

UPDATE

SCHOOL DISTRICT MUST USE POSITON CODE 09 FOR SUMMER SCHOOL

TRS is adding a new position code to help calculate and report salaries that are and are not subject to Statutory Minimum contributions during the summer months. Effective May 2019, position code 09 will be used to designate those employees whose regular school year job is subject to Statutory Minimum, but who are also working summer school outside of their regular contract as a wholly separate job.

- Position code 09 will only be used by ISDs.
- Position code 09 will only be used for employees whose regular school year positions are subject to Statutory Minimum who are also working summer school.
- ED40s for position code 09 may only contain contract dates from May 15–Aug. 31 of each year.
- ED40s for position code 09 must be submitted in the month the employee begins their summer school contract/work agreement.
- RP20s for position code 09 will only be accepted for report periods May–October of each year.
- RE Payment for non-old age, survivor and disability insurance (OASDI) will be due on 100 percent of the TRS-eligible salary reported under position code 09.
- Statutory Minimum contributions are not due on salary earned and reported under position code 09.
- The Adjusted State Minimum field will be left blank on Regular Payroll (RP) records for positon code 09.
- Employers will continue reporting pay that was accrued during the instructional year and that was paid out over the summer months under the position code for that job. This will be a **separate** RP record under the employee's normal job code. Employers will continue to report and pay Statutory Minimum contributions on salary above the Adjusted State Minimum that was earned during the employee's regular contract for the instructional year.
- RP20s for pay earned during the summer months under positon code 09 will be accepted up to two months after the end of the summer school contract.
- Days and hours worked during summer school should only be reported on a position code 09 RP record during the time the employee is actually working. Once the 09 summer school contract has ended, no further days and hours should be reported under that position.
- If summer school pay is issued more than two months after the end of the 09 contract that pay will need to be added to the RP20 for the employee's current fiscal year contract. That record will result in validation errors; however, this is expected. Then, the Reporting Entity (RE) will need to email their coach with a breakdown of how much salary and contribution applies for summer school and how much applies to the regular school year. The coach will verify the information and process an override for the record.

IMPORTANCE OF THE REPORT SIGNATURE

The signature that is submitted for RP, Employment after Retirement (ER), RP Adjustment, and ER Adjustment reports is used to certify that the total number of records and all salary and contribution information submitted through the detail is **accurate and complete** in the reporting of all employees for that report month. The RE Portal user who submits the signature is confirming that the report is accurate and complete.

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REs may not remove records from the report for the sole purpose of bringing the report to complete status, unless directed to do so by their coach. The main reason a coach might direct an RE to remove a record is due to a defect in the RE Portal that does not allow a record to process at that time.

Section 821.101(b) of the Texas Government Code states that, “A person commits an offense if the person knowingly or intentionally makes or permits the making of a false record for or statement to the retirement system in an attempt to defraud the retirement system.” Therefore, when an RE contact accepts a signature certifying the report is correct, but records have been removed from that report in order to bring the report to complete status to avoid penalties, that RE contact is engaging in fraudulent reporting.

MEMBERSHIP ELIGIBILITY ERRORS AND RESOLUTIONS

There can often be fluctuations in the number of hours an employee works per month. At times, a person who has been reported to TRS as being in an eligible position may work fewer than half-time hours in a report month. Conversely, a person who has been reported as being in an ineligible position may occasionally work more than half-time hours in a report month.

In order to document that a person is being reported to TRS with the correct membership eligibility status, your coach will ask you to answer a few questions if you receive an error requesting you to ‘verify membership eligibility.’ It is important to provide this information to the coach so that an override can be requested if needed. The questions are designed to show due diligence on the part of the RE as well as TRS to ensure the membership status of all participants is accurate.

The most common errors we see related to this are Errors 570 and 573.

Error Code 570 – Please verify TRS membership eligibility for this employee. Based on prior reporting, employee may be in a TRS-eligible position since the hours reported are one half or more of the full-time equivalent. If you feel the reported information related to this error is correct, please contact TRS.

