



**Title III Benefits  
Salary Policy**

Drafted by: Staff

Reviewed by: Joseph Burns, Board Counsel and Staff

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### **Title III: Benefits**

#### **Chapter A: Retirement, Disability, and, Death Benefit Program**

##### **Article TBD: Salary**

###### **Sec. 1 Definition of Salary**

“Salary” for purposes of determining pension benefits means any form of fixed, regular compensation received by a Member in consideration of non-optional services performed by a Member, subject to all applicable limits and restrictions imposed on qualified plans under the Internal Revenue Code and by the Illinois Pension Code. Unless otherwise expressly stated in the Administrative Rules, Salary relates (1) to a Member’s core duties or qualifications for employment, or (2) to any compensated work performed by a Member during normal school hours, or (3) to any compensated work that is required as a condition of employment by an Employer.

As detailed in this Rule, Salary includes base salary, including Holiday Pay, Vacation Pay during the Fiscal Year, Sick Leave and paid time off (“PTO”) used by a Member during the Fiscal Year in lieu of time worked; Pensionable Salary Increments; and an Employer’s payment of a Member’s required contributions to the Fund, i.e. “pension pick-up” (or a portion thereof), and any other payment in lieu of wages/salary.

Salary does not include Non-Pensionable Salary Increments.

Salary directly related to specific work performed during a Fiscal Year is recognized on an earned, not paid, basis. The Board reserves the right to determine the year of Salary recognition.

###### **Sec. 2 Salary Increments**

Salary Increment means any compensation paid in addition to a Member’s base salary, including bonuses, stipends, and reimbursements.

###### **Sec. 3 Pensionable Salary Increments**

Unless otherwise expressly stated in the Administrative Rules, Pensionable Salary Increments include all compensation paid to a Member that is related to a Member’s core duties or qualifications for employment. All compensation paid for service completed (1) during a Member’s normal school hours or (2) outside a Member’s normal school hours but required as a condition of employment is pensionable.

Examples of Pensionable Salary Increments include:

An advance of future salary;

End-of-year, performance (student or teacher), or merit bonuses/stipends;

A class size, extra class, or longer day bonus/stipend;

Bonuses/stipends for required professional development;

Curriculum development bonuses/stipends, if required as a condition of employment;

A knowledge- and-skill-based bonus/stipend; or

An “alumni,” longevity, or retention bonus/stipend for returning to the Employer.

Please see Appendix A for more examples of Pensionable Salary Increments.

#### **Sec. 4 Non-Pensionable Salary Increments**

All compensation paid to a Member for optional service and other compensation paid at the discretion of the Employer that is not in lieu of Salary are Non-Pensionable Salary Increments.

**NOTE: Any Salary Increment, including those listed below or in Appendix B, if required as a condition of employment OR for work performed during normal school hours is a Pensionable Salary Increment.**

Examples of Non-Pensionable Salary Increments include the following:

Summer School;

Optional Service, such as moderating extra-curricular activities, after-hours tutoring, exam prep classes, or enrichment activities or programs not required by the Employer as a condition of employment;

Night School (if outside of regular duties and not required by the Employer as a condition of employment);

Homebound tutoring pay (if outside of regular duties and not required by the Employer as a condition of employment);

One-time referral, relocation, or signing bonuses;

A raffle providing a cash prize;

Expense reimbursements;

Computer, cell phone, and transportation allowances (including, but not limited to car, bike, CTA, Metra, PACE, taxi, and rideshare services);

Emergency closing pay;

Child care/child rearing allowance;

In-kind compensation;

Overtime, double time pay, and other premium pay;

Professional development (if outside of normal school day and not required as a condition of employment);

Separation or severance pay;

Uniform/Clothing allowances;

Parking allowance;

Coupons and vouchers;

Gift cards, if not in lieu of salary;

Coaching; or

Parent Engagement.

Please see Appendix B for more examples of Non-Pensionable Salary Increments.

### **Sec. 5 Employer Designations Not Determinative**

An Employer's designation of compensation as a non-pensionable stipend, bonus, or other salary increment is not determinative of whether such compensation, or a portion thereof, constitutes Salary. Instead, the Board will determine, based on the Illinois Pension Code and this Rule, which elements of a Member's compensation constitute Salary for pension purposes.

