disability retirement annuity or an age retirement annuity (if the requirements are met) at any time while receiving a nonoccupational disability benefit. See Chapter 11, Retirement Benefits, for information about an age retirement annuity.

Application procedures

When the eligibility period for nonoccupational disability benefits is due to expire, TRS will notify the member. Before the benefit expires, the member may either send TRS a letter or call TRS to request a transfer to a disability retirement annuity or an age retirement annuity.

Effective date

The disability retirement annuity is effective:

- the day following the last day for which nonoccupational disability benefits are payable or
- the first of the month after TRS receives a completed Disability Retirement Annuity Application form.

Benefit amount

The disability retirement annuity is the *greater* of:

- 35 percent of the greater of the member's last annual contract salary (including flexible benefit plans and extra duties) or the annual contract rate on the date the disability began (TRS uses an annualized salary rate based on actual earnings for noncontractual teachers);
- the amount computed by the retirement formula reduced by 0.50 percent for each month the member is under age 60, with less than 20 years of service credit;
- the amount computed by the retirement formula reduced by 0.50 percent for each month the member is under age 55 with 20 years of service credit; or
- the amount computed by the retirement formula with no reduction if the member is age 55 or older with 20 years of service credit.

The initial benefit will be increased by the amount of any annual increases that the member has been granted while he or she was receiving a nonoccupational disability benefit.



Use the steps illustrated in the following example to estimate a disability retirement annuity:

Example:

Step 1 Multiply the applicable salary rate times 0.35 (35 percent).

Salary rate	\$21,300.00
	x 0.35
Annual benefit	\$7,455.00
	÷ 12
Monthly benefit	\$621.25

Step 2 Complete the nondiscounted retirement annuity calculation as described in Chapter 11, Retirement Benefits. Go to Step 5 if the member is age 55 or older with 20 years of service credit.

Assume the retirement annuity calculated is \$11,209.85 annually, \$934.15 monthly.

Step 3 If the member is less than age 55 with 20 years of service credit, find his or her exact age as described in Chapter 11, Retirement Benefits. Subtract the exact age from 55.000. Multiply the result by 0.06 and subtract from 1 to obtain the age discount factor.

Assume the member's exact age is 53.241. Subtract from 55:

	55.000
Exact age	- 53.241
	1.759
Multiply the result by 0.06:	x 0.06
	0.105540
Age discount factor	0.894460

Step 4 Multiply the age discount factor times the amount of the retirement annuity.

Annual nondiscounted retirement annuity	\$11,209.85
Age discount factor	x 0.894460
Annual discounted annuity	\$10,026.76
	÷ 12
Monthly annuity	\$835.56

Step 5 To the greater of the amounts calculated in Step 1 and Step 2 or 4, add any annual increases while in receipt of a disability benefit immediately preceding disability retirement. This will be the disability retirement annuity.

In this example, for the member age 55 with 20 or more years of service, the greater amount is \$934.15 from Step 2. The greater amount is \$835.56 from Step 4 for the member age 53.241 years.

Duration of benefits

The disability retirement annuity will continue until

- the disability ceases,
- the member resumes teaching, or
- the member is eligible and applies for an age retirement annuity.

If the member resumes teaching after receiving a disability retirement annuity and is disabled again for the same cause within 90 days, the benefit will be reinstated at the previous rate after TRS receives a completed Disability Benefit Application form and required medical



documentation. In this case, benefits will begin the day following the last day for which the member was paid by the employer.

Employment restrictions

While members are receiving a disability retirement annuity, they may not be employed by any other public or private school, college, or university in a teaching position, including substitute teaching.

However, gainful employment in any area other than teaching is permitted or in any area of TRS-covered or State Universities Retirement System of Illinois (SURS)-covered employment as indicated under “Law allows limited, part-time teaching.” The combined income from the disability retirement annuity and the earnings from the nonteaching occupation cannot exceed the salary rate upon which the annuity was based. If members have earnings above this limit, their disability retirement annuity may be reduced or suspended.