The coach will ask you to provide answers to these questions:

1. What is the Full-Time Equivalent (FTE) for the position this person works? FTE is defined as the number of hours per week a person hired to work full time in that job is required to work. If there is no FTE, please state that.
2. Is there a temporary schedule change that caused the employee to work more than normally scheduled (e.g. Picked up extra shifts due to staff shortage)? If yes, please explain.
3. Is the employee expected to resume working less than 50 percent of the FTE?

Error Code 573 – Please verify TRS membership eligibility for this employee. Based on prior reporting, the hours reported are less than half of the full-time equivalent. If you feel the reported information related to this error is correct, please contact TRS. If you feel the reported information related to this error is correct, please contact TRS.

The coach will ask you to provide answers to these questions:

1. What is the FTE for the position this person works? FTE is defined as the number of hours per week a person hired to work full time in that job is required to work. If there is no FTE, please state that.
2. Is there a temporary schedule change that caused the employee to work less than normally scheduled (e.g. Unpaid days during school closure)? If yes, please explain.
3. When is the employee expected to resume working more than 50 percent of the FTE?

STUDENT EMPLOYMENT

There seems to be some confusion on the definition of ‘student employment’ for TRS reporting purposes and when these students are TRS-eligible.

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Section 822.002(b) of the Texas Government code states that, “An employee of a public institution of higher education who is required to be enrolled as a student in the institution as a condition of employment is not permitted to be a member of the retirement system based on that student employment, and compensation paid to the employee for work performed as a student employee is not compensation subject to report and deduction for member contributions or to credit in benefit computations under [Section 822.201](#).”

Effective with the start of the 2017-18 school year, a person employed in a Texas public college or university is not eligible for membership, service credit or compensation credit based on **employment that is conditioned upon enrollment as a student at that college or university**. Compensation paid to the employee for work performed as a student employee is not subject to deductions for member contributions. Prior to the 2017-18 school year, student employment was eligible for TRS if combined with other eligible employment in the same report month. This change does not affect service or compensation credited for students employed prior to Sept. 1, 2017.

If a position is open to anyone, and it just happens to be filled by a student enrolled at that institution, that is not considered student employment under the statute and that person is subject to the same membership eligibility rules as all other employees.

Additionally, if the position requires that a person be enrolled as a student, but not at that specific institution, that is not considered student employment under the statute and that person is subject to the same membership eligibility rules as all other employees.

Students employed at ISDs, charter schools, or Education Service Centers are also subject to the same membership eligibility rules as all other employees as the statute only applies to higher education entities.

FAQS ON TRS 7

The *Notice of Final Deposit before Retirement and School Official Certification of Salaries* form (TRS 7) is one of the forms included in the retirement packet if a member has worked in the current or prior school year. Members are instructed to give this form to their TRS-covered employer. This form is to be completed by an authorized official of the TRS-covered employer. TRS uses the information provided on this form to correctly determine a member's final annual salary and eligibility for retirement; therefore, it is important that reporting officials provide the information requested on this form to TRS in a timely and accurate manner.

FAQs

What does TRS do with this form?

TRS uses the information provided on the TRS 7, in part, to determine if a member is eligible for the retirement date he or she has selected. One of the requirements to retire from TRS is that a member must terminate all employment with TRS-covered employers by the member's retirement date. This includes employment as a substitute and non-TRS-eligible employment. TRS also uses the TRS 7 to determine the amount of creditable compensation in the member's final year of TRS-covered employment. This salary information is needed to accurately calculate the member's annuity. For more information on correctly certifying the member's effective date of resignation/termination and salary in the final year of employment, please see below.

How should a TRS-covered employer certify the member's effective date of resignation/termination on the TRS 7? Is the 'Effective Date of Resignation/Termination' the date the person resigned, or the person's retirement date?

