**Section 1650.183 Definition of Employer's Normal Cost**

The employer's normal cost is the employer's portion of the total normal cost of benefits earned by active members during the fiscal year (which shall include the System's estimated administrative expenses for the fiscal year) that is not funded by the estimated contributions of active members for the fiscal year. The total cost of benefits and the employer's normal cost are expressed as percentages of projected active member payroll, actuarially determined, and are approved by the Board of Trustees before the fiscal year begins. The employer's normal cost rate approved by the Board of Trustees shall be used for all calculations that are to be based on the employer's normal cost, except that, for purposes of determining the contribution for optional creditable service under Section 16-128(a)(ii) of the Act, the employer's normal cost rate shall be the total cost of benefits rate for the fiscal year in which such service is verified reduced by the member contribution rate used to determine the amount under Section 16-128(a)(i) of the Act.

(Source: Added at 20 Ill. Reg. 3118, effective February 5, 1996)