

**EMPLOYMENT AFTER  
RETIREMENT AND  
SURCHARGES--  
OVERVIEW**

# INDEPENDENT CONTRACTOR?

- As a reminder, while there are some tasks or projects that could be performed by independent contractors the most common types of jobs held by retirees cannot. Examples of jobs that are unlikely to be suitable for performance by an independent contractor are:
  - ❖ Superintendent
  - ❖ Teacher
  - ❖ Administrator
  - ❖ Coach
  - ❖ Principal / Assist. Principal
  - ❖ Administrative support personnel

**Special word of caution:** There are entities marketing to TRS retirees and offering them the opportunity to become shareholders in a company or limited partnership that provide services to TRS-covered employers. Retirees are advised that they may contract with a TRS-covered employer as an independent contractor in their capacity as a shareholder of the company and avoid the limits on employment after retirement. Retirees are lead to believe that they are working as independent contractors as they perform the same duties that they had before retiring, including duties as teachers, coaches, principals and superintendents. These duties are often described in the contract as “consulting services.” Do not be misled.

TRS determined that these companies are third-party entities providing personnel to TRS-covered employers and retirees providing the services are employees of the third-party entity. Retirees employed by a third-party entity are subject to the limits on employment after retirement and must be reported as employees of the TRS-covered employer.

# EMPLOYMENT AFTER RETIREMENT- RULES FOR RETIREES

- All retirees must have had a one full calendar month break in service after their retirement date. Exception – TRS member elects May 31<sup>st</sup> retirement date and works no later than June 15<sup>th</sup>. Retiree must sit out the remainder of June and all of July in order not to revoke retirement.
- Retired BEFORE 1/1/11, may work unlimited and receive annuity (surcharges may be due if retired after 9/1/2005)
- Retired AFTER 1/1/11, may work as a substitute or one-half time or less without loss of annuity.
  - May only work full-time and receive annuity if there has been a 12-consecutive month break in service (surcharges may be due)
    - Any work for a TRS-covered employer affects the 12-month break-including substituting

# ONE-HALF TIME

One-half time for Employment After Retirement AND Surcharges is defined as:

Working the equivalent of 4 clock hours for each workday in the calendar month under the one-half time exception.

The total number of hours allowed for that month may be worked in any arrangement or schedule.

Workday is defined as Monday-Friday, regardless of whether reporting entity is open or closed\*\*

When a retiree combines substitute and one half time employment in the same calendar month, the retiree may work only one-half the number of workdays in that calendar month.

**\*\*This is for Employment After Retirement and Surcharge purposes ONLY, not Active members**

# FY15-MONTHLY AMOUNTS FOR EMPLOYMENT AFTER RETIREMENT

Month	Total Full-Time Hours in Calendar Month ('Work Unites Required' on ER10)	Number of Hours a Retiree Working One-Half Time or Less May Work Without Triggering Surcharges	Total Number of Workdays in Calendar Month ('Work Units Required' on ER10)	Number of Workdays Retiree Combining Substitute and Other TRS-Covered employment May Work Without Triggering Surcharges
September 2015	176 hours	88 hours	22 days	11 days
October 2015	176 hours	88 hours	22 days	11 days
November 2015	168 hours	84 hours	21 days	10 days
December 2015	184 hours	92 hours	23 days	11 days
January 2016	168 hours	84 hours	21 days	10 days
February 2016	168 hours	84 hours	21 days	10 days
March 2016	184 hours	92 hours	23 days	11 days
April 2016	168 hours	84 hours	21 days	10 days
May 2016	176 hours	88 hours	22 days	11 days
June 2016	176 hours	88 hours	22 days	11 days
July 2016	168 hours	84 hours	21 days	10 days
August 2016	184 hours	92 hours	23 days	11 days

# REPORTING RETIREES ON EMPLOYMENT AFTER RETIREMENT REPORT

- ALL retirees MUST be reported---this includes Substitutes
- Service retirees who retired before 1/1/11, report in Area 2 of Signature only
- Service retirees who retired after 1/1/11 and ALL disability retirees must be reported on the Detail component and in Area 1 of the Signature
  - Report one-half time or less in clock hours only
  - Report those combining one-half time and substitute in the same calendar month in days only
  - Report disability in days and hours

