



FACT SHEET

— From the Department of Government Relations —

New 3% Salary Rule (Was 6%)

PA 100-0587

Beginning on or after July 1, 2018 and for salary paid to an active participant in SURS or TRS under a contract or collective bargaining agreement entered into, amended, or renewed on or after June 4, 2018, the following applies:

If the amount of an active SURS or TRS participant's salary for any academic or school year used to determine final average salary (FAS) exceeds the member's annual full-time salary rate with the same employer for the previous academic or school year by more than 3%, then the participant's employer shall pay to the Systems the present value of the increase in benefits resulting from the portion of the increase in salary that is in excess of 3%.

TRS and SURS will calculate the present value on the basis of the actuarial assumptions and tables used at the time of the computation.

Note: Contracts that were in place before the effective date of this bill are not impacted by this provision. Upon their expiration, the 3% Rule would be applicable to salary increases granted in that contract that would be used in the determination of a member's FAS.

Tier 1 FAS is the 4 highest consecutive years in the last 10 years of service.

Tier 2 FAS is the 8 highest consecutive years in the last 10 years of service.