

# UPDATE

## IRS SALARY CAP PROVISION FOR THE 2023-24 SCHOOL YEAR

Some highly paid members may have their annual creditable compensation limited in accordance with Section 401(a)(17) of the Internal Revenue Code (IRC). These limits affect individuals who joined TRS for the first time on or after Sept. 1, 1996. The annual limit is subject to change each plan year. Pay excluded from creditable compensation under this law is not subject to member contributions and will not be used in calculating benefits.

For the 2023-24 school year, the IRC §401(a)(17) annual creditable compensation limit (for a person who first becomes a member of TRS after Aug. 31, 1996) is \$330,000.

The cap is based on the TRS plan year of Sept. 1 through Aug. 31 and not the member's contract/work agreement year. Once the member's reported TRS-eligible salary, beginning with the September posting, reaches the salary cap for that year, no further TRS-eligible salary is to be reported for the remainder of the plan year. TRS-eligible salary may not be reported again until the following September, which is the beginning of the next plan year. However, Reporting Employers must continue to report Total Gross Compensation and days and hours worked each report month after they have reached the salary cap.

REs should use the [View Employee Information](#) screen in the RE Portal to determine if an employee is subject to the Salary Cap provision. In addition, REs can use the View 401(a)(17) screen in the RE Portal to view employees who are subject to the Salary Cap provision and have reached or exceeded 85% of the limit for the TRS plan year.

## REPORTING TERMINATIONS

As the fiscal year ends, TRS would like to remind REs about the importance of submitting an ED90 (termination record) for any employees who have terminated all employment. Employment termination can also include retirement or ending employment due to death.

An ED90 should be submitted in the final report month the employee will receive their final payment. When completing the ED90 record, the termination date should reflect the date your employer no longer considers this individual an employee. If the employee was working in a TRS-eligible position at any point of their employment, you need to include the Final Report Month. This date (MM/YYYY) should represent the report month in which the employee was last paid with TRS-eligible compensation and the report month of the final Member Contribution. If the employee did not work in a TRS-eligible position at any point in their employment, you will leave the Final Report Month field blank.

Timely submission of ED90 records lessens the number of requests your employer may receive since the record will confirm to TRS that the employee has ended all employment and no further information is required. Ending employment with an ED90 may reduce the number of warnings on your monthly Regular Payroll Report (RP), which minimizes your monthly reporting workload.

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## WARNINGS PART 3 (AUGUST)

REs are expected to report TRS membership-eligible employees with eligible compensation and contributions each month. The RP report has two warnings to help REs ensure that individuals with a TRS-eligible contract are also being reported with TRS-eligible compensation and contributions.

Working these warnings will help ensure that all your employees are being correctly reported and in compliance with the TRS Laws and Rules. It can reduce the number of corrections needed through early detection of incorrect reporting and ensure an accurate annual statement for the member. It's recommended to work your warnings for the current report month as soon as the RP report has cleared. Investigation into these warnings will need both the View Employment Information screen and your employer system. The [Active Employee View Employee Information Screen](#) document provides a full walkthrough of the View Employee Information screen.

The two warnings that focus on missing compensation in the current month are as follows:

### WARNING 417

- *“Eligible TRS Gross Compensation and member contributions must be reported if the employee was paid TRS-eligible compensation during the report period.”*

### WARNING 638

- *“Eligible TRS Gross Compensation must be reported for full-time employment.”*

These warnings indicate an employee is being reported in a TRS-eligible position, in the current report month, but does not have any TRS-eligible compensation reported on the RP20 (employee contribution and compensation record). This can happen if someone switches from an ineligible position to an eligible position but can also be a leading indicator of a potential report error for the following months.

### Nonterminated Employee

To work these warnings you will need both the View Employee Information screen and your system to compare what was reported to TRS to your system, which is the system of record. First, use the View Employee Information screen to view the position code and compare it to your employer system. If the position code does not match, please contact your RE Coach.