# SURCHARGE “TRIGGER”

- Applies to retirees who retired after September 1, 2005
- No longer based on membership eligibility
- Now based on same definition of ‘one-half time’ used in Employment After Retirement for retirees **Rule §31.14**
- Surcharges are now to be determined on a month to month basis.
- Surcharge amounts are due each month a retiree working under the one-half time exception works more than the equivalent of 4 clock hours for each workday in the calendar month

# WHEN ARE SURCHARGES DUE?

- Retiree retired after September 1, 2005
- Retiree working more than one-half time\*
  - \*Refer to previous slide for definition of one-half time for retirees

# WHEN ARE SURCHARGES DUE?

- If a retiree working under the one-half time exception works MORE than the equivalent of 4 clock hours for each workday in the calendar month, surcharges are due
- If a retiree combines substitute employment and one half time employment in the same calendar month and works MORE than half of the number of available work days in the calendar month, surcharges are due

# WHEN ARE SURCHARGES NOT DUE?

- If a retiree works only as a substitute then surcharges are NOT due
- If a retiree working under the one-half time exception works EQUAL TO or LESS THAN the equivalent of 4 clock hours for each workday in the calendar month, surcharges are NOT due
- If a retiree combining substitute and one-half time employment works EQUAL TO or LESS THAN half the number of workdays in the calendar month, surcharges are NOT due.

# EXAMPLE OF WHEN SURCHARGES ARE DUE

If the retiree is only working as a one half time or less employee, the retiree would be limited to working no more than 4 clock hours for each available work day in the calendar month. In the example below **surcharges would be due** if the retiree worked more than 88 clock hours

Report Month	Available work days	Available half-time hours for the calendar month	Full-time clock hours for the calendar month (ER-10 position 86-88)
March 2015	22	88	176

If the retiree is combining substitute employment and one half time employment in the same calendar month, the retiree would be limited to working no more than half of work days in the calendar month. In the example below, surcharges would apply if the retiree worked more than **11** days.

Report Month	Available work days	Allowable number of days to work under one half time	Full-time days for the calendar month (ER-10 position 86-88)
March 2015	22	11	22

# SURCHARGE AMOUNTS

- Pension Surcharge **Rule §31.41**
  - 14.0% of salary earned by retiree in report month
    - Combination of 7.2% member contribution and 6.8% state contribution
- TRS-Care Surcharge **Rule §41.4**
  - Varies from member to member
  - Use 'View Employee Information' in TRAQS to determine amount for a particular retiree

# THREE CATEGORIES

<b>Retired BEFORE September 1, 2005</b>	<b>Retired between September 1, 2005- January 1, 2011</b>	<b>Retired AFTER January 1, 2011</b>
<b>Retiree may work without limit and receive annuity</b>	<b>Retiree may work without limit and receive annuity</b>	<b>Retiree limited to working one-half time or less or substitute UNLESS there has been a 12-consecutive month break in service</b>
<b>No surcharges due</b>	<b>Surcharges due if retiree works more than amount allowed</b>	<b>Surcharges due if retiree works more than amount allowed</b>

# VIEW EMPLOYEE INFORMATION

- Use to look up new employees to determine:
  - If they are already TRS members
  - If they are retirees:
    - Date of retirement
    - Whether the retiree is subject to the Pension Surcharge
    - The amount of TRS-Care Surcharge due (if applicable)
    - If the retiree has had a 12-month break in service (if applicable)



## Employer Reporting

Employer Name

Any town ISD

Employer Number

9876

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ER Correction

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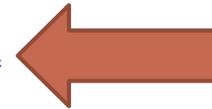
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### Please Make a Selection

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- ER Correction
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# This screen shows a person who does not have a TRS account. This is a 'New Member'



## Employee Information

Employer Name      Employer Number  
Anytown ISD            9876

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Click [here](#) for Membership Eligibility Guidelines

**The information provided is based on the most recent data available, but may be affected by outstanding data. This data is subject to audit, adjustment and correction.**

**Enter the Social Security Number of the Employee**

Social Security Number: 99999999

Last Name	First Name	Middle Name	Name Suffix
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***No TRS account found for SS# 99999999***

***This employee must be included on the Reporting Entity Payment for New Members report for the first 90 days of their employment***

# This employee has a TRS account. Do not treat as a New Member



## Employee Information

Employer Name  
Any town ISD

Employer Number  
9876

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Click [here](#) for Membership Eligibility Guidelines

The information provided is based on the most recent data available, but may be affected by outstanding data. This data is subject to audit, adjustment and correction.

