

EMPLOYER BULLETIN

LAW REINSTATES 6% THRESHOLD FOR RETIRING MEMBERS' FAS CALCULATIONS

June 2019

Background

On June 7, 2018, TRS emailed Employer Bulletin 18-16 to notify you that Public Act 100-0587 was signed into law lowering the 6 percent threshold for end-of-career salary increases to 3 percent after July 1, 2018. As a result of a grandfathering provision for salaries awarded under contracts or collective bargaining agreements entered into, amended, or renewed prior to June 4, 2018, TRS requested districts complete the CBA Collection Process within the Employer Access area of the TRS website. Our thanks to districts that submitted the requested information.

Law reinstated: reverting back to 6%

The 2019 Budget Implementation Bill signed into law by **Governor Pritzker** on June 5, 2019 reinstates the 6 percent threshold retroactively to July 1, 2018. Therefore, as required by Section 5/16-158 (f) of the Pension Code [40 ILCS 5/16-158(f)], when a member retires, the employer is required to pay TRS contributions equal to the actuarial value of a pension benefit that results from any salary increases over 6 percent used in a retiring member's final average salary calculation.

Due to this reversal by the Illinois legislature:

- The CBA Collection portal for employers will be turned off.
- TRS will be updating the Excess Salary Increase Calculator on the website soon to exclude the 3 percent information.
- The following Employer Bulletins are obsolete: FY18-16, FY19-09, FT19-12, FY19-13, FY19-15 and FY19-16.