



FY25-10

EMPLOYER BULLETIN

2025-26 CONTRIBUTION RATE CHANGES & TIER LIMITATIONS

May 2025

Contribution Type	2024-25	2025-26
THIS Fund Contributions		
Member THIS (insurance) contribution	0.90%	0.90%
Employer THIS (insurance) contribution	0.67%	0.67%
TRS Contributions		
Member TRS retirement contribution	9.0%	9.0%
Employer TRS retirement contribution	0.58%	0.58%
Employer TRS contribution on federally-funded salary	10.34%	10.34%

Reportable Compensation Differs for Tier 1 and Tier 2

Public Act 96-0889 created a two-tiered retirement system for individuals covered by public pension systems in Illinois. Individuals who first contributed to the Teachers' Retirement System (TRS) or another reciprocal system prior to January 1, 2011 are classified as Tier 1 members. Those who first contributed to one of these retirement systems after December 31, 2010 are classified as Tier 2 members. Reportable compensation differs based upon whether an individual is a Tier 1 or a Tier 2 member.

Tier 1 Salary Limitation

The limit for Tier 1 members who first established TRS membership after June 30, 1996 is \$350,000 in 2025-26. It is currently \$345,000.00.

Tier 2 Salary Limitation

The Tier 2 member annual salary rate limitation specified at 40 ILCS 5/1-160(b-5) may be adjusted on a yearly basis. The annual salary rate limitation for 2025-26 is \$127,283.01. It is currently \$125,773.73.

If a Tier 2 member worked a partial year during 2023-24 and prior years, reportable creditable earnings are prorated based upon the annual salary rate limitation.

For example, during 2023-24, a Tier 2 member works 133 out of 260 days at a rate of \$200,000. He earns \$102,307.69 ($\$200,000/260 \times 133$). His annual salary rate would be reported as \$123,489.18 and his creditable earnings as \$63,169.47 ($\$123,489.18/260 \times 133$).

If a Tier 2 member works a partial year during 2024-25 and future years, creditable earnings will be reported up to the Tier 2 limitation. Partial years will no longer be prorated.

For example, during 2024-25, a Tier 2 member works 133 out of 260 days at a rate of \$200,000. He earns \$102,307.69 ($\$200,000/260 \times 133$). His annual salary rate would be reported as \$125,773.73 and his creditable earnings as \$102,307.69.

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