Next, review the View RP Transaction list, noting any months where there is no TRS-eligible compensation, and compare it to your payroll system to determine if the compensation paid in the report month is considered TRS-eligible compensation. If the employee received TRS-eligible compensation in the report month, review if contributions were taken from the employee's paycheck.

If contributions are taken, review your system to verify if an RP25 will be submitted on next month's RP report. If the RP25 will not automatically be created by your software system, create an RP 25 on an RP Adjustment report to add the unreported TRS-eligible compensation and contributions.

If contributions were not taken from the employee's paycheck, then the contributions must be collected. Once the contributions are collected then an RP25 should be submitted.

### Reporting Collected Contributions

Contributions should not be reported until the funds have been collected from the employee. If an error is identified, and contributions must be collected, any corrections to the current year are not optional. If no funds were considered eligible compensation and the employee remains in a TRS-eligible position, please reach out to your coach for verification on how to proceed.

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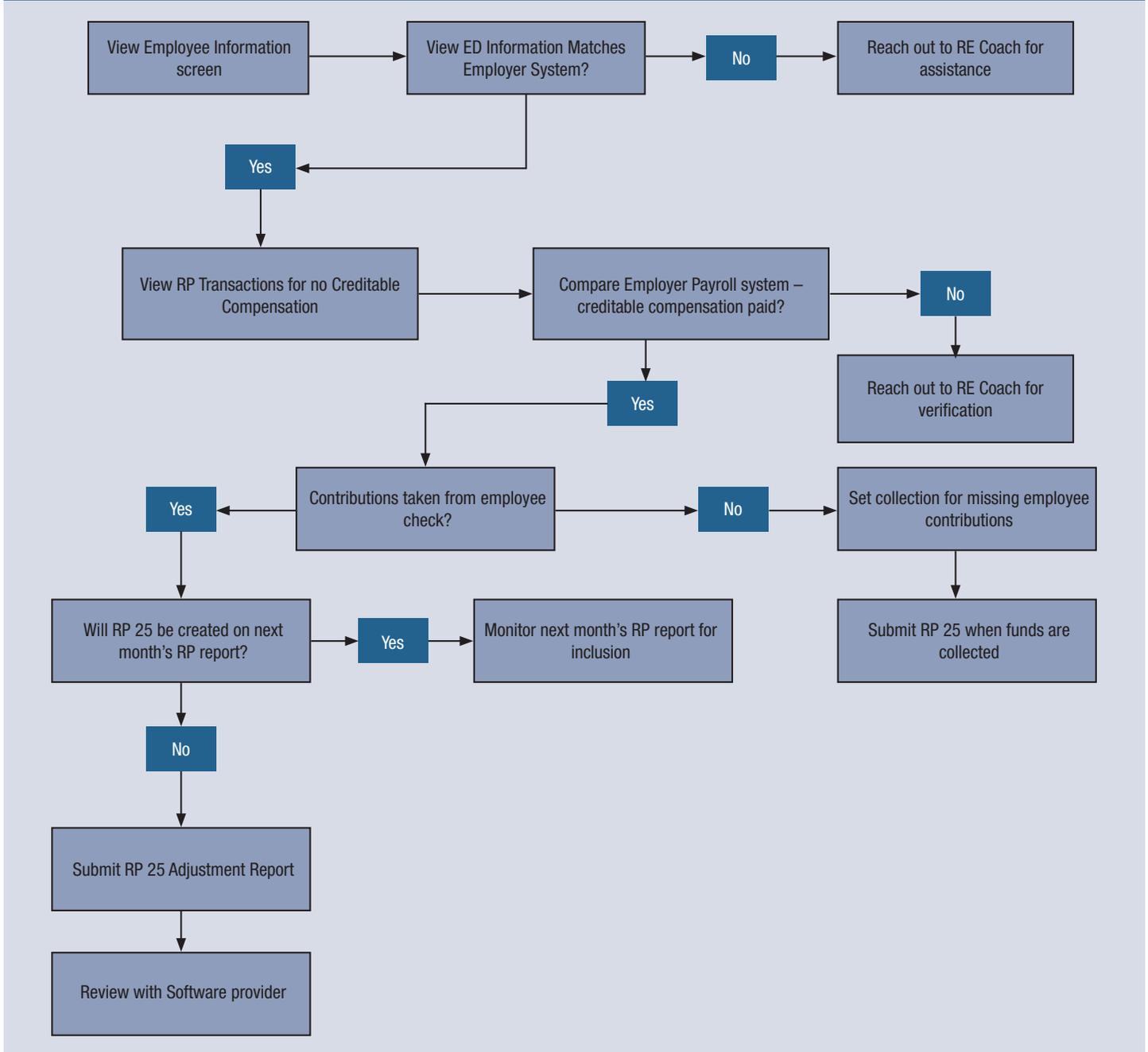
**WARNINGS PART 3** continued from page 2

