

Update

July 2013

Vol. 32 No. 4

TEACHER RETIREMENT SYSTEM OF TEXAS

Fall 2013 legislative update workshops for TRS TRAQS reporting

This fall, TRS will be conducting workshops at each regional service center regarding changes to TRAQS reporting as a result of measures passed during the 83rd Legislative Session and rule amendments adopted by the TRS Board of Trustees. While all of these changes have been communicated through the TRS *Update* or TRS Communications emails to all reporting entities, we feel it is important to discuss each issue further and provide comprehensive training to all reporting personnel.

These workshops are designed for all reporting entity types (ISDs, charter schools, service centers, higher education -- both university level and community/junior college level, etc.). We invite and encourage all reporting entity personnel who work with TRAQS to attend one of these workshops.

While TRS does not require registration for this workshop, some regional service centers require registration. Please contact the service center if you have questions on registration.

*** The Region 10 - Richardson workshop will be from 1-4 p.m.**

All other workshops will take place from 9 a.m. to noon on the date specified.

Date		Regional Service Center	Address	
* Monday	Sept. 16	Region 10 - Richardson	400 E. SpringValley Rd.	972-348-1700
Tuesday	Sept. 17	Region 12 - Waco	2101 W. Loop 340	254-297-1212
Wednesday	Sept. 18	Region 13 - Austin	5701 Springdale Rd.	512-919-5313
Thursday	Sept. 19	Region 15 - San Angelo	612 South Irene St.	325-658-6571
Thursday	Sept. 19	Region 20 - San Antonio	1314 Hines Ave.	210-370-5200
Tuesday	Sept. 24	Region 7 - Kilgore	1909 N. Longview St.	903-988-6708
Tuesday	Sept. 24	Region 14 - Abilene	1850 Highway 351	325-675-8600
Wednesday	Sept. 25	Region 8 - Mt. Pleasant	4845 US Hwy 271 North	903-572-8551
Wednesday	Sept. 25	Region 9 - Wichita Falls	901 Loop 11	940-322-6928
Thursday	Sept. 26	Region 11 - Ft. Worth	3001 North Freeway	817-740-3600
Tuesday	Oct. 8	Region 6 - Huntsville	3332 Montgomery Rd.	936-435-8400
Tuesday	Oct. 8	Region 1 - Edinburg	1900 West Schunior	956-984-6000
Wednesday	Oct. 9	Region 5 - Beaumont	350 Pine Street	409-951-1700
Wednesday	Oct. 9	Region 2 - Corpus Christi	209 North Water St.	361-561-8400
Thursday	Oct. 10	Region 4 - Houston	7145 West Tidwell	713-462-7708
Thursday	Oct. 10	Region 3 - Victoria	1905 Leary Lane	361-573-0731
Tuesday	Oct. 15	Region 16 - Amarillo	5800 Bell St.	806-677-5000
Tuesday	Oct. 15	Region 18 - Midland	2811 LaForce Blvd.	432-563-2380
Wednesday	Oct. 16	Region 17 - Lubbock	1111 West Loop 289	806-792-4000
Wednesday	Oct. 16	Region 19 - El Paso	6611 Boeing Dr.	915-780-1919

Legislative reporting changes for 2014-2015 and beyond

Senate Bill 1458, passed during the 2013 legislative session, encompassed multiple measures to ensure the financial soundness of the TRS retirement benefit fund. One of these measures is incrementally increasing the member contribution rate over several years. While the member contribution rate will remain at 6.4 percent for the 2013-14 school year, increases will occur effective as follows:

Sept. 1, 2014 - 6.7%

Sept. 1, 2015 - 7.2%

Sept. 1, 2016 - 7.7%

Beginning Sept. 1, 2017, if the state contribution rate is reduced below 6.8 percent, the member contribution rate will be reduced by an equivalent percentage.

Another measure adopted in SB 1458 is the employer contribution for certain members for whom the employer does not contribute to Social Security. (This measure does not apply to members employed in higher education.) Effective Sept. 1, 2014, TRS-covered employers are required to contribute 1.5 percent of the entire creditable salary amount paid to members whose salary is not subject to the statutory minimum requirements. If the member's creditable compensation is subject to the statutory minimum requirements, the employer will pay 1.5 percent on the statutory minimum salary. TRS-covered employers will continue to make the state's contribution on amounts that exceed the statutory minimum. Beginning Sept. 1, 2015, if the state contribution rate is reduced below 6.8 percent, the employer contribution rates are reduced by an equivalent percentage. The specific details and instructions on reporting this contribution will be sent at a later date.

Recent changes to TRS Rules 25.21(g & i), 25.6, and 25.1

TRS Rule 25.21(g & i) was recently modified to clarify membership eligibility for employment in higher education. Regular employment is employment that is expected to continue for four and one-half months or more. Employment with an institution of higher education (including community and junior colleges) is "regular employment" if it is expected to continue for more than one full semester or does continue for more than one full semester in the same school year.

