



When surcharges are due for retirees working more than one-half time

The table below illustrates:

- 1) the total number of hours available each month, based on eight hours multiplied by the number of workdays in the calendar month (each Monday-Friday in the calendar month, including holidays and days that the employer is closed for business that fall on a Monday-Friday);
- 2) the number of hours a retiree may work or be on paid leave under the one-half time or less exception, four hours multiplied by the number of workdays in the calendar month. If a retiree's employment is measured in class hours or semester hours rather than clock hours, each hour of instruction in the classroom or lab counts as a minimum of two clock hours in order to reflect instructional time as well as preparation time;
- 3) the total number of workdays available each month; and
- 4) the number of days a retiree who is combining substitute and one-half time or less in the same calendar month may work or be on paid leave without the employer incurring the pension and TRS-Care surcharges.

When a TRS retiree who retired after Sept. 1, 2005 works more than one-half time in the calendar month (see columns 3 and 5 below) the employer is required to pay surcharges to TRS. In the 2015-16 school year, the pension surcharge is 14.0 percent of the compensation paid to that retiree in a given month. The TRS-Care surcharge is a monthly amount due based on the retiree's TRS-Care coverage (if any). Please use the "view employee information" link in TRAQS to determine the amount of TRS-Care surcharge for a particular retiree.

Please refer any TRS retiree with questions about the amount of time the retiree is allowed to work or be on paid leave without affecting his or her annuity to a TRS benefit counselor.

Month	Total Full-Time Hours in Calendar Month ('Work Units 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

Tips for year-end processing

Year-end processing for TRS will soon be underway. As you are beginning a new school year, we are winding down our fiscal year. This time of year can certainly be hectic for everyone. The following is a list of short tips that we hope will help make things run more smoothly:

1. Reminder: Because Sept. 6 falls on a weekend, the due date for the August report is the prior business day. Therefore, all August reports and TEXNET deposits are due by **6 p.m. CST on Friday, Sept. 4.** Regular payroll MUST be at “Complete” status by 5 p.m. on Wednesday, Sept. 9. Failure to bring your regular payroll report to “Complete” status by the deadline will result in incorrect annual statements for your employees.
2. If you do not remember your TRAQS password, or get an “Access Denied” message, select the “Click Here if You Have Forgotten Your Password” link and follow the prompts to reset your password.
3. As mentioned, year-end processing is a very busy time at TRS. Your TRAQS coach may not be able to respond to you immediately due to the volume of requests coming in. We ask that if you need assistance, please call or email your TRAQS coach only once. If you do not receive a response within one business day or if you are unsure of who your TRAQS coach is, email reporting@trs.texas.gov. Please be sure to include your four-digit TRS number in any email or voice message.

TRS member contribution rate change and reporting when paid

The member contribution rate is changing from 6.7 to 7.2 percent as of Sept. 1. Additionally, the new rule clarification requiring that all reporting entities report salary in the month it is paid is also going into effect Sept. 1. Therefore, please follow the guidance below when filing the September report.

According to Texas Government Code Section 825.402, the rate of contributions for each member of the retirement system is:

6.7 percent of the member’s annual compensation for service rendered after Aug. 31, 2014 and before Sept. 1, 2015; and

7.2 percent of the member’s annual compensation for service rendered after Aug. 31, 2015 and before Sept. 1, 2016.

This means that the member contribution rate is based on when the service was rendered, not based on when it was paid.

For September reports (and any other later reports if you have to submit RP15 adjustments for pay earned in August 2015 but paid in September 2015), follow these instructions:

- Submit your report – some RP10s may be at 6.7 percent rate if salary was earned prior to Sept. 1; some RP10s will be at the 7.2 percent rate if the salary was earned after Sept. 1.
- Submit your signature with all totals added together.
- You will get errors because the contribution percentage is not “Correct” per TRAQS calculation.
- Send an email to your coach detailing:
 - How much of total salary was earned in August 2015 and the corresponding member contribution at 6.7 percent, and
 - How much of total salary was earned in September 2015 and the corresponding member contribution of 7.2 percent.

Following these steps will help the Regular Payroll Reports complete in a smoother, timely manner.

Prior month adjustments

Due to the recently adopted changes to TRS Rule 25.28, Prior Month Adjustments (RP15s) for the previous school year will result in an error on the Regular Payroll report. However, TRS will accept RP15s for reporting entity errors due to unreported service and/or compensation for the current and one prior school year.

Unreported service is defined as service that is eligible to be reported to TRS but that was not reported to TRS at the time the service was rendered. Unreported compensation is eligible salary paid to a member that was not

reported to TRS during the school year in which it was paid. In either case, member contributions were not withheld at the time the compensation was paid.

For errors in reporting that occur in the **current** school year, employers may submit an adjustment record (RP15) with the corrected information and pay the penalty interest associated with the late contributions.

For errors in reporting that occurred in the prior school year (which cause errors on the Regular Payroll report), an employer must request a waiver. If the waiver is approved, the RP15-Prior Month Adjustment records may be submitted if:

- the employee is still employed at that same reporting entity, and
- the employee is still due compensation from the employer so that the member contributions may be “picked up” with pre-tax dollars.

The employer must submit the corrected reports, the contributions that are due and the penalty interest required for late deposits and reports. The corrections must be made no later than the end of the school year following the school year in which the error occurred.

Adjustments are not allowed for school years earlier than the immediately preceding school year. If the error occurred before the prior school year, form 22I will be required to verify service and members will have the option to purchase the service at actuarial cost.

The Request for Waiver for Unreported Service in the Previous Fiscal Year (Form TRS-734) is being finalized. Additional instructions will be provided when the form is final.

IRS salary cap provision for the 2015-2016 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 became members of TRS for the first time on or after Sept. 1, 1996. The annual limit is subject to indexing each plan year, based on federal regulations. Amounts excluded from creditable compensation under this law are not subject to member contributions and will not be used in calculating benefits.

Do not report an amount of salary in excess of the salary cap to TRS for those members who became members of TRS for the first time on or after Sept. 1, 1996.

This cap is based on the TRS plan year of September through August and not the member's contract or work agreement year. After the member's reported salary, beginning with the September posting, reaches the salary cap for that year, no further salary should be reported until the following September, which is the beginning of the next plan year. However, creditable days must continue to be reported for these employees after they have reached the salary cap.

For the 2015-16 plan 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 **\$265,000**.

My “Superhero Teacher” statewide art contest set for fall

This September, TRS plans to liven up the retirement system's 2015 *Comprehensive Annual Financial Report* by conducting an art contest on its Facebook page. The contest will be open from Sept. 1 through Oct. 1, 2015 to K-5 students enrolled at TRS-covered public and charter schools. The top-ranked submissions will be entered into the agency's Facebook contest with the winner honored by the TRS Board of Trustees and given an award. Students will be asked to submit a piece of artwork that they have created depicting their favorite “Superhero Teacher.” Look for contest rules, parent permission forms and more information on the [TRS website](#) and [Facebook page](#) when the contest opens Sept. 1.