**Stipends and Extra Duty Payments**

Remember, under normal circumstances, all of an employee’s compensation must be reported under their primary job code, unless the employee has a wholly separate position. Stipends, some extra duty, and performance pay would likely need to be included under the employee’s primary job code. Only payments for wholly separate positions should be reported under a separate position code.

Generally, any TRS-eligible employee would be expected to earn and receive payment for TRS-eligible compensation each month. If there are months without eligible compensation, review your employer system to determine why the compensation that the employee received was not eligible. You can view the criteria for [TRS Creditable Compensation](#) on our website.

**Working Warnings Part 3 Flowchart**



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# TIPS FOR YEAR-END PROCESSING

As REs begin a new school year, TRS is winding down our fiscal year. Please understand this time can be busy for everyone. The following is a list of important information and deadlines to keep in mind during this busy time:

- **All August reports and TEXNET deposits are due by 8 p.m. CST on Wednesday, Sept. 6, 2023.** This applies to both the RP report **and** the Employment After Retirement (ER) report.
- **All RP reports for the entire 2022-23 fiscal year must be at a “Complete” status by 5 p.m. on Friday, Sept. 15, 2023. Failure to bring your RP report to a “Complete” status by the deadline will result in incorrect annual statements for your employees.**

## IMPORTANT DATES

**Sept. 6, 2023**  
Due Date for August RP and ER reports and TEXNET

**Sept. 15, 2023**  
Year-End Deadline for Annual Statements

Year-end processing is a very busy time at TRS, and your coach may not be able to respond to you immediately due to the volume of requests. We ask that if you need assistance, please send your coach one email that includes all your questions so we can ensure you receive the information you need. If you do not receive a response within two business days, or if you are unsure of who your coach is, email [reporting@trs.texas.gov](mailto:reporting@trs.texas.gov). **Please make sure to include your four-digit TRS number in any email or voice message.**

### *Other tips for new fiscal year processing:*

1. Web Administrators, please make sure to update your contacts in the RE portal. End the contact records for those who are no longer serving in that role and add any new contacts including the Head of Institution. Further instructions can be found in the [Instructions for Web Administrators](#) guide on the TRS website.
2. Higher Education REs are not required to report student employees on the RP report if the individual is meeting the student employment requirements as stated in the Payroll Manual for Higher Education Employers. See Student Employment on [page 32](#).
3. For both the RP and ER Reports, each report month is required to contain hours and days worked in the report month and pay received in the report month. The hours and days should not be based on the pay period. This means that even if the employees are not paid in the first month that they are working, they will need to be reported with the time worked on the RP20.
4. Reporting Employment After Retirement (EAR) – EAR employment dates are not based on the retiree’s contract with the employer. Rather, they are based on the dates the retiree will be employed in a position and/or employment type during the fiscal year. REs are not required to report the employment dates for all retirees as Sept. 1 – Aug. 31. REs may report the employment dates on a month-to-month basis. If reporting a date range of when the retiree is expected to work during the fiscal year the dates must fall within Sept. 1 – Aug. 31. For example, if the retiree’s work concludes at the end of the Spring semester, and the employment type will remain the same through the year, the RE may report dates as Sept. 1 through May 31.
5. The Employment Type Code on the ER report must reflect the type of work a retiree performed in that specific report month. A retiree who will be working full-time hours some months, but half-time or less hours in other months, cannot be reported as working full time all fiscal year.
6. Additionally, if a retiree works as a substitute in multiple position codes throughout the month, do not report a separate record for each position code. Instead, combine all substitute work under the primary position code on the ER20 (retiree employment information, compensation, and surcharges).
7. Submit ED90 records for **all** terminated employees whether it is due to termination/resignation, retirement, or death.

