TEACHER RETIREMENT SYSTEM of TEXAS

UPDATE

EMPLOYEES SUBJECT TO IRS SALARY CAP

Some highly paid employees may have their annual creditable compensation limited due to a salary cap from the Internal Revenue Service (IRS). Once an employee subject to the salary cap has reached the compensation limit for the fiscal year, a Reporting Employer (RE) may not report any further creditable compensation or contributions to TRS. However, the RE is still required to report the employee's Total Gross Compensation, days worked, and hours worked to TRS on their monthly Regular Payroll (RP) report.

If you are unsure if an employee is subject to the IRS limit, please search for the employee in the View Employee Information screen for confirmation. Also, you can use the Employees tab in the portal to access a list of employees at your RE who are subject to the salary cap. The list also shows those employees who are within 85% of the cap.

If you believed someone to be subject to the salary cap and later determined they were not, and you stopped reporting their eligible compensation and contributions, then you may make corrections in certain circumstances. If the person is still employed with your RE, you can collect contributions for the unreported salary for the current fiscal year and one prior fiscal year. Submit prior month adjustment records (RP25s) to report this information. Anything earlier than the prior fiscal year is not eligible to be reported as a Regular Payroll (RP) adjustment and the member must have the earlier compensation verified to be able to purchase credit, if desired.

CONTRIBUTION RATES INCREASING FOR 2022-23

During the 86th Texas Legislative session, the legislature passed Senate Bill 12, the TRS Pension Reform bill, which provided for gradual contribution increases from the state, public education employers and active employees to the TRS Pension Trust Fund.

As a result of this legislation, the following rates will be effective beginning Sept. 1, 2022:

Contribution Type	Current Rates	Rates Effective Sept. 1, 2022
Member Contribution	8.0%	8.0%
State Contribution	7.75%	8.0%
Public Education Employer	1.7%	1.8%
Pension Surcharge	15.75%	16.0%

Please keep in mind the new rates will apply to all TRS-eligible compensation *paid* on or after Sept. 1, 2022, and the rate increase will affect your Regular Payroll (RP) and Employment After Retirement (ER) reports.

The following contribution rates will not change for FY 2023:

- TRS-Care Surcharge for Reported Retirees
- Member TRS-Care
- RE TRS-Care
- Federal TRS-Care
- Member Contribution

To see the complete chart of rate of increases through FY 2025, please review the TRS website.

REPORTING NON-RETIRED EMPLOYEES THROUGH SUMMER MONTHS: ACCRUED WAGES VS. ACTIVELY WORKING

Receiving Accrued Wages Only
Employees who have completed their FY 2021-22 work agreements and are only receiving accrued wages through the summer months should be reported with no days or hours worked, and a Zero Day Reason Code of A-Accrued Pay on their RP20 record.

- Example: 02 Teacher with a 08/23/2021-05/25/2022 contract and is receiving accrued pay through August for a teaching position. Since the member completed their teaching contract in May, no time worked should be reported in June and July. If the employee returns to teach in August for the new school year, TRS time worked would be reported in August.

Receiving Accrued Wages and Working Summer School
Employees who have completed their FY 2021-22 work agreement, but are also performing summer school duties, will need to be reported with two RP records. One RP20 should be reported with no days or hours worked, and a Zero Day Reason Code of A-Accrued Pay on their RP20 record to reflect the accrued wages from their completed contract. The second RP20 record should reflect any time worked and pay received for the summer school duties.

- Example: 02 Teacher with a 08/23/2021-05/25/2022 contract is receiving accrued pay through August for a teaching position. No time worked should be reported in June and July on their RP20 record for their 02-teaching position.

- Work performed for summer school will need to be reported separately under its own RP20 record for position code 09.

Receiving Accrued Wages for 2021-22 and Begins Contract for 2022-23 School Year in Same Month Under Same Position Code
If the employee is receiving accrued wages and begins their new contract in the same month, they should have one RP20 record with accrued wages for FY 2022 and time worked in new contract combined.

12-Month Employees Working Regular Schedule
Employees should continue to be reported with days and hours worked through the summer months.