For members returning to employment in any area other than teaching, the salary rate for purposes of the gainful employment calculation will increase 15 percent after they have received a disability retirement annuity for 10 years.

If members exceed the salary rate upon which their benefit was based, the benefit will cease including Teachers’ Retirement Insurance Program (TRIP) insurance.

Example:

Last contract salary ÷ 12	\$1,775.00
Monthly disability retirement annuity	- 546.70
Amount member may earn without suspension or reduction of annuity	<u>\$1,228.30</u> per month

If the annuitant has been receiving the annuity for more than 10 years, the monthly salary rate used in the calculation increases 15 percent.

Last contract salary ÷ 12	\$1,775.00
15 percent increase	x 1.15
	<u>\$2,041.25</u>
Current monthly disability retirement annuity	- 698.75
Amount member may earn without suspension or reduction of annuity	<u>\$1,342.50</u> per month

If an annuitant has gross earnings in excess of the allowable amount, but less than his or her previous salary, the annuity is reduced \$1 for each dollar earned in excess of the allowable amount. If an annuitant earns a greater income in his or her new profession, occupation or business than was last earned as a teacher, the annuity is reduced to zero.

Annual increases

The disability retirement annuity will increase annually beginning the *earlier* of the January 1 following:

- the fourth anniversary of the date the disability benefit was granted, or
- the date the member turns age 61 or the first anniversary in retirement, whichever is later.



If the first annual increase follows the fourth anniversary of the date the disability benefit was granted, the increase will be 7 percent of the current annuity. If the first annual increase is due to the attainment of age 61 or the first anniversary in retirement, the amount will be determined as described in Chapter 11, Retirement Benefits. After the initial increase, the annuity will increase by 3 percent of the current benefit each January 1.

Taxability of disability benefits

Members who are receiving nonoccupational disability benefits must report disability benefits as taxable income for federal income tax purposes. Occupational disability benefits may be excluded from gross income.

Those who are under age 65 and retired on a permanent and total disability as defined by the Internal Revenue Service may be eligible to take the federal tax credit for the elderly or the disabled. [IRS Publication 907, Tax Highlights for Persons with Disabilities](#), and [Publication 524, Credit for the Elderly or the Disabled](#), elaborate on this tax credit and other information.

Law allows limited, part-time teaching

Individuals who have received TRS disability benefits for one year or more may return to teaching if their medical conditions improve, allowing limited, part-time work. Members are allowed on a limited basis to substitute or part-time teach for TRS-covered or SURS-covered employers without loss of their disability benefits as long as their combined earnings from teaching and their disability benefits do not exceed 100 percent of the salary rate upon which the benefit was based.

When returning to teaching with a TRS-covered or SURS-covered employer, the salary rate for purposes of this calculation will not increase 15 percent after the member has received a disability retirement annuity for 10 years.

If the member exceeds the salary rate upon which his or her benefit was based, the benefit will cease including Teachers' Retirement Insurance Program (TRIP) insurance.

Members may not teach for any employers not covered by TRS or SURS. This includes part-time and substitute teaching.

This law applies to all members receiving nonoccupational disability benefits, occupational disability benefits, and disability retirement annuities.



Chapter Thirteen: Death Benefits

Benefits payable

TRS provides two types of death benefits:

- a refund of any remaining accumulated contributions and
- monthly or lump-sum survivor benefits.

These benefits may be paid to separate beneficiaries or both benefits may be paid to the same beneficiaries.

TRS must have a copy of the deceased member's or annuitant's death certificate on file before death benefits can be processed. Other supporting documents may also be required.

Designation of beneficiaries

To designate beneficiaries, members must complete a Member Information and Beneficiary Designation (MIBD) form. If TRS does not have an MIBD form on file for the member, death benefits are distributed as follows:

- a return of any accumulated contributions is paid to the member's surviving spouse or civil union partner or, if none, to the member's estate and
- survivor benefits are paid to an eligible dependent beneficiary or, if none, to the member's estate.

The beneficiaries designated for the refund of accumulated contributions and survivor benefits will be noted in the "Beneficiary Information" section of the member's TRS Benefits Report.

