

TEACHER RETIREMENT SYSTEM of TEXAS

UPDATE

CHANGES TO 403(B) CERTIFICATION & REGISTRATION PROGRAM

As a result of HB 2820, effective Sept. 1, 2019, TRS will no longer certify 403(b) companies nor will TRS maintain a list of registered 403(b) investment products. Products will continue to be regulated by the Texas Department of Insurance, the Texas State Securities Board and applicable federal agencies.

The bill maintains some requirements for school districts and charter schools regarding 403(b) investment products. School districts and charter schools are encouraged to review the legislation and visit with their own counsel to determine what remaining provisions of the law apply.

HOW TO MINIMIZE REPORTING COACH RESPONSE TIMES

Our goal is to have our reporting coaches respond to all calls or emails within two business days. Sometimes we do fall short of this; however, we want to ensure that you receive the assistance you need in a timely manner. With that in mind, please use the following points to help the reporting coaches streamline their response times:

- Please include your four-digit TRS number and the report type and month you are seeking assistance with in the subject line of your email or in your voice message.
- Please put all your questions in one email or voice message rather than sending multiple messages.
- Please be as detailed and precise as possible in your email or voice message regarding the issue you are having. Please do not send a message simply stating “I need help” or something similar.
- If you have errors that you need a coach to assist with, please email a screenshot of the entire record including the error.
- If you do not get a response within two business days, please forward your original email or message to reporting@trs.texas.gov.
- If you receive an ‘out of office’ message from your coach that lists an alternate email at which to send requests, please follow the instructions in that message.

Taking these steps will help minimize the back and forth communication that often happens when your coach is trying to determine the precise nature of your request. In turn, the coaches are committed to assisting you in resolving your reporting issues in as timely and complete a manner as possible.

TRS RETIREES – ADJUNCT EMPLOYMENT AND CERTIFICATION REQUIREMENTS

Some higher education Reporting Entities (REs) encourage their adjunct faculty members to complete a certification program. The employees are typically not required to complete this program; however, the adjunct is compensated for their attendance if the program is completed and certified. Since the adjunct faculty member would receive compensation for getting certified, both the compensation and time worked must be reported for Employment after Retirement purposes. The certification program is considered a type of compensated work activity, rather than professional development, which is voluntarily performed on the employee’s own time and expense.

continued on page 2 >

continued from page 1

UPDATED TRS28 FORM

An updated version of the [Election to Participate in Optional Retirement Program and/or Refund](#) form (TRS28) is posted on the TRS website. Please destroy all unused copies of previous versions of the TRS28 and begin using the new form, which can be found on the TRS website under Forms (this form applies to higher education REs only).

VALIDATING WARNINGS AND ERRORS RECEIVED ON REGULAR PAYROLL REPORTS

In an effort to verify the accuracy of reported information on Regular Payroll (RP) reports, TRS receives ‘exception reports’ regularly. These contain records that are in need of review, even though the reports did not violate any validation errors.

As TRS reviews these reports, a common issue for our REs has been discovered. Sometimes an RE changes the Membership Eligibility flag from ‘No’ to ‘Yes’ at the start of a contract after the participant has already begun working in that contract. The result is a participant in a non-eligible position earning a creditable year of service in error.

The following scenario should be considered when reviewing RP warnings and errors.

- At the time of submission, an ED 40 is submitted incorrectly with the TRS Eligibility flag as ‘Yes’.
- The first month TRS-eligible compensation is not reported, the warning 417 will read on the RP Report *“eligible TRS Gross Compensation and member contributions must be reported if the employee was paid TRS-eligible compensation during the report period.”*
- The second month that TRS-eligible compensation is not reported, error 428 will populate on the RP Report reading *“a member cannot be reported with a positive number of days, but no salary, for two consecutive months unless the member is subject to the Federal IRC 401(a)17 limitation.”* Upon receipt of the error, some REs are deleting the record from the RP report.

