

Update

July 2014

Vol. 33 No. 4

TEACHER RETIREMENT SYSTEM OF TEXAS

IRS Salary Cap Provision for the 2014-15 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. These limits affect individuals who joined 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.

The IRS salary cap for the plan year beginning 2014-15 is \$260,000. Employees who first became a TRS member on or after Sept. 1, 1996, are subject to the salary cap. Do not report an amount of salary in excess of \$260,000 to TRS for those members who first joined TRS on or after Sept. 1, 1996.

The cap is based on the TRS plan year of Sept. 1 through Aug. 31 and not the member's contract or the employer's instructional year. Once the member's reported salary beginning with the September 2014 posting reaches \$260,000, no further salary is to be reported until the following September, which is the beginning of the next plan year. However, days worked or days of paid leave must continue to be reported for these employees after they have reached the salary cap.

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

The table on the following page illustrates the following regarding when surcharges are due for work done by retirees who retired after Sept. 1, 2005:

- The total number of hours available each month (based on eight hours x the number of workdays in the calendar month) - This is the number of hours for the "Work Units Required" field on the ER10 for retirees being reported in hours.
- The number of hours a retiree may work under the one-half time or less exception without the employer incurring the Pension and TRS-Care Surcharges. (four hours x the number of workdays in the calendar month).
- The number of workdays available each month. This is the number of workdays for the "Work Units Required" field on the ER10 for retirees being reported in days.
- The number of days a retiree who is combining substitute and any other TRS-covered employment in the same calendar month may work without the employer incurring the pension and TRS-Care surcharges.

When a TRS retiree works more than one-half time in the calendar month (see columns 3 and 5 on the following page) or combines substitute and any other TRS-covered employment in the same calendar month and works more than one-half the number of workdays in that calendar month, the employer is required to pay surcharges to TRS. When combining substitute and any other type of work in the same calendar month, working any part of a day counts as working the entire day, i.e., days are counted as whole days and should not be counted in one-half day increments. If there are an odd number of workdays in that calendar month, one-half the workdays means the lowest number of whole workdays. Beginning Sept. 1, 2014, the pension surcharge is 13.5 percent of the compensation paid to that retiree that month, and the TRS-Care surcharge is a monthly amount 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 without affecting his or her annuity to a TRS benefit counselor.

Month	Total full-time hours in reporting period ("Work Units Required" on ER 10)	Number of hours available for retirees working one-half time or less	Total working days in reporting period	Number of days available for retirees combining substitute and any other work in the same calendar month
September 2014	176 hours	88 hours	22 days	11 days
October 2014	184 hours	92 hours	23 days	11 days
November 2014	160 hours	80 hours	20 days	10 days
December 2014	184 hours	92 hours	23 days	11 days
January 2015	176 hours	88 hours	22 days	11 days
February 2015	160 hours	80 hours	20 days	10 days
March 2015	176 hours	88 hours	22 days	11 days
April 2015	176 hours	88 hours	22 days	11 days
May 2015	168 hours	84 hours	21 days	10 days
June 2015	176 hours	88 hours	22 days	11 days
July 2015	184 hours	92 hours	23 days	11 days
August 2015	168 hours	84 hours	21 days	10 days

TRAQS Contacts

Please take the time to log in to TRAQS and review the Reporting Entity Data screen for the entity you represent to verify that the entity contact data listed is accurate. If a discrepancy is found, the following corrective actions should be taken depending on the update required.

- To update a contact's work mailing address, phone number or email address, please send TRS an email requesting the update and include the correct contact data. On the subject line, include "Contact Data Update for Entity #_ _ _ _." Please include your name, title and the name of your entity at the bottom of the email request.
- To delete a contact, an email request must be sent to TRS. On the subject line, include "Deleting Contact(s) for Entity #_ _ _ _." In the body of the email, include the contact's full name and request that they be removed as a contact for the entity. Please include your name, title and the name of your entity at the bottom of the email request.
- To add a new contact, a form TRS 597 must be completed and signed by the head of the reporting entity or the alternate reporting official. Additionally, a TRS 598 form must be completed in order to receive a user ID and password (access) to TRAQS. These two forms, TRS 597 and TRS 598, must be completed and emailed to TRS together in order to be processed. The completed forms must be emailed. Forms will NOT be accepted by fax or USPS mail.