Members and annuitants may change beneficiary designations at any time and should review their designation periodically. Members may verify their beneficiary designations by contacting TRS. To change beneficiaries, a new MIBD form must be completed. MIBD forms are available through the member forms area of the TRS website and by calling the 24-hour Forms Order Line, (800) 877-7896, press "2" when prompted.

Types of beneficiaries

The type of benefit for which survivors are eligible is determined by the survivor's status at the time of the member's death. Monthly survivor benefits can be paid only to dependent beneficiaries.

A **dependent beneficiary** is

- a spouse to whom the member has been married for at least one year, except where a child is born of the marriage in which case the one-year period is not applicable;
- a civil union partner to whom the member has been partnered for at least one year;
- an unmarried natural or adopted child under age 18, or between ages 18 and 22 if he or she is a full-time student in an accredited educational institution, or an unmarried child of any age who is dependent by reason of a physical or mental disability and claimed as a dependent on the member's final federal income tax return, or



- a dependent parent who received at least half of his or her support from the member for the 12-month period immediately prior to the member's death.

For an adopted child to be an eligible dependent beneficiary, the adoption proceedings must have been finalized prior to the member's death and while the child was a minor. For purposes of determining dependency, "disability" is defined as an inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to last for a continuous period of 12 months or more. A parent may be an eligible dependent beneficiary only if there is no other dependent beneficiary. A trust can receive monthly survivor benefits on behalf of a dependent beneficiary. The trust must specifically mention TRS and contain a promise that the TRS survivor benefits will be used solely for the care and benefit of the dependent beneficiary. See the *TRS Member Guide* for more information.

A **nondependent beneficiary** is any other designated person or entity that is not a dependent beneficiary.

A member may designate a primary beneficiary on the MIBD form to receive survivor benefits. If this individual is a dependent beneficiary, he or she may select either monthly benefits or a lump-sum benefit. Only a lump-sum benefit is payable if the member designates both a dependent and a nondependent primary beneficiary.

Alternate beneficiaries named on the MIBD form will receive benefits only if all designated primary beneficiaries predecease the member. If the member's beneficiary designation includes more than one person, the benefits are divided equally among the living beneficiaries of that class (primary or alternate).

The **automatic designation** option on the MIBD form is an alternative to naming specific individuals. Automatic designation names all eligible dependents as beneficiaries. If no dependent beneficiaries survive, the benefits are paid to the member's estate.

Beneficiary refund

Accumulated contributions are returned as a lump-sum payment.

Beneficiaries of active or inactive members will receive a return of all of the member's retirement contributions, plus interest, and the portion paid towards the annual increase in annuity. The member's TRS Benefits Report lists the contributions and interest that are refundable after death.

Beneficiaries of annuitants will receive accumulated contributions minus the amount the member received as a retirement annuity. Annuitants who elected a reversionary retirement forfeit the beneficiary refund as a condition of receiving the reversionary benefit.

Survivor benefits

Eligibility

Beneficiaries are eligible for a lump-sum survivor benefit if the member's death occurs:

- while the member is an annuitant;
- while the member is employed as a teacher;



- within the first 12 months following the member's last day of earnings as a teacher;
- while the member is on an approved leave of absence;
- while the member is receiving a nonoccupational or an occupational disability benefit;
- while the member is an inactive member and has 20 or more years of service.

To determine eligibility for a benefit, service credit under the State Employees' Retirement System of Illinois, the State Universities Retirement System, and the Public School Teachers' Pension and Retirement Fund of Chicago is considered.

Dependent beneficiaries are eligible for monthly survivor benefits if the member had 1.5 years of TRS service credit and at least 60 days of creditable service during the 18 months preceding his or her death.

For an inactive member with fewer than 20 years of service, no survivor benefits are payable unless the member returns to teaching or starts receiving a retirement annuity prior to death.

For an inactive member who had established 20 or more years of service credit, his or her beneficiaries are eligible for survivor benefits calculated as though the member had been in retirement at the time of death.