If an RE experiences this warning and error scenario over many report periods, then the ineligible employee will receive a creditable year of service. In addition, the employee will only have payroll transactions for every other report period on their account.

When an RE receives the warning on their RP report, they should ask themselves the following questions to determine the appropriate corrective measure:

- Is this employee in a TRS-eligible position?
 - **No:** What data was submitted on the ED 40 record? Does an ED 45 need to be submitted to correct the Membership Eligibility flag?
 - **Yes:** Did the employee receive TRS Creditable Compensation in this report period? Do eligible compensation and contributions need to be added to the RP record?

In addition, it appears that REs are deleting RP transactions from reports when they receive errors. As a reminder, REs are not permitted to delete records unless instructed to do so by their coach.

continued from page 2

REPORTING TOBACCO USE DURING TRS-ACTIVECARE ANNUAL ENROLLMENT

Beginning with the 2019-20 plan year, employees in the TRS-ActiveCare Program will need to certify if they and/or their spouse have used tobacco products in the last three months. Participants who use tobacco will not pay more premiums for the upcoming plan year.

A non-tobacco user must certify that the following is true:

- They cannot have used any of the following in the past three months:
 - tobacco products (including cigarettes, pipe tobacco, cigars, chewing tobacco, tobacco snuff and hookah tobacco), or
 - non-Food and Drug Administration (FDA) approved nicotine-based products (like e-cigarettes, nicotine gels and dissolvables).
- They can use the following if they are using them to quit tobacco/nicotine use:
 - over-the-counter FDA-approved nicotine replacement products (skin patches, chewing gum and lozenges), or
 - prescription drugs (Chantix, Zyban and Nicotrol).

Tobacco Cessation Resources for Your Employees

TRS-ActiveCare participants have access to a no-cost online wellness cessation program that is part of Simple Steps to a Healthier Life, called Breathe™. Breathe offers steps to reduce cravings, resist relapse and feel healthier. Simply log in to [Aetna Navigator](#) and choose “I want to... Take a Health Assessment” to get started.

What does TRS-ActiveCare Cover?

TRS-ActiveCare 1-HD covers Bupropion (Wellbutrin) at no cost because it's on the preventive drug list. Under this plan, participants can get nicotine gum and patches at no cost with a prescription. Without a prescription, participants would pay out of pocket until meeting the deductible. Participants can also attend group or one-on-one coaching sessions at no cost.

TRS-ActiveCare Select and TRS-ActiveCare 2 cover these therapies at no cost as long as the participant has a prescription.

For more information, participants can call TRS-ActiveCare Customer Service at 1-800-222-9205.

TRS-CARE REMINDERS FOR RETIRING EMPLOYEES

Health care represents a large part of the retirement benefit that TRS offers eligible members. Tell your employees to consider their health care options as they plan for retirement. Here are some tips you can share with them:

1. Submit your *Application for Service Retirement* form (TRS 30) as soon as possible. Once we process it, we'll send eligible members an application for TRS-Care. You must return the application if you wish to enroll in coverage. If we don't receive the TRS-Care application, there could be a delay in enrollment or lapse in coverage before the desired effective date. Coverage cannot begin prior to your retirement date. If you submit your TRS-Care application after your enrollment period, you cannot enroll in coverage unless you experience a special enrollment event, such as a marriage, a divorce, an involuntary loss of outside creditable coverage, or when you turn 65.
2. Get familiar with TRS-Care and what benefits it will offer. We offer TRS-Care Medicare Advantage and TRS-Care Medicare Rx for those who are 65 and older and/or Medicare-eligible. We also offer TRS-Care Standard – a high-deductible health plan that combines medical and prescription services – to those who are not eligible for Medicare. Visit [Health Care Benefits](#) for enrollment guides, plan highlights and more benefit resources.