### *TRS Business Hours:*

- 8 a.m.–5 p.m., Monday–Friday
- Any requests for assistance (questions, overrides, etc.) received after 4 p.m. may be considered ‘received’ the next business day.

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## **TIPS FOR YEAR-END PROCESSING** continued from page 4

### **RE Portal Validation Schedule:**

1. RE Portal validations are scheduled to run on the hour and half hour from 6 a.m.– 6 p.m. – Example: 6 a.m., 6:30 a.m., 7 a.m.
2. Any information entered after 6 p.m. will not validate until the following morning.
3. Validation run processing times can take longer the week of the report due dates.
4. The portal is unavailable each day from approximately 7 p.m. until 10 p.m.

# TEXNET VS. LEDGER

The contribution titles on the TEXNET menu may differ from the title on the RE Ledger Contribution Type, or “bucket” in the RE Portal. Below is a list of the TEXNET menu options, along with their corresponding RE Ledger Contribution Type and which type of Reporting Employer (RE) may use that contribution type.

A friendly reminder to be very careful when submitting your TEXNET deposits. Please ensure that you are depositing the correct amount into the correct contribution type. While an RE contact can transfer between certain contribution types (as long as the transfer is allowed per our Limits on Transfers and Refunds), some transfers are not allowed at all or require special TRS review.

<b>TEXNET Menu (In Current Order)</b>	<b>RE Ledger Contribution Type</b>	<b>Used By:</b>
Member Contribution Amount	MC - Member Contribution	All
Member TRS-Care Contribution Amount	IN - Member TRS-Care Contribution	Non-Higher Ed
RE Federal Fund/Private Grant Contribution Amount	FG - RE Federal Fund Private Grant Contribution	All
RE Statutory Minimum Contribution Amount	SM - RE Statutory Minimum Contribution	Public School, Charter Schools
RE Non-Education/General Funds Contribution Amount	NE - RE Non-Education/General Funds Contribution	Higher Ed
Pension Penalty Interest Amount Due	PI - RE Penalty Interest	All (Penalty)
RE Federal Fund/Private Grant TRS-Care Contribution Amount	FI - RE Federal Fund/Private Grant TRS-Care Contribution	Non-Higher Ed
RE Educational/General Funds Contribution Amount	EG - RE Educational/General Funds Contribution	Higher Ed
Member Service Credit Purchase Payroll Deduction Amount	SP - Member Service Credit Purchase Payroll Deduction	All
TRS-ActiveCare Premiums Billed Amount	AC - Active Care	Non-Higher Ed
RE TRS-Care Contribution Amount	RI - RE TRS-Care Contribution	Non-Higher Ed
RE New Member Contribution Amount	NM - RE New Member Contribution	All
RE Pension Surcharge for Reported Retirees Contribution Amount	PS - RE Pension Surcharge for Reported Retirees Contribution	All
RE TRS-Care Surcharge for Reported Retirees Contribution Amount	CS - RE TRS-Care Surcharge for Reported Retirees Contribution	All
RE Community/Junior College Contribution Amount	CJ - RE Community/Junior College Contribution	Community/
Junior College		
RE Public Education Employer Contribution Amount	EC - Public Education Employer Contribution	Non-Higher Ed
RE TRS-Care Penalty Interest Amount Due	CI - TRS-Care Penalty Interest	All (Penalty)
Penalty Fee Amount Due	PF - RE Penalty Fee	All (Penalty)
Not on Texnet	AI - TRS-ActiveCare Penalty Interest	Not Currently in Use (Penalty)