The Payroll Contact for the entity is the primary point of contact for TRS and will receive the TRAQS report status emails.

All emails should be sent to reporting@trs.state.tx.us. Please remember to include the four-digit TRS reporting entity number in the subject line of any email sent to allow the update to happen as quickly as possible.

Deadline approaching to purchase service credit toward meeting the 2014 Five-Year Service Credit Requirement

Senate Bill 1458, passed by the Texas Legislature in 2013, amended TRS normal-age service retirement eligibility criteria. The changes made will affect members with less than five years of service credit in TRS on Aug. 31, 2014* (*2014 Five-Year Service Credit Requirement*). In order to be exempted from the changes made to retirement eligibility criteria, eligible members may purchase service credit by Aug. 31, 2014*, to be counted toward meeting the *2014 Five-Year Service Credit Requirement*.

Of the types of service credit a member may purchase to meet the *2014 Five-Year Service Credit Requirement*, unreported (including substitute and worker's compensation) service credit and membership waiting period service credit require verification of a member's service from the reporting entity for which the member worked. In order to purchase service credit toward meeting the *2014 Five-Year Service Credit Requirement*, a member must submit all required and completed verification documents to TRS by Aug. 31, 2014*. Incomplete verification documents or verification documents received after Aug. 31, 2014*, will not be accepted, and the member will not be able to purchase service credit to be counted toward meeting the *2014 Five-Year Service Credit Requirement*. TRS requires form TRS 22I (Verification of Service and Salary) to verify unreported service credit, form TRS 22S (Verification of Substitute Service and Salary) to verify substitute service, and form TRS 22W (Verification of Worker's Compensation Payments) to verify worker's compensation payments. All of these forms can be found on the TRS website (www.trs.state.tx.us).

Persons who were first employed in TRS-eligible positions between Sept. 1, 2003, and Aug. 31, 2005, were subject to a 90-day waiting period prior to becoming members of TRS. The waiting period also applied to persons who previously terminated their TRS membership by withdrawal of accumulated contributions and later returned to TRS-covered employment during the dates mentioned above. A member subject to the 90-day waiting period who did not serve at least four and one-half months, a full semester of more than four calendar months, or 90 paid days from the date of TRS eligibility until the end of the school year in which the person became a member of TRS, may apply to purchase a year of service credit based on the combined eligible service and waiting period service. To verify waiting period service, TRS requires members to submit a letter from the reporting entity for which the member worked stating the number of days the member served during the waiting period and the number of days the member served from the date the member first became eligible for TRS membership until the end of the school year. If the combined total is less than 90, the member's dates of employment and the corresponding semester dates should also be provided. In order to purchase waiting period service credit and have it applied toward meeting the *2014 Five-Year Service Credit Requirement*, TRS must receive the completed verification letter described above from the member by Aug. 31, 2014*.

It is important that reporting entity officials make every effort to complete verification documents quickly for the types of service credit addressed above and return the documents to the employees or members so that TRS will receive the documents on or before Aug. 31, 2014*. Failure to do so could result in substantial changes to a member's normal-age service retirement eligibility criteria. Verification documents may be submitted to TRS by the member via mail or fax using the fax number (512) 542-6597.