REPORTING RETIREES IN THE SUMMER

As we move into the summer months, TRS has received questions about how TRS retirees should be reported for the 2022 summer months. Retirees should be reported based on the work that they are performing and the pay that they receive in that specific report month. Below are some reminders for submitting ER records throughout the summer.

Reporting Accrued Pay and Surcharges
If a retiree does not work during the summer and only receives accrued pay, then the retiree will be reported with the same employment type under which they earned the compensation along with the Zero Day Reason Code of A-Accrued Pay. Since the retiree is not working during the month, they have not exceeded the allowable one-half time limit and therefore surcharges are *not* due, even if the retiree is receiving accrued pay from the full-time position during the school year.

Reporting Employment Types

Half-Time or Less Employment
Retirees who are normally classified as full-time employees may fall under this employment type in the summer months if they are not working 92 hours in the report month. Even though the retiree may be considered a full-time employee through the summer months at your RE, the employment on the ER report is dependent on the number of hours that they work in the report period.

For example, if a retiree was hired as full time from 9/01/2021-6/10/2022, but only worked 64 hours in the month of June, then their employment type would need to be changed to "H-Half-time or Less" for that report month. If the original employment was entered from September-June, then an ER27 would be needed to end the full-time employment in the previous month, so that the new half-time employment can be entered for the month of June.

REPORTING RETIREES IN THE SUMMER *continued from page 2*

Full-Time Employment
If a retiree exceeds the number of allowable hours for retirees (92 hours) in the report month, then they would need to be reported with the employment type of "F-Full-time." Exceptions would be retirees employed as substitutes, surge personnel and/or non-profit tutor. For retirees who retired after 9/01/2005 and do not meet one of these exceptions, then surcharges would be triggered and be due from the employer for that report period.

Substitute Employment
This employment type should only be used for retirees who are working in a true substitute position and are paid the daily rate of pay for substitutes. The only exception would be retirees working in a vacant position as a substitute for 20 days, as they would also be considered substitutes for the first 20 days worked in the vacancy. After the 21st day, they would no longer be considered a substitute and would need to be reevaluated for their employment type.

Combined Employment
If a retiree works in multiple positions at the same employer, in which they are combining substitute work and non-substitute work in the same report month, then the employment type should be reported as "C-Combination of Substitute and Half-time or Less." These retirees are limited to the number of days that they can work in the report month, without triggering surcharges. If the retiree works more than 11 days in the combined employment, then surcharges would be triggered and be due from the employer for that report period.

Surge Personnel Employment
If the retiree meets all the requirements to be classified as a surge personnel employee, then they would need to be reported as such on the ER report. These retirees would not trigger surcharges for their surge personnel employment and the "EAR Surge Personnel Exception" certification would need to be completed in the portal to certify that they meet all the requirements.

Non-Profit Tutor
If a retiree has met the requirements to be classified as a non-profit tutor, then they would need to be reported as such on the ER report. These retirees could trigger surcharges for their employment based on the number of hours/days that they work in the report period. Once reported as a non-profit tutor (whether it is full time, half time or substitute capacity), the "EAR Tutor Certification" would need to be completed in the portal to certify that they meet all the requirements.

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.

TEXNET VS. LEDGER *continued from page 3*

TEXNET Menu (In Current Order)	RE Ledger Contribution Type	Used By:
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)**

TRS-ACTIVECARE 2022-23 ANNUAL ENROLLMENT, PLAN HIGHLIGHTS AND NOTEWORTHY CHANGES

Annual Enrollment is from July 5 – Aug. 18.
Annual Enrollment for the 2022-23 plan year begins on July 5 and ends Aug. 18. Each district will designate their enrollment dates in that time frame.

In response to feedback from districts on enrollment date flexibility, there is a supplemental enrollment period from Aug. 19 – Aug. 30.

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 ID cards.

The BA toolkit for Annual Enrollment will be live at the end of June.

2022-23 Plan Highlights
All 20 Regional Plan Highlights are on TRS' website. This year, we embedded the What's New & What's Changing document in Plan Highlights.

2022-23 Changes to Note
- PrudentRx is a new drug benefit where participants pay $0 for specialty drugs. The program is exclusively for participants in TRS-ActiveCare Primary, Primary+ or ActiveCare 2. They must actively choose to enroll in PrudentRx to pay the $0 cost-share. It's not a default benefit on those plans.