For an annuitant who has at least one year of service after July 24, 1959, his or her beneficiaries are eligible for survivor benefits, provided that the annuitant did not take a refund of those contributions prior to death. For an annuitant who did **not** have service after July 24, 1959, and died after January 1, 1982, his or her surviving dependent beneficiaries are eligible for survivor benefits up to a maximum of \$200 per month plus a \$1,000 one-time, lump-sum payment.

Methods of payment

The survivor benefit is paid in one of two mutually exclusive ways:

- lump-sum payment or
- monthly benefit payments (available only to dependent beneficiaries).

Lump-sum payment

A lump-sum payment is the only method of survivor benefit payment for nondependent beneficiaries. A dependent beneficiary may choose either a lump-sum payment or monthly benefit payments.

Beneficiaries of active members

For an active member, the lump-sum benefit amount the beneficiaries will receive is equal to $\frac{1}{6}$ of the member's highest salary rate within the last four years of service times the number of completed years of TRS service. The minimum benefit equals $\frac{1}{6}$ of the member's highest salary. The maximum benefit equals 100 percent of the member's highest salary.



Example:

Assume the member had 4.5 years of service credit (use only completed years). The member’s highest salary was \$21,300.

Highest salary	\$21,300
4 ÷ 6	x 0.66667
Lump-sum benefit	<u><u>\$14,200</u></u>

Beneficiaries of annuitants and inactive members

For an annuitant or an inactive member who has 20 or more years of service credit, the lump-sum benefit his or her beneficiaries will receive is equal to the *greater* of:

- the annuitant's highest annual salary rate within the last four years of service reduced by 1/6 for each year or partial year since the date the annuitant retired or terminated service to a minimum of 1/6 of the annuitant's highest salary rate,
- the annuitant's survivor benefit contributions, or
- \$3,000.

Example:

Assume the annuitant’s highest salary within the last four years of service was \$40,000 and his or her survivor benefit contributions totaled \$6,000. The annuitant had been retired 3.5 years at the date of death. The lump-sum benefit is the greater of:

- $(6 \div 6) - (4 \div 6) = 2/6$
 $2 \div 6 \times \$40,000 = \$13,333$
- \$6,000, or
- \$3,000

The lump-sum benefit equals \$13,333.

Monthly payments

Monthly payments can be made only to surviving dependent beneficiaries or to a qualifying trust established for a surviving dependent beneficiary. These payments may be electronically deposited into a beneficiary’s bank account through direct deposit.

Beneficiaries of an active or inactive member may receive this benefit effective the date of the member’s death. However, a spouse or civil union partner with no dependent children is eligible for this benefit only upon attainment of age 50 if the spouse or civil union partner was not at least age 50 at the time of the member’s death. In addition, a spouse or civil union partner with no dependent children must have been married to the member for a period of at least one year prior to the member’s death.

Beneficiaries of an annuitant will receive this benefit effective the first of the month following the member’s death. However, a spouse or civil union partner with no dependent children is eligible for this benefit only upon attainment of age 50 if the spouse or civil union partner was not at least age 50 at the time of the annuitant’s death. In addition, a spouse or civil union partner with no dependent children must have been married to the member for a period of at least one year prior to the member’s death. The retirement annuity is payable through the month of the member’s death.



A dependent parent may receive benefits only if there is no other dependent beneficiary at the time of the member's death. A dependent parent of an active or inactive member may receive benefits effective the date of the member's death or upon attainment of age 55 if the dependent parent was not at least age 55 at the time of the member's death. A dependent parent of an annuitant may receive benefits the first of the month following the annuitant's death or upon attainment of age 55 if the dependent parent was not at least age 55 at the time of the annuitant's death.

The following examples provide separate Tier I and Tier II benefit examples for surviving beneficiaries. **Tier I** members first contributed to TRS before January 1, 2011 or had pre-existing creditable service with a reciprocal pension system prior to January 1, 2011. **Tier II** members first contributed to TRS on or after January 1, 2011 and have no previous service credit with a pension system that has reciprocal rights with TRS.

