

**TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
457(b) DEFERRED COMPENSATION SUPPLEMENTAL SAVINGS PLAN ("SSP")**

SUMMARY OF COMPENSATION

Pursuant to 40 ILCS 5/16-204, Covered Employees as defined by the Plan will be automatically enrolled in the Plan and deemed to have elected to make Elective Deferrals to the SSP equal to 3% of their Compensation. All Employees (new and existing) as defined by the Plan will also be able to elect to make Elective Deferrals to the SSP as a percentage of their Compensation, as an alternative to a flat dollar amount. Understanding the definition of "Compensation" is, therefore, important to ensuring that the SSP is being operated in accordance with the Illinois Pension Code and the written plan document governing the SSP.

GENERAL DEFINITION	INCLUDES	EXCLUDES
<p>"Compensation" means all</p> <ul style="list-style-type: none"> • <u>cash</u> compensation • for services provided by the Employee to his or her Employer • that is <u>includible in the Employee's gross income</u> (<i>i.e.</i> taxable income to the Employee reported in Box 1 of Form W-2) • that is paid to the Employee prior to severance from employment, <p><u>PLUS</u></p>	<ul style="list-style-type: none"> • salary • wages • fees • commissions • bonuses • overtime pay • stipends • summer pay • lump sum cash-out of unused vacation or sick days at end of school year during employment • differential wage payments to military personnel • sick pay (short term disability) • distributions from nonqualified deferred compensation plan (457(f) or short term deferral) • Roth salary deferrals made to a 401(k), 403(b) or 457(b) plan <p>NOTE: If an Employee also has non-teaching employment with the Employer (<i>i.e.</i> multiple jobs), payments to the Employee for that employment are also <u>included</u> in Compensation if the payments otherwise meet the definition of Compensation.</p>	<ul style="list-style-type: none"> • member contributions to the System defined benefit plans (regardless of whether picked-up by the Employer) • Employer contributions to System defined benefit plans, SSP, or a 403(b), 457(b), or 401(a) plan sponsored by the Employer • Employee and Employer contributions to the Teachers' Health Insurance Security Fund • non-taxable expense reimbursements • non-cash compensation, <i>i.e.</i> fringe benefits such as meals or automobile allowances • Employee and Employer contributions to nonqualified deferred compensation plan (457(f) or short term deferral) • imputed income from gifts, awards, or domestic partner coverage • value of group term life insurance over \$50,000 • wellness incentives other than cash
<ul style="list-style-type: none"> • Employee salary reduction elections under Internal Revenue Code Section 125, 132(f), 401(k), 403(b), or 457(b), <p><u>PLUS</u></p>	<ul style="list-style-type: none"> • Employee contributions to an Employer sponsored health plan for medical, dental or vision • Employee salary deferrals to Medical Care Assistance 	<ul style="list-style-type: none"> • Employer contributions to an Employer sponsored health plan for medical, dental or vision • Employee and Employer contributions to the Teachers' Health Insurance Security Fund

GENERAL DEFINITION	INCLUDES	EXCLUDES
	Plan/Dependent Care Assistance Plan <ul style="list-style-type: none"> • Employee HSA contributions • Employee pre-tax salary reduction elections for qualified transportation benefits under the Commuter Savings Program, <i>i.e.</i> work-related commuting and parking expenses • Employee pre-tax salary deferrals made to a 401(k) plan, 403(b) plan, or 457(b) plan (<i>i.e.</i> State of Illinois Deferred Compensation Plan or SSP) 	<ul style="list-style-type: none"> • State or Employer HSA contributions
<ul style="list-style-type: none"> • payment that otherwise satisfies the definition of "Compensation" and that would have been paid to the Employee prior to his or her severance from employment had the Employee continued in employment (<i>i.e.</i> regular pay paid after severance due to timing of payroll period), <p><u>PLUS</u></p>	<ul style="list-style-type: none"> • must be paid to the Employee by the later of 2½ months after <ul style="list-style-type: none"> (i) the Employee's severance from employment, or (ii) the end of the calendar year of the Employee's severance from employment 	<ul style="list-style-type: none"> • any other payment paid <u>after</u> severance from employment, including <ul style="list-style-type: none"> (i) severance pay (ii) distributions from nonqualified deferred compensation plan (457(f) or short-term deferral) (iii) incentive payments based on years of service
<ul style="list-style-type: none"> • cash-out of unused accumulated sick, vacation or other leave if the Employee could have used the leave had employment continued (<i>but only if Employee separately elects for cash-out to be included in Compensation</i>) 		<ul style="list-style-type: none"> • cash-out of unused accumulated sick, vacation or other leave that is contributed as an employer contribution to a 403(b) or 457(b) plan (with no employee right to elect to instead receive in cash)