

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://www.trsil.org>. 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 TRS encourages the use of the online edition to eliminate the possibility of referring to an outdated, printed *Employer Guide* as a reference tool.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://www.trsil.org>.

Information can also be obtained by email or telephone. You may email the Employer Services and Accounting Departments at employers@trsil.org or call at (888) 678-3675. Members may reach the Counseling Services Department by email at members@trsil.org or by calling 877-927-5877 (877-9-ASK-TRS).

