

**Additional Information Pertinent to the Application for Recalculation of Employer Cost Form**

The Application for Recalculation of Employer Cost form references the term "grandfathered" in Section IV. Other. The following information provides additional details about this exclusion and other exclusions in relation to when a collective bargaining agreement was entered into, amended, or renewed. This information can be found in Illinois Administrative Code (Title 80: Subtitle D: Chapter II: Part 1600: Section 1600.122).

- c) Exclusions for earnings increases paid on or after June 1, 2005, but before July 1, 2011, under 40 ILCS 5/15-155(h).
- 1) Grandfathering. When assessing payment for any amount due under 40 ILCS 5/15-155(g), SURS shall exclude earnings increases paid to participants under contracts or collective bargaining agreements entered into, amended, or renewed before June 1, 2005. [40 ILCS 5/15-155(h)] Such contracts are "grandfathered". For the purposes of Section 40 ILCS 5/15-155(h):
    - A) A contract or collective bargaining agreement is "entered into, amended or renewed" on the earliest of the following:
      - i) the date the governing body of the employer voted to accept the contract or collective bargaining agreement;
      - ii) the date the contract or collective bargaining agreement was executed in final form by the parties; or
      - iii) the date the parties to the contract or collective bargaining agreement reached a tentative agreement regarding the terms of the contract or collective bargaining agreement, provided that the tentative agreement is subsequently approved by the governing body of the employer on or after June 1, 2005, without any changes to the terms that have the effects described under subsection (c)(1)(B)(i) or (c)(1)(B)(ii).
    - B) A contract or collective bargaining agreement will not exclude earnings increases paid under the contract or agreement if the contract or agreement is amended or renegotiated after June 1, 2005, to have the effect of:
      - i) increasing the earnings usable for the FRE (except where the increase is the result of a salary reopener provision, which provision was a part of the contract or collective bargaining agreement prior to June 1, 2005); or
      - ii) extending the expiration date of the contract (in such case, the earnings will be excluded only through the original expiration date of the contract).
    - C) Miscellaneous
      - i) A contract exception made by an employer for an individual shall disqualify that individual's earnings increases from grandfathering but shall not invalidate the grandfathering for any other persons.
      - ii) A memorandum of understanding between the employer and the collective bargaining unit to increase the credit hours available shall not invalidate the contract, but any earnings increases because of the increased credit hours shall not be excluded from the calculation under subsection (a) of this Section, unless 40 ILCS 5/15-155(h) or 40 ILCS 5/15-155(i) applies.
      - iii) When a member has given notice to the employer of his or her intent to retire pursuant to the terms of a grandfathered contract or collective bargaining agreement, earnings provided under the contract or collective bargaining

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agreement shall be excluded so long as the earnings are provided to the member within four years after the expiration date of the contract or collective bargaining agreement.

iv) Notwithstanding the above, earnings paid under a grandfathered contract on or after July 1, 2011 shall not be excluded from earnings under subsection (a).

d) Exclusions for earnings increases described in 40 ILCS 5/15-155(h) paid on or after July 1, 2011, but before July 1, 2014, under a contract or collective bargaining agreement entered into, amended, or renewed on or after June 1, 2005, but before July 1, 2011, under 40 ILCS 5/15-155(i). For the purpose of 40 ILCS 5/15-155(i), a contract or collective bargaining agreement is "entered into, amended or renewed" on the earliest of the following:

- 1) the date the governing body of the employer voted to accept the contract or collective bargaining agreement;
- 2) the date the contract or collective bargaining agreement was executed in final form by the parties; or
- 3) the date the parties to the contract or collective bargaining agreement reached a tentative agreement regarding the terms of the contract or collective bargaining agreement, provided that the tentative agreement is subsequently approved by the governing body of the employer on or after July 1, 2011, without any changes to the terms that have the effect of extending the expiration date.

e) The exclusions under subsections (c) and (d) shall not apply to earnings increases paid after June 30, 2014.