Beneficiaries of active Tier I members

The monthly payments for a surviving dependent beneficiary of an active Tier I member include:

1. a \$1,000 one-time, lump-sum payment *plus*
2. monthly income as follows:
 - a. one dependent - the lesser of 30 percent of the member's average monthly salary or \$400 per month.

Assume the average salary is \$45,000

$\$45,000 \times 30\% = \$13,500 \div 12 = \$1,125$ monthly benefit
\$400 is less than \$1,125, so the monthly benefit is \$400.

- b. spouse or civil union partner and one child - the lesser of 60 percent of the member's average monthly salary or \$600 per month.

Assume the average salary is \$45,000

$\$45,000 \times 60\% = \$27,000 \div 12 = \$2,250$
\$600 is less than \$2,250, so the monthly benefit is \$600.

- c. spouse or civil union partner and two or more children - the lesser of 80 percent of the member's average monthly salary or \$600 per month.
 - d. other combinations of dependent beneficiaries - varying amounts not to exceed 80 percent of the member's average monthly salary or \$600 per month, whichever is less.

If 50 percent of the member's earned monthly retirement annuity payable at the later of age 60 or the date of death is greater than the preceding calculations, then this amount (**the minimum benefit**) is what the beneficiary will receive each month.

Average monthly salary is the average of the member's annual salary rate for the highest four consecutive years within the last 10 years of creditable service immediately preceding death divided by 12 or the average monthly salary for the total period of creditable service if service is fewer than four years.



Beneficiaries of Tier I annuitants or inactive Tier I members

The monthly payments made to a surviving dependent beneficiary of a Tier I annuitant or an inactive Tier I member with 20 or more years of creditable service will never be less than 50 percent of the annuitant's gross monthly retirement annuity at the time of death. A dependent beneficiary who chooses the monthly payments receives:

1. a \$1,000 one-time payment *plus*
2. a minimum monthly benefit of 50 percent of the annuitant's gross retirement annuity at the time of death. Beneficiaries of an eligible inactive member will receive 50 percent of the member's earned retirement annuity payable at the later of age 60 or the date of the member's death. However, the beneficiary's monthly payment may be greater if the lesser of the following is more than 50 percent of the annuitant's annuity:
 - a. 30 percent of the annuitant's final average salary divided by 12,
 - b. \$400 per month, or
 - c. 80 percent of the annuitant's original monthly retirement annuity at age 60 or 80 percent of the eligible inactive member's retirement annuity payable at age 60.

Example:

Assume the annuitant's current retirement benefit is \$1,420.

- The minimum survivor benefit is \$710. ($\$1,420 \times 0.50 = \710)
- The average salary was \$24,360. Average salary divided by 12 is \$2,030. The original monthly retirement annuity was \$980.
 - a. $\$2,030 \times 0.30 = \609
 - b. \$400 or
 - c. $\$980 \times 0.80 = \784

The lesser of a, b, or c is \$400. The monthly payment the beneficiary will receive is \$710.

Beneficiaries of active Tier II members

The monthly payments for a surviving dependent beneficiary of an active Tier II member include:

1. a \$1,000 one-time, lump-sum payment *plus*
2. monthly income as follows:
 - a. one dependent - the lesser of 30 percent of the member's average monthly salary or \$400 per month.

Assume the average salary is \$45,000

$$\$45,000 \times 30\% = \$13,500 \div 12 = \$1,125 \text{ monthly benefit}$$

\$400 is less than \$1,125, so the monthly benefit is \$400.
 - b. spouse or civil union partner and one child - the lesser of 60 percent of the member's average monthly salary or \$600 per month.



Assume the average salary is \$45,000

$$\$45,000 \times 60\% = \$27,000 \div 12 = \$2,250$$

\$600 is less than \$2,250, so the monthly benefit is \$600.

- c. spouse or civil union partner and two or more children - the lesser of 80 percent of the member's average monthly salary or \$600 per month.
- d. other combinations of dependent beneficiaries - varying amounts not to exceed 80 percent of the member's average monthly salary or \$600 per month, whichever is less.