continued from page 3

TRS-CARE REMINDERS FOR RETIRING EMPLOYEES *continued*

3. If you or your dependents are eligible for Medicare, you must make sure it will take effect before or on the day TRS-Care coverage begins. Purchase and enroll in Medicare Part B as soon as possible, ideally two to three months before your TRS-Care takes effect, to ensure timely processing with social security so you don't have a lapse in coverage. If you are eligible for premium-free Medicare Part A, sign up for it. If you can't get it at no cost, you only need Part B. Visit ssa.gov for more information on enrolling in Medicare. Visit medicare.gov for information about Medicare coverage.
 4. If you are a member with the Employee Retirement System (ERS), the University of Texas system, or the Texas A&M University system and wish to enroll in TRS-Care, you will need to submit documentation proving you are ineligible to receive ERS or UT retiree health benefits. Contact your Human Resources department to obtain this documentation, then submit it to TRS-Care. We must receive and approve this information before we can send you an application.
-

DISTRICT CONTRIBUTIONS TO TRS-ACTIVECARE PREMIUMS

Starting this fall, TRS will collect information each year about how much employees pay for TRS-ActiveCare coverage. Though the minimum district contribution under state law has not changed since 2002, many districts contribute more than the \$150 required per employee per month. This information will allow TRS to develop an accurate picture of the cost of TRS-ActiveCare health coverage among participants.

For districts that use a third-party administrator (TPA), the TPA will send premiums to bswift. Districts that do not use a TPA will enter the employee share of the premium directly into the bswift portal. Detailed information about the data reporting requirements will be shared directly with Benefit Administrators.

2019-20 TRS-ACTIVECARE ANNUAL ENROLLMENT IS UNDERWAY

Annual Enrollment for TRS-ActiveCare participants began on July 1, 2019 and will end on Aug. 23, 2019. This is the annual opportunity for your employees to make changes to their health benefits without experiencing a special enrollment event. Participants should consider all of their options when choosing a plan. Encourage your employees to visit the [TRS-ActiveCare Health Care Benefits page](#) to access Annual Enrollment resources such as ALEX, [the enrollment video](#) and [plan highlights](#).

UPDATE ON PENALTY FEE GRACE PERIOD

As you may recall, the portion of Senate Bill 1663 pertaining to penalty fees on late reports was originally scheduled to go into effect with January 2018 reports. Because of the ongoing efforts to transition to the new employer reporting system, TRS decided to delay assessing penalty fees on late reports until the September 2018 reporting period.

For the 2018-19 fiscal year, we instituted a two month 'grace period' for FY2019 reports. The grace period did not change the due date for reports and TEXNET deposits, but it did give REs extra time to complete the reports before penalty fees were assessed.

Beginning with the September 2019 reporting period, the 'grace period' to complete reports without assessing penalty fees will be reduced to one month.

continued from page 4

UPDATE ON PENALTY FEE GRACE PERIOD *continued*

For example, the September 2019 RP report and corresponding TEXNET deposit is due on October 4 (because October 6 falls on a weekend, the TEXNET and report are due the previous business day). The RE has one report month after the due date (Nov. 6, 2019) to complete the September RP report. If the report is not at complete status by end of business day on November 6, penalty fees will be assessed. The same formula is applied to ER reports.

Again, this does not change the due dates of reports or TEXNET deposits. It simply gives REs additional time to resolve errors and complete reports. All reports and TEXNET should be submitted by the due date set by the legislature and REs should make every effort to complete the reports by the due date.

