**Section 1650.481 Employer Contribution Required for Salary Increases in Excess of 6% or 3%**

a) The employer contribution required under 40 ILCS 5/16-158(f) will be determined as follows:

1) Calculate the member's monthly benefit using salaries as reported, excluding that part of the member's salary that exceeds the member's annual full-time salary rate with the same employer for the preceding year by more than 20%.

2) Calculate the member's monthly benefit using salaries as reported, excluding that part of the member's salary that exceeds the member's salary with the same employer for the preceding year by more than 6%.

3) Subtract (a)(2) from (a)(1).

4) Multiply (a)(3) by a Monthly Benefit Factor for the member's exact age at the retirement date. The Monthly Benefit Factors are based on the actuarial assumptions of the System for life expectancy and investment return as determined by the System's actuaries pursuant to 40 ILCS 5/16-176.

5) If a member's monthly benefit is calculated pursuant to 40 ILCS 5/16-133(a), this Section will not apply.

6) If there is more than one employer during the final average salary period, each employer will pay its respective contribution based on salary increases granted by that employer in excess of 6%.

7) If the member's benefit is increased as a result of applying the provisions of Section 20 of the Retirement Systems Reciprocal Act [40 ILCS 5/20], no additional employer contribution will be due.

8) If the member's benefit is reduced as a result of applying proportional reductions required by 40 ILCS 5/20-124, no employer contribution will be assessed for any salaries attributable to any reciprocal employment used in the calculation.

9) If the average salary is calculated using salary earned through employment covered by another participating system under 40 ILCS 5/20, no employer will be assessed for any salaries attributable to that employment.

10) The member's salary for any school year used to determine final average salary shall be excluded for purposes of determining the employer contribution required for salary increases in excess of 6% in any year in which the member's creditable earnings are less than 50% of the preceding year's mean salary for downstate teachers as determined by the survey of school district salaries provided in Section 2-3.103 of the School Code.

b) The employer contribution required under 40 ILCS 5/16-158(f-1) will be determined as follows:

1) Calculate the member's monthly benefit using salaries as reported, excluding that part of the member's salary that exceeds the member's annual full-time salary rate with the same employer for the preceding year by more than 20%.

2) Calculate the member's monthly benefit using salaries as reported, excluding that part of the member's salary that exceeds the member's salary with the same employer for the preceding year by more than 3%.

3) Subtract (b)(2) from (b)(1).

4) Multiply (b)(3) by a Monthly Benefit Factor for the member's exact age at the retirement date. The Monthly Benefit Factors are based on the actuarial assumptions of the System for life expectancy and investment return as determined by the System's actuaries pursuant to 40 ILCS 5/16-176.

5) If a member's monthly benefit is calculated pursuant to 40 ILCS 5/16-133(a), this Section will not apply.

6) If there is more than one employer during the final average salary period, each employer will pay its respective contribution based on salary increases granted by that employer in excess of 3%.

7) If the member's benefit is increased as a result of applying the provisions of Section 20 of the Retirement Systems Reciprocal Act [40 ILCS 5/20], no additional employer contribution will be due.

8) If the member's benefit is reduced as a result of applying proportional reductions required by 40 ILCS 5/20-124, no employer contribution will be assessed for any salaries attributable to any reciprocal employment used in the calculation.

9) If the average salary is calculated using salary earned through employment covered by another participating system under 40 ILCS 5/20, no employer will be assessed for any salaries attributable to that employment.

10) The member's salary for any school year used to determine final average salary shall be excluded for purposes of determining the employer contribution required for salary increases in excess of 3% in any year in which the member's creditable earnings are less than 50% of the preceding year's mean salary for downstate teachers as determined by the survey of school district salaries provided in Section 2-3.103 of the School Code.

(Source: Amended at 42 Ill. Reg. 22238, effective November 20, 2018)