If 66.67 percent of the member's earned monthly retirement annuity payable at the later of age 67 or the date of death is greater than the preceding calculations, then this amount (**the minimum benefit**) is what the beneficiary will receive each month.

Average monthly salary is the average of the member's annual salary rate for the highest eight consecutive years within the last 10 years of creditable service immediately preceding death divided by 12 or the average monthly salary for the total period of creditable service if service is fewer than eight years.

Beneficiaries of Tier II annuitants or Tier II inactive members

The monthly payments made to a surviving dependent beneficiary of an annuitant or an inactive member with 20 or more years of creditable service will never be less than 66.67 percent of the annuitant's gross monthly retirement annuity at the time of death. A dependent beneficiary who chooses the monthly payments receives:

1. a \$1,000 one-time payment *plus*
2. a minimum monthly benefit of 66.67 percent of the annuitant's gross retirement annuity at the time of death. Beneficiaries of an eligible inactive member will receive 66.67 percent of the member's earned retirement annuity payable at the later of age 67 or the date of the member's death. However, the beneficiary's monthly payment may be greater if the lesser of the following is more than 66.67 percent of the annuitant's annuity:
 - a. 30 percent of the annuitant's final average salary divided by 12,
 - b. \$400 per month, or
 - c. 80 percent of the annuitant's original monthly retirement annuity at age 67 or 80 percent of the eligible inactive member's retirement annuity payable at age 67.

Example:

Assume the annuitant's current retirement benefit is \$1,420.

- The minimum survivor benefit is \$946.71. ($\$1,420 \times 0.6667 = \946.71)
- The average salary was \$24,360. Average salary divided by 12 is \$2,030. The original monthly retirement annuity was \$980.



a. $\$2,030 \times 0.30 = \609

b. \$400 or

c. $\$980 \times 0.80 = \784

The lesser of a, b, or c is \$400. The monthly payment the beneficiary will receive is \$946.71.

Duration of monthly benefits

Monthly survivor benefits will continue for the life of the spouse or civil union partner. A dependent child will receive benefits until he or she reaches age 18 (or age 22 if he or she is a full-time student), marries, or dies, whichever is earlier. An adult child who is dependent by reason of a physical or mental disability may receive monthly survivor benefits for his or her lifetime if:

- he or she does not marry,
- he or she is not capable of substantial gainful employment, and
- TRS periodically receives a physician certification verifying his or her continuing disability.

Survivor benefits are payable through the end of the month in which the beneficiary's death occurs. No further benefits are payable.

Tier I annual increases in benefits

Recipients of monthly survivor benefits are eligible for a 3 percent increase of the current benefit distributed as follows:

- For beneficiaries of annuitants, benefit increases are applied on January 1 after the survivor benefit has been granted.
- For beneficiaries, of active or eligible inactive members, benefit increases are applied on January 1 following the first anniversary of receiving the survivor benefit.

Tier II annual increases in benefits

Recipients of monthly survivor benefits are eligible for the lesser of 3 percent or $\frac{1}{2}$ of the annual increase in the Consumer Price Index of the originally granted survivor's annuity. If the increase in the Consumer Price Index for the preceding calendar year is zero or there is a decrease, then the annuity will not be increased. The benefit will be distributed as follows:

- For beneficiaries of annuitants, benefit increases are applied on Jan. 1 after the survivor benefit has been granted.
- For all other beneficiaries, benefit increases are applied on Jan. 1 following the first anniversary of receiving the survivor benefit.

Application procedures

To report the death of a member, please call TRS at (800) 877-7896. When notifying TRS of the member's death, provide the deceased member's name, Social Security number, and date of death. TRS will forward a letter and the appropriate forms to the contact person for the member's designated beneficiaries for completion. The application requires a copy of the member's



death certificate as well as a copy of the marriage or civil union certificate and birth certificate for the surviving spouse or civil union partner.

If the member was an active teacher at the time of death, the employer will need to complete a Supplementary Report and return it to TRS. TRS will calculate a lump-sum and monthly benefit option.

The dependent will receive a Survivor Benefits Election form to select either a monthly benefit or a lump-sum payment. This form will be accompanied by information regarding direct deposit of payments, federal income tax withholding, the Teachers' Retirement Insurance Program (TRIP), and the taxability of survivor benefits. Once TRS receives the completed election form and all other required documents, benefits will be processed and then issued by the Office of the Comptroller.

An annuitant's retirement benefit is payable through the end of the month in which his or her death occurs. TRS issues payments at the end of the month for the preceding month. Any payments issued to the annuitant beyond the month of death must be returned to TRS.

Payment of accumulated contributions

General rule

As a general rule, previously taxed accumulated retirement contributions returned to survivors of TRS members are excluded from taxable income. Contributions not previously taxed and interest on contributions are included in taxable income in the calendar year in which the contributions and interest are received by the beneficiary. The taxable portion of the payment is treated the same as ordinary income, unless one of the following special tax treatments described applies.

Special tax treatments

The payment may be eligible for special tax treatments if it qualifies as a "lump-sum distribution." A lump-sum distribution is a payment, within one tax year, of the entire amount payable from TRS on account of the deceased member or annuitant. The special tax treatments are not available, however, if any portion of a distribution from TRS has been rolled over into a qualified retirement plan. Additional restrictions are described in the instructions to IRS Form 4972.

The special treatments available for payments that qualify as lump-sum distributions are:

1. **Ten-year averaging.** If the deceased had attained age 50 prior to January 1, 1986, the beneficiary may be able to elect to figure the tax on the payment using the 10-year averaging method using 1986 tax rates, instead of five-year averaging using current tax rates. Like the five-year averaging rules, 10-year averaging often reduces the tax owed.
2. **Capital gain treatment.** If the deceased had attained age 50 prior to January 1, 1986, the beneficiary may be able to elect to have the part of the payment that is attributable to the member's pre-1974 membership (if any) taxed as long-term capital gain.



Rollovers

If a member or survivor has questions about rollovers for surviving spouse and non-spouse beneficiaries, please ask him/her contact the TRS Member Services Department at members@trs.illinois.gov or call (800) 877-7896. The rules are complicated and rollover eligibility varies.

Payment of survivor benefits

Monthly annuity payments

Survivor benefits that are paid in the form of a monthly annuity are taxable income in the calendar year during which they are received by the beneficiary. However, if the member's contributions for survivor benefits were made on an after-tax basis, a portion of each annuity payment is nontaxable until all of the after-tax contributions have been returned. The nontaxable portion of each monthly payment is determined by allocating a portion of the after-tax contributions to each annuity payment to be made during the expected payment period. Monthly payments are fully taxable after all of the after-tax contributions have been returned.

Lump-sum payments

Tax deferral for lump-sum payments varies for spouse and civil union partners. If a member or survivor has questions about lump-sum payment taxes, please ask him/her contact the TRS Member Services Department at members@trs.illinois.gov or call (800) 877-7896.

Tax reporting for all TRS payments

The Office of the Comptroller will send Form 1099-R to the beneficiary and the IRS reporting the amount paid (including direct rollovers) during a calendar year. In addition to showing the amount paid, the Form 1099-R will report the portion that is taxable, the amount of federal income tax withheld, if any, and any amount directly rolled over.

State income tax

Benefits received from TRS are not subject to Illinois income tax. Beneficiaries who reside in other states should check with their state's Department of Revenue for information concerning the taxability of benefits.

How to obtain additional information

Members or beneficiaries may want to consult with a professional tax advisor before they take a payment of benefits from TRS. More specific information on tax treatment of payments from qualified retirement plans can be found in [IRS Publication 575, Pension and Annuity Income](#) and [IRS Publication 590-B, Distributions from Individual Retirement Arrangements \(IRAs\)](#). These publications are available at www.irs.gov, from local IRS offices, or by calling 1-800-TAX-FORM.