Report Month	Regular Payroll Report and TEXNET Due Date	Regular Payroll Grace Period Deadline	Employment after Retirement Report and TEXNET Due Date	Employment after Retirement Grace Period Deadline
September 2019	Oct. 4, 2019	Nov. 6, 2019	Oct. 10, 2019	Nov. 8, 2019
October 2019	Nov. 6, 2019	Dec. 6, 2019	Nov. 8, 2019	Dec. 10, 2019
November 2019	Dec. 6, 2019	Jan. 6, 2020	Dec. 10, 2019	Jan. 10, 2020
December 2019	Jan. 6, 2020	Feb. 6, 2020	Jan. 10, 2020	Feb. 10, 2020
January 2020	Feb. 6, 2020	March 6, 2020	Feb. 10, 2020	March 10, 2020
February 2020	March 6, 2020	April 6, 2020	March 10, 2020	April 10, 2020
March 2020	April 6, 2020	May 6, 2020	April 10, 2020	May 8, 2020
April 2020	May 6, 2020	June 5, 2020	May 8, 2020	June 10, 2020
May 2020	June 5, 2020	July 6, 2020	June 10, 2020	July 10, 2020
June 2020	July 6, 2020	Aug. 6, 2020	July 10, 2020	Aug. 10, 2020
July 2020	Aug. 6, 2020	Sept. 4, 2020	Aug. 10, 2020	Sept. 4, 2020
August 2020	Sept. 4, 2020	Oct. 6, 2020	Sept. 4, 2020	Oct. 9, 2020

The penalty fee is based on the REs number of employees listed on the May report for the previous school year. The late fee will not exceed \$1,000 per business day, and there is a cap of \$25,000 per report month on the late fees for each report.

Number of Employees	First Business Day Past Due	Each Subsequent Business Day
1-99	\$100	\$10
100-499	\$250	\$25
500-1000	\$500	\$50
1001 and above	\$1000	\$100

Penalty interest on late TEXNET deposits remains in effect. Please remember to transmit your TEXNET deposits on time so that penalty interest is not accrued on those deposits.

continued from page 5

LEGISLATIVE CHANGES THAT IMPACT TRS REPORTING

The recently completed 2019 Texas Legislative Session passed two bills that will impact TRS reporting and will likely require software providers to update programming for their customers. A summary of the changes follows:

Applies to all Reporting Entity types:

- Effective Sept. 1, 2019, the state contribution rate increases from 6.8 percent to 7.5 percent. This new rate will apply to all TRS-eligible compensation paid on or after Sept. 1, 2019.
- Over the next five fiscal years, the state contribution rate, member contribution rate, and employer contribution rate (Non-OASDI) will increase. The increases are shown in the chart below.
- Previously, only public education entities that did not contribute to social security were required to pay the employer contribution. Beginning Sept. 1, 2019, **all** school districts, charter schools and regional education service centers will contribute the 1.5 percent, regardless of whether the employer participates in social security. TRS will be changing the name of this contribution type to Public Education Employer Contribution, or EC for short.

For Pay Received on or after	State Contribution Rate	Public Education Employer (Non-OASDI) Contribution Rate	Member Contribution Rate
Sept. 1, 2019	7.5%	1.5%	7.7%
Sept. 1, 2020	7.5%	1.6%	7.7%
Sept. 1, 2021	7.75%	1.7%	8.0%
Sept. 1, 2022	8.0%	1.8%	8.0%
Sept. 1, 2023	8.25%	1.9%	8.25%
Sept. 1, 2024	8.25%	2.0%	8.25%

Summary of other legislative changes by RE type:

Independent School Districts:

- Changes to Non-OASDI:
 - Effective Sept. 1, 2019, all REs who pay social security on their TRS-eligible employees will also be required to pay 1.5 percent of all TRS-eligible compensation to TRS (this is currently known as the RE Payment for Non-OASDI Members. REs who paid social security on TRS-eligible employees were previously exempt from this contribution).
 - Independent School Districts (ISDs) will pay the 1.5 percent on eligible salary up to the state minimum if the position is subject to Statutory Minimum.
 - ISDs will pay 1.5 percent on all eligible salary if the position is not subject to Statutory Minimum.
- Changes to Statutory Minimum:
 - Effective Sept. 1, 2019, ISDs who are subject to paying the state contribution on salary paid above the state minimum will no longer use a Cost of Education Index multiplier to