### **Sec. 6 Employer Obligation to Submit Wage Codes**

Employers must submit to the Fund (i) at inception, on or before June 30 of its first fiscal year, (ii) annually, on or before June 30, (iii) upon request by the Fund, and (iv) seasonably, upon any amendment or addition: (a) all wage codes assigned by the Employer; (b) a detailed description of each wage code and what wages it covers; and (c) the Employer's designation, for each wage code, of whether it intends, consistent with the Illinois Pension Code and the Fund's Rules, to treat payments under each wage code as pensionable wages or non-pensionable wages.

## **Sec. 7 Definitions**

“Holiday Pay” means additional compensation paid regardless of whether the Member must work on the holiday, unless there is an option for the Member to take time off in lieu of cash compensation for which that paid time off will be recognized as Salary. Holiday pay is pensionable.

“Lump Sum Payout” will include payment to Members on a basis that is not fixed, regular compensation. Examples of Lump Sum Payouts include, but are not limited to, unused Sick Leave or PTO, severance pay, retirement incentives, and any payments to Members issued at the sole discretion of the Employer and not in lieu of Salary. Lump sum payouts are not pensionable.

“Optional Service” includes additional discretionary work not required as a condition of employment, and performed outside the normal school day. Optional Service includes, but is not limited to: coaching, after-school programs, enrichment programs, parent engagement, tutoring, and/or extracurricular activities, when optional to the Member and performed outside the normal school day. Compensation received for Optional Service is not pensionable.

“Paid Time Off” or “PTO” means pay given to a Member by an Employer, other than Sick Leave, in lieu of a regularly-scheduled work day. PTO includes, but is not limited to, Vacation, paid sabbaticals, personal days, funeral/bereavement leave, Qualified Military Service, voting time, and jury duty leave. PTO is pensionable.

“Reimbursement” will include an Employer’s expense reimbursement for a Member’s out-of-pocket expenses, tuition reimbursement, fringe benefits, transportation allowances, expense allowances, and/or Employer match or additional contribution to a defined contribution plan. Reimbursements are not pensionable.

“Sick Leave” means pay given to a Member conditioned upon the time being used for health-related purposes or disability, including, but not limited to, paid time off required by a collective bargaining agreement, City of Chicago Ordinance, Cook County Ordinance, and/or Illinois or Federal Law. Sick Leave also includes short-term disability and long-term disability paid while the Member is employed, whether the payments are provided directly by the Employer or through an Employer-paid insurance policy. Sick Leave does not include short-term disability or long-term disability benefits paid by the Member. Sick Leave is pensionable.

“Summer School” means all time worked in connection with academic and enrichment programs provided to students outside of the regular school year. Compensation received for Summer School is not pensionable.

“Vacation” means compensation received for scheduled time off paid during the Fiscal Year, including, but not limited to, time off called vacation time, vacation leave, or vacation pay. Vacation is pensionable salary.

### **Sec. 8 Determination of What Constitutes “Salary”**

Should these Rules not provide sufficiently clear guidance as to whether a Member’s compensation, or a portion thereof, constitutes “Salary,” an affected Member, Employer, or the Board, may ask for an initial determination by the Executive Director or the Executive Director’s designee. All affected parties are permitted to timely submit relevant information for the Executive Director’s consideration. The Executive Director’s initial determination will be forwarded to the Board for review and recommendation. The Board will make the final determination and, when appropriate, may amend these Rules to provide greater clarity. The Executive Director will not make any initial determination regarding Salary as applied to any Fund Employee; such determinations will be directly submitted to the Board.

### **Sec. 9 Factors to be Considered by the Executive Director and the Board of Trustees**

The following factors will be considered when determining whether compensation is “Salary,” including, but not limited to:

1. Illinois Pension Code;
2. CTPF Administrative Rules;
3. Internal Revenue Code;
4. Relation of the compensation to the core or supplemental instruction functions of the Member;
5. Whether the work occurs during the normal school day;
6. Whether the work is required as a condition of employment;
7. Past practices of the Employer, similarly-situated Illinois public systems or funds, and/or other Employers;
8. The Employer’s Employee manual;
9. Collective bargaining agreement or employment agreement;
10. The percentage of gross salary that the compensation represents;
11. The uniformity of the compensation among Members;
12. The conditional nature of the compensation;
13. Frequency of payment;
14. Reports by Charter Employers to CPS of the compensation as Salary;
15. Relation of the compensation to a teaching certificate/license;
16. Percentage of Member’s total compensation claimed by the Employer as pensionable or not pensionable; and
17. Other appropriate factors.

### **Sec. 10 Withholdings and Contributions on Salary**

Employers must make all appropriate deductions and make timely and complete Contributions to the Fund based upon all elements of each Member’s Salary regardless of the source of the compensation.