Enter the Social Security Number of the Employee

Social Security Number: 99999999

Last Name	First Name	Middle Name	Name Suffix
SMITH	JOHN		

*TRS records indicate SS# 99999999 has a TRS account*

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**This person is a retiree who retired before September 1, 2005.  
No surcharges are due.**



## Employee Information

**Employer Name**  
Any town ISD

**Employer Number**  
9876

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Enter the Social Security Number of the Employee

Social Security Number:

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Last Name	First Name	Middle Name	Name Suffix
SMITH	JOHN	A	

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***TRS records indicate SS# 99999999 is a retiree with a retirement date of January 31, 1990***

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Please report this employee on the Employment of Retired Members Report.

Member retired prior to September 1, 2005, no surcharges are due.

This person is a retiree who retired after September 1, 2005. Surcharges are due if the retiree works more than half-time.\*  
The amount of TRS-Care Surcharge due, if applicable, is shown.



## Employee Information

**Employer Name**  
Any town ISD

**Employer Number**  
9876

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The information provided is based on the most recent data available, but may be affected by outstanding data. This data is subject to audit, adjustment and correction.

Enter the Social Security Number of the Employee

Social Security Number:

Last Name	First Name	Middle Name	Name Suffix
SMITH	JOHN	P	

*TRS records indicate SS# 99999999 is a retiree with a retirement date of May 31, 2007*

Please report this employee on the Employment of Retired Members Report.

**Monthly TRS-Care Surcharge: \$296.00**

Member retired after September 1, 2005. TRS-Care and Pension Surcharges are due if employment of the retiree exceeds one-half time in a calendar month. See [Pension Surcharge](#) and [TRS-Care Surcharge](#) Guidelines for more information.

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This screen represents a retiree who retired after January 1, 2011 and who has fulfilled the 12-consecutive month break in service required to work full-time without giving up any annuity payments.



## Employee Information

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Any town ISD

Employer Number  
9876

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The information provided is based on the most recent data available, but may be affected by outstanding data. This data is subject to audit, adjustment and correction.

Enter the Social Security Number of the Employee

Social Security Number: [ 99999999

Last Name	First Name	Middle Name	Name Suffix
SMITH	JOHN	D	

*This person has attained required 12 consecutive month break.*

*TRS records indicate SS# 99999999 a retiree with a retirement date of January 31, 2013*

Please report this employee on the Employment of Retired Members Report.

*Monthly TRS-Care Surcharge: \$861.00*

Member retired after September 1, 2005. TRS-Care and Pension Surcharges are due if employment of the retiree exceeds one-half time in a calendar month. See [Pension Surcharge](#) and [TRS-Care Surcharge](#) Guidelines for more information.

This shows a retiree who retired after January 1, 2011 and who has not has the 12-consecutive month break in service required to work full-time without the loss of annuity.



## Employee Information

Employer Name  
Any town ISD

Employer Number  
9876

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The information provided is based on the most recent data available, but may be affected by outstanding data. This data is subject to audit, adjustment and correction.

Enter the Social Security Number of the Employee

Social Security Number:

Last Name	First Name	Middle Name	Name Suffix
SMITH	JOHN	M	

*This person has not attained required 12 consecutive month break.*

*TRS records indicate SS# 99999999 is a retiree with a retirement date of August 31, 2014*

Please report this employee on the Employment of Retired Members Report.

*Monthly TRS-Care Surcharge: \$0.00*

Member retired after September 1, 2005. TRS-Care and Pension Surcharges are due if employment of the retiree exceeds one-half time in a calendar month. See [Pension Surcharge](#) and [TRS-Care Surcharge](#) Guidelines for more information.