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# NEW MEMBER? NEW QUICK-START GUIDE JUST FOR YOU

To all our new members – welcome to TRS! As a new member, it's important to take specific actions at the beginning of your career. That's why we provide a new member checklist – so you have access to the resources you need to connect with your retirement system right from the start.

Visit the [Quick-Start Guide for New TRS Members](#) where you can learn more about:

- Registering for *MyTRS*
- Designating a Beneficiary
- Reviewing Health Care Benefits
- Reviewing the *TRS Benefits Handbook*
- Watching TRS' Member Education Video Series
- Visiting the Life Event Resource Kit
- Attending an Introduction to TRS Presentation
- Subscribing to TRS Email Notifications
- Connecting with Us on Social Media

We look forward to staying connected with you throughout the course of your career!

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# TRS-ACTIVECARE ANNUAL ENROLLMENT ENDS AUG. 17

Annual Enrollment ends on Aug. 17. However, in response to feedback from districts on enrollment date flexibility, there is a supplemental enrollment period from Aug. 18-31, 2023.

During this supplemental enrollment period, only administrative staff may make changes or enroll a participant. Please do not share this period with employees.

If you enroll someone during the supplemental enrollment period, coverage will still take effect on Sept. 1. However, there will be a delay in accessing digital health insurance ID cards.

The BA toolkit for Annual Enrollment is live on [BCBSTX's BA website](#). It includes enrollment and administrative guides, resources to help your employees choose the right plan, and access to support.

If you have questions during enrollment, don't hesitate to reach out to your District Ambassador (DA). They're your district's personalized support!

Don't hesitate to reach out to the District Ambassador assigned to your region if you have questions during Annual Enrollment. Find them through the [District Ambassador Directory](#).

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# EXPRESS SCRIPTS CUSTOMER SERVICE RESOURCES

Beginning Sept. 1, 2023, Express Scripts will be the new pharmacy benefit manager for TRS-ActiveCare. Please note that employees can continue to use their CVS Caremark prescription ID cards through Aug. 31, 2023.

## **Express Scripts Customer Service Live**

Participants' can now call ESI's dedicated TRS-ActiveCare customer service at (844) 367-6108, 24 hours a day, seven days a week, if they have questions about prescriptions, locating an in-network pharmacy, or need information about pharmacy plan benefits.

ESI's custom website for TRS-ActiveCare participants is also now live: [www.esrx.com/trsactivecare](http://www.esrx.com/trsactivecare).

The website is filled with useful information that can help participants prepare for the new plan year, such as a drug estimator tool to check medication costs, how to locate a nearby pharmacy, easily get prescriptions and more.

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# RETIRE HEALTHY WITH TRS-CARE WEBINAR RECORDING

A new webinar for retiring public school employees, Retire Healthy with TRS-Care, launched in May. This webinar is for any employee nearing retirement. They do not need to be in TRS-ActiveCare to enroll in TRS-Care, the health program for retirees.

Retire Healthy with TRS-Care offers critical information to help employees make a fully informed decision about health care in their retirement years. The webinar provides:

- An overview of TRS-Care and the different plans it offers
- A review of eligibility criteria and the enrollment process
- Help with preparing to sign up for TRS-Care
- Information on what to expect after you enroll in TRS-Care

A recording of this webinar is on TRS' YouTube channel for anyone to access and watch. If you have employees nearing retirement, we encourage you to send them this resource!

[Retire Healthy with TRS-Care Webinar Recording](#)