The effective date of resignation/termination is the date that the member terminates the employment relationship with the employer and **all** employment with the TRS-covered employer ceases. A member must terminate all TRS-eligible and non-eligible employment *before* retirement. A member has not officially terminated employment with a TRS-covered employer if the member is working, or on paid or unpaid leave with the TRS-covered employer. For example, a member may turn in a letter of resignation to terminate employment at the end of the day on July 31. This member may stop working on July 25 and remain on paid or unpaid leave through his or her date of resignation; however, the member's effective date of resignation/termination should be certified as July 31 on the TRS 7.

Another important note about termination of employment is that, for the purpose of determining eligibility for retirement, a member who has a contract or agreement for future employment with a TRS-covered employer has not terminated all employment with a TRS-covered employer. A member who has not terminated all employment with TRS-covered employers is not eligible to retire and is not eligible to receive any benefit related to retirement. There is *one* exception to this requirement: a person who is eligible for normal-age retirement may have a contract for future one-half time or less employment, or a contract for future full-time employment that begins after a 12 full, consecutive-calendar-month break in service with all TRS-covered employers.

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What dates should a TRS-covered employer certify as the semester dates on the TRS 7?

If you are a TRS-covered employer operating under a calendar with defined semesters, the semester dates certified on the TRS 7 should be the beginning and ending dates of the fall and spring semesters. TRS uses this information to determine if a member has rendered enough service to earn a year of service credit in the final school year prior to retirement.

How should a TRS-covered employer certify the member's final annual salary and final report month on the TRS 7?

The TRS 7 instructs reporting officials to include all creditable compensation earned between the beginning and ending dates of an employee's contract or work agreement during the final year of employment. TRS recognizes that many employers have not paid all of the compensation due to an employee by the employee's effective date of resignation/termination; however, reporting officials should include creditable compensation earned, but not yet paid, by the employee's effective date of resignation/termination in the final annual salary amount. The final deposit and month should reflect the amount of the final member contribution the TRS-covered employer will submit on behalf of the member and on which monthly report it will be included. This amount should **exclude** any TRS-ActiveCare contributions or other payroll deductions submitted on behalf of the member to TRS.

NOTE: It is very important to complete the Final Report Month field correctly. Beginning September 2015, all REs were required to report salary in the month it is paid, regardless of when it was earned. Please ensure that the Final Report Month field is completed based on the employee's final pay date, not based on the employee's termination date.

Is the annual salary requested on the TRS 7 based on a member's contract dates or TRS fiscal year?

The annual salary listed on the TRS 7 should reflect the TRS-eligible compensation that was paid during the TRS fiscal year of Sept. 1 through Aug. 31.

What is non-creditable compensation that has been converted to salary, and how should a TRS-covered employer certify it on the TRS 7?

TRS must exclude from benefit calculations any otherwise eligible compensation amounts that have been converted from non-creditable compensation to eligible salary and wages during any of the last three or five school years prior to a member's retirement (depending on the number of years used in the member's final average salary computation at retirement).

Conversion occurs when an employer agrees to begin paying a member with creditable compensation for services performed that were previously paid by that employer with non-creditable compensation. For example, if in the prior year contract, a TRS-covered employer identified a portion of the member's compensation as a car allowance or cell phone allowance (non-creditable compensation) and then in the current year contract includes this compensation as base salary and not as a car or cell phone allowance, the previously ineligible compensation (the allowance amount) has been converted to creditable compensation (base salary). If the conversion occurred in the last three or five school years prior to retirement, the amounts converted to base salary will be excluded from the calculation of the member's final average salary. The amounts converted to eligible salary and wages would need to be certified on the TRS 7 if the conversion took place in any of the final five school years prior to retirement.

Employers should submit member contributions on converted amounts because until the member retires, TRS does not know whether the converted amounts will be included in the member's annual compensation for benefit calculation purposes. If the converted compensation is not used in the benefit calculation, TRS will refund the member contributions on the converted amounts to the member.

To certify the non-creditable compensation on the TRS 7, mark "Yes" that non-creditable compensation has been converted to salary, include the amount of conversion per month, and the beginning month/year of the salary conversion.