- We're capping the price of most insulins for participants in TRS-ActiveCare Primary, Primary+, or ActiveCare 2. The price is a $25 copay for a 31-day supply or $75 copay for a 61-90-day supply. This affordable access will help keep patients with diabetes on their medications and out of the hospital.

- We're expanding Member Rewards with 119 new procedures, including lab services at LabCorp and Quest.

- TRS-ActiveCare HD participants are now eligible for Member Rewards. However, it will work differently than it does with other plans. Participants may only apply their Rewards toward vision and dental services.

- NEW pilot for Regions 4, 6, 10 & 11: Airrosti and Hinge Health musculoskeletal programs that are $0 for participants. They focus on chronic pain relief, pharmaceuticals, imaging, and surgical prevention through a variety of home and physical therapy.

PROTECTING MEMBER *MYTRS* ACCOUNTS WITH MULTI-FACTOR AUTHENTICATION (MFA)

As you may know, we've launched a new and improved *MyTRS*. Along with a new look and feel to the *MyTRS* portal, we're also continually enhancing the features available to members. The initial upgrade allows members to update and manage their account information in real time. This means the way members can engage with us is now more personal than ever!

We understand some members have had questions about the identification process and submitting the requested form during the initial *MyTRS* registration process. Please share this information with your employees as it includes details on verifying their identity and the importance of the enhanced security measures to safeguard their information.

The *MyTRS* upgrade offers significant improvements to technology. Compare it to making the switch from using a flip phone to a smartphone – exciting and new opportunities to adapt to the change.

PROTECTING MEMBER MYTRS ACCOUNTS WITH MULTI-FACTOR AUTHENTICATION (MFA) *continued from page 5*

As we work to increase the number of services we provide electronically, we must continue to ensure strong security measures are always in place. One of these, Multi-Factor Authentication (MFA), adds another layer of protection so that only you can access your online account. MFA is a leading industry best practice widely used by banks and lenders to protect personal information.

Verifying Your Identity
Due to the new technology and security measures in place, we are requiring all users to create a new *MyTRS* account. You will not be able to use your old *MyTRS* username and password. During the registration process, you will need to complete an additional step to further verify your identity. A few things to note about this step:

- You must agree to and correctly answer multiple-choice questions from the third-party identity proofing services provider for *MyTRS*. This step ensures you are who you claim to be and better safeguards your information.

- The provider will search credit reports and public records to find information about you that will help confirm your identity. The search is not considered a "hard inquiry" or credit inquiry that can affect your credit score. *Note: TRS does not store or have any information on file for the questions asked by the provider.*

- The provider does not have access to your TRS member account.

- **If you attempt to register multiple times without success, this could be due to:**
  - **Temporarily being locked out of the registration process**
  - **Mismatch in information**
  - **Incorrectly answering the multiple-choice questions**
  - **Not agreeing to the third-party terms of use or canceling out of the questions**
  - **Timing out of the registration process**

- In some situations, the provider does not have enough information to generate the questions needed to verify your identity.

Alternative Method to Establish your *MyTRS* Account
If you're unable to register online, there is an alternative method to provide proof of your identity. The system will request that you fill out a form and return it to TRS, along with copies of the appropriate identification. Once the form is received, TRS will mail an activation code to your address on record.

We understand that this delays the registration process; however, TRS takes our responsibility seriously to protect your confidential information to the fullest. Typically, TRS processes these forms the same day we receive them and returns an activation code to you via the regular postal schedule of three to four days.

Imposters
Be aware, we have experienced situations in the past where imposters have attempted to compromise member accounts. The more services available to you online (e.g., apply for retirement, apply for a refund, update your personal information, etc.), the more opportunities imposters may see and attempt to steal your information.

We take your confidential account information seriously and will continue to do what is needed from a security standpoint to protect your funds and prevent fraud.

Please know that *MyTRS* and the registration process are performing as designed. We know change is not always easy, but along with providing enhanced services that allow your information to be available at your fingertips, we must also improve what we do to protect you.

WATCH & LEARN: TRS MEMBER EDUCATION VIDEO SERIES

Learn all about your TRS pension benefits by watching our Member Education Videos! Help us spread the word about the series by downloading a poster from our website and displaying it at your school.