EMPLOYER BULLETIN

EMPLOYER COST FOR SALARIES OVER GOVERNOR'S STATUTORY SALARY

October 2017

Background

PA 100-0023 requires school districts to pay for a portion of the cost of a member's pension if that member's salary, determined on a full-time equivalent basis, is greater than the governor's statutory salary, which is currently $177,412.

Required contributions must be paid within 90 days

Employers will be billed for this cost once the district's 2017-18 Annual Report of Earnings has been audited by TRS. The billing will be for any full-year or partial-year employees whose full-time equivalent salary is in excess of the governor's statutory salary. Employers will be required to pay this contribution in the form of a lump sum within 90 days after receipt of the bill. If employer contributions are not paid within 90 days, interest will accrue at TRS's actuarially assumed rate of return (currently 7 percent).

Calculating the employer cost

The employer cost for individual salaries above $177,412 is equal to the employer normal cost or 10.10 percent for the 2017-18 school year.

Example:

An administrator works every day of a 260 day contract and has creditable earnings of $230,000. The employer cost would be calculated on the amount of the member's earnings over the governor's statutory salary, $52,588 ($230,000 - $177,412). The cost to the district would be $5,311 ($52,588 x 10.10%).

Salaries for part-time employees will be calculated based on earnings determined on a full-time equivalent basis.

Example:

A teacher is contracted to work a 50 percent schedule and completes the year with no dock days. His earnings for the year are $105,000 ($100,000 base + $5,000 extra duties). The teacher's full-time equivalent salary is $205,000 [($100,000 x 2) + $5,000]. The employer cost would be calculated on the amount of the member's full-time equivalent salary over the governor's statutory salary, $27,588 ($205,000 - $177,412). The cost to the district would be $2,786 ($27,588 x 10.10 percent).

For members working a partial year, or docked, the creditable earnings will be used to determine the employer cost if applicable.

Examples:

An administrator resigns from the district after working 165 days of a 260 day contract. The annual salary rate is $246,000 ($240,000 base + $6,000 stipend) and creditable earnings are $158,308 [($240,000 / 260 x 165) + $6,000]. The prorated governor's statutory salary is $112,588 ($177,412/260 x 165). The employer cost would be calculated on the amount of member's creditable earnings over the prorated governor's statutory salary, $45,720 ($158,308 - $112,588). The cost to the district would be $4,618 ($45,720 x 10.10 percent).

(more)

TEACHERS' RETIREMENT SYSTEM
OF THE STATE OF ILLINOIS

2815 West Washington
P.O. Box 19253
Springfield, Illinois 62794-9253
888-678-3675
employers@trsil.org

Salary Rate	$246,000	($240,000 base + $6,000 stipend)
Creditable Earnings	$158,308	[($240,000/260 x 165) + $6,0000]
Prorated Governor's Salary	$112,588	($177,412/260 x 165)
Amount over Governor's Salary	$ 45,720	($158,308 – $112,588)
Cost to District	$ 4,618	($45,720 x 10.10%)

A teacher with a 180 day contract is docked two days during the school year. The annual salary rate is $190,000 ($182,000 base + $8,000 extra duties) and creditable earnings are $187,978 [($182,000 / 180 x 178) + $8,000]. The prorated governor's statutory salary is $175,441 ($177,412/180 x 178). The employer cost would be calculated on the amount of member's creditable earnings over the prorated governor's statutory salary, $12,537 ($187,978 - $175,441). The cost to the district would be $1,266 ($12,537 x 10.10 percent)

Salary Rate	$190,000	($182,000 base + $8,000 extra duties)
Creditable Earnings	$187,978	[($182,000/180 x 178) + $8,000]
Prorated Governor's Salary	$175,441	($177,412/180 x 178)
Amount over Governor's Salary	$ 12,537	($187,978 – $175,441)
Cost to District	$ 1,266	($12,537 x 10.10%)

Dispute resolution

PA100-0023 also provides a means for dispute resolution in cases where the employer disputes the amount of the TRS bill. In those cases, the employer must apply in writing to TRS within 30 days of receipt of the bill to receive a recalculation. TRS will review the application request and respond appropriately.

Annual changes possible

The governor's statutory salary as well as the employer normal cost rate could change each year. We will notify you of any changes.

Questions?

Any questions regarding this bulletin should be directed to the Employer Services Department at employers@trsil.org or 888-678-3675.

Printed by the authority of the State of Illinois.
electronic - 1805 - 10/17