Who at the entity can complete/sign the form?

Any individual that has signature authority or above in the TRS RE Portal can complete a TRS 7.

Can the TRS 7 be faxed to TRS?

At this time, TRS is unable to accept the TRS 7 via fax. In the future, Reporting Officials will be able to submit the information needed on the TRS 7 via the TRS RE Portal much like a refund certification. This enhancement will be rolled out sometime in 2020 with Phase 2 of our new pension line-of-business system.

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Is a TRS 7 required if a member has only been a substitute in the current or previous school year?

Yes. If a TRS member was employed by a TRS-covered employer in any position regardless of TRS eligibility during the school year in which they retire or the previous school year, a TRS 7 is needed. TRS members must terminate **all** employment with all employers in Texas public education, including employment as a substitute, regardless of whether it is a paid position or not. The TRS 7 must include the member's effective date of resignation/termination. It is helpful to note on the TRS 7 that the member was employed as a substitute.

Is a TRS 7 required if a member has only been in a non-eligible position in the current or previous school year?

Yes. If a TRS member was employed by a TRS-covered employer in any position regardless of TRS eligibility during the school year in which they retire or the previous school year, a TRS 7 is needed. TRS members must terminate **all** employment with all employers in Texas public education, including employment as a substitute, regardless of whether it is a paid position or not. The TRS 7 must include the member's effective date of resignation/termination. It is helpful to note on the TRS 7 that the member was employed as a substitute.

How should the TRS 7 be completed for an ineligible person or substitute?

The TRS 7 must include the member's effective date of resignation/termination, in addition to the certification section. It is helpful to note on the TRS 7 that the member was employed in a non-TRS- eligible position.

When should the TRS 7 be submitted to TRS?

Submit the TRS 7 only after the correct final earned salary is confirmed. Do not submit the TRS 7 any earlier than the retirement month.

Is it ok to pay the person out over the summer, or do we have to pay them everything at the end of the school year?

Yes, either way is acceptable to TRS as long as the TRS 7 reflects the correct resignation/termination date and final report period. For example, if a member terminates employment at the end of May and receives pay through the end of August, retirement payments representing the months of June, July and August would typically be issued during the first few days of September.

If I made a mistake on the dates or salary, how can I make corrections?

On the TRS 7 that was originally submitted, mark a single line through the incorrect information, note the correct information, and initial the correction. At the top of the TRS 7, write "Revised." Send the revised TRS 7 to TRS.

Should the entire salary be reported on the TRS 7 even if it includes ineligible pay?

No, the ineligible salary should not be included on the TRS 7.

NEW TRS GROUP PRESENTATION REQUEST FORM NOW AVAILABLE ON TRS WEBSITE

TRS benefit counselors conduct statewide benefit presentations for members who want to know more about their benefits and plan for retirement. In 2018, TRS conducted 147 statewide group presentations and 369 one-on-one field visits in 10 cities across Texas, with four of those cities being visited on two separate occasions! TRS representatives are also frequently invited to speak at special events and conferences and host booths to answer member questions. In addition, if we cannot travel to an event, we use webinar technology to present information on benefits.

Group presentations provide general information about TRS benefits. Members receive an overview of TRS benefits with a primary focus on retirement information – eligibility, tiers, calculation of benefits, retirement plans, death benefits, employment after retirement, and insurance. Members are not required to have a retirement packet.

Although TRS' travel season begins in September and ends in May, we continue to receive requests to present at events and conferences throughout the year. Do you have a request for TRS to conduct a benefits presentation for an event not listed on our [retirement sessions schedules](#)? If so, please submit your request through our new [request form](#).

The form is located on the TRS website. Go to www.trs.texas.gov, click on the Active Members tab located at the top of the page, click on Register for Statewide Benefits Presentations, and then click on Submit a Presentation Request. Please take a moment to read the webpage information. Then, simply complete the form and submit.

We look forward to sharing this streamlined service with you so that we can better serve you.