****Please note:*** The legislative deadline to purchase eligible service credit toward meeting the *2014 Five-Year Service Credit Requirement* is Aug. 31, 2014; however, since Aug. 31, 2014, falls on the Sunday of Labor Day weekend, TRS will accept bill requests that include any required, completed verification documents as well as any payments in-full through Tuesday, Sept. 2, 2014. Members whose bill requests include the required, completed verification documents and are received no later than 11:59 p.m. Sept. 2, 2014 will be given a 30-day period from the date the bill is sent by TRS to complete the purchase. Only payment in full by 11:59 p.m. Sept. 2, 2014 or by the due date established by the letter accompanying the bill will be sufficient to establish service credit to be counted toward the *2014 Five-Year Service Credit Requirement*. If a member is purchasing more than one year of unreported service credit or USERRA service credit, only payment sufficient to purchase the number of years of service credit needed to meet the *2014 Five-Year Service Credit Requirement* must be received by 11:59 p.m. on Sept. 2, 2014.

Important dates for TRS fiscal year-end

TRS will close out Fiscal Year 2014 and go through year-end processing after close of business Friday, Sept. 12, 2014. If your TRAQS reports have not reached "Complete" status prior to TRS year-end processing, your employees' Annual Statement of Account will not reflect the correct annual salary for the 2013-14 school year.

Because Sept. 6 falls on a Saturday, all TEXNET deposits and TRS reports are due by 6 p.m., Austin time, on Friday, Sept. 5.

Due to TRS year-end processing, all monthly reports that are not "Complete" by the standard due date must reach "Complete" status by the close of business on Wednesday, Sept. 10. A status of "Incomplete" is acceptable for the Member Data Report only if no further records need to be corrected and resubmitted.

Therefore, in order for all reports to be "Complete" by the year-end processing deadline of Sept. 10, August deposits that were not submitted by the standard due date of Sept. 5 must be submitted through TEXNET no later than 6 p.m. (Central Time) on Monday, Sept. 8. (Interest will apply if the deposit is sent in at this time as it will be past due.)

Please be reminded that, although later dates are discussed above, standard reporting deadlines still apply. The reports and TEXNET deposit are due by Sept. 5, 2014 to avoid interest.

Summary of key dates for the August 2014 TRAQS reports:

TEXNET deposit due date:	Friday, Sept. 5, 2014
TRAQS report due date:	Friday, Sept. 5, 2014
Additional (late) TEXNET deposit due date:	Monday, Sept. 8, 2014
Late TRAQS report completion deadline:	Wednesday, Sept. 10, 2014

2015 TRS Board election nomination forms now available online

Active public school district, charter school and regional education service center employees who are TRS members may now request petitions to nominate candidates to a position on the TRS Board of Trustees.

In spring 2015, an election will be held to field nominees who are eligible for appointment to fill one of the two public education positions on the board of trustees. The position will be for a six-year term beginning as early as Sept. 1, 2015. All TRS members whose most recent credited service is or was performed for a public school district, charter school or regional education service center are eligible to vote in this election. Members of the system who are currently employed in a TRS-eligible position by a public school district, charter school or regional education service center may have their names listed on the official ballot as candidates by filing an official petition.

Petitions must be signed by 250 public school district employees who are TRS members and whose most recent credited service is or was performed for a public school district, charter school or regional education service center. In addition, when members sign the petition, they must include their printed or typed names, the first five digits of their current residential zip code, and the last four digits of their social security number. All valid nominating petitions filed with TRS by Jan. 20, 2015, will be accepted.

By March 15, 2015, TRS will mail ballots and an edition of *TRS News* containing candidate information to all TRS participants who are eligible to vote in the elections. TRS must receive completed ballots on or before May 5, 2015. Then, TRS will certify the names of the three candidates who received the highest number of votes to the governor. The governor will then appoint one of those candidates to serve on the board.

To obtain a petition form, you may:

- Print the petition form from the TRS website;
- Write TRS at 1000 Red River; Austin, TX 78701-2698;
- Call 1-800-223-8778, ext. 2702; or
- Fax a request to 1-512-542-6585.

Nominating instructions are included on the form.

TRAQS - Tip of the Month

Please include your four-digit TRS reporting entity number in the subject line of any email communication with TRS and when leaving a voice message for your TRS coach.