Additionally, when determining whether an employee of an institution of higher education meets the requirement of working one-half time or more, employment measured in semester or course hours or credits, instructional units, or any other unit representing class or instructional time is to be converted to clock hours and counted as a minimum of two clock hours for each clock hour of instruction in the classroom or lab. This reflects instructional time as well as preparation, grading and other time typically associated with one hour of instruction. If the employer has established a greater amount of preparation time for each hour in the classroom or lab, the employer's standard will be used to determine the number of clock hours scheduled for work.

TRS Rule 25.6 clarifies that part-time or temporary employment in an institution of higher education is employment that is less than one-half the number of clock hours required for full-time employment or employment that is for no more than one semester in a school year, and is thus not eligible for TRS membership.

TRS Rule 25.1 was further clarified regarding employment of adjunct faculty members. Effective with the new school year, the minimum number of hours of employment for TRS membership eligibility for adjunct faculty positions is 20. This means an employee working in an adjunct faculty position may teach as many as three three-hour classes without becoming eligible for TRS membership. An adjunct faculty position is defined as an instructor position that is filled on a semester-by-semester basis, compensation on a per-class basis, and the duties include only those directly related to instruction of students.

Rule changes affecting surcharges - Rule 31.41 and Rule 41.4

Pension surcharge and TRS-Care surcharge rules have been modified to align the 'trigger' for the surcharge(s) being due with the criteria used for measuring retiree employment that is one-half time. Retirees who retired after Jan. 1, 2011 who have not had a 12-consecutive month break in service may work the equivalent of four hours for each workday in the month without losing their monthly retirement annuity. A workday is each Monday through Friday, including holidays and days the employer is closed for business.

Beginning Sept. 1, 2013, each report month a retiree who retired after Sept. 1, 2005, is working for a TRS-covered employer or a third-party entity for more than the equivalent of four clock hours for each workday in the calendar month, the employer will pay the pension surcharge. The amount of the pension surcharge is a combi-

nation of the employee contribution rate (currently 6.4 percent) and the state contribution rate (6.8 percent for the 2013-2014 school year), for a total of 13.2 percent of the salary paid to that retiree in that report month.

The TRS-Care surcharge will be triggered by the same criteria. If a retiree works for a TRS-covered employer or a third-party entity for more than the equivalent of four clock hours times the number of workdays in the calendar month, the TRS-Care surcharge will be due if the retiree participates in TRS-Care. The amount of the TRS-Care surcharge varies person-to-person based on the level of TRS-Care coverage. The employer may find the amount of the TRS-Care Surcharge due on an individual member by using the “View Employee Information” tool in TRAQS. This change means that exceeding the limit on one-half time employment will result in the surcharges being owed and the retiree forfeiting that month’s annuity (if the retiree retired after Jan. 1, 2011).

Reporting retirees working one-half time or less

The table below illustrates the total number of hours available each month [based on eight hours x the number of workdays in the calendar month] and the number of hours a retiree may work under the one-half time or less exception [four hours x the number of workdays in the calendar month].

This calculation does not apply when a retiree is combining substitute and one-half time employment in the same calendar month. A retiree working as a substitute (per the TRS definition of a substitute) and one-half time in the same calendar month would be limited to working one-half the number of available workdays in the calendar month. (Please refer to the May 2013 *Update* for complete information on how to report retirees working one-half time or less).

Month	Full-Time Hours (“Work Units Required” on ER10)	Number of Hours Available for Retiree Working One-Half Time or Less
September 2013	168 (21 workdays)	84
October 2013	184 (23 workdays)	92
November 2013	168 (21 workdays)	84
December 2013	176 (22 workdays)	88
January 2014	184 (23 workdays)	92
February 2014	160 (20 workdays)	80
March 2014	168 (21 workdays)	84
April 2014	176 (22 workdays)	88
May 2014	176 (22 workdays)	88
June 2014	168 (21 workdays)	84
July 2014	184 (23 workdays)	92
Aug. 2014	168 (21 workdays)	84

IRS salary cap provision for the 2013-2014 school year

The IRS salary cap for the 2013-14 plan year is \$255,000.00. Employees who first became a member of TRS on or after Sept. 1, 1996, are subject to the salary cap. This cap is imposed by requirements of the U.S. Internal Revenue Code. Do not report an amount of salary in excess of \$255,000.00 to TRS for those members who joined TRS on or after Sept. 1, 1996.

The cap is based on the TRS plan year of September through August and not the member’s contract/ work agreement year. Once the member’s reported salary, beginning with the September posting, reaches \$255,000.00, no further salary is to be reported until the following September, which is the beginning of the next plan year. However, creditable days must continue to be reported for the member after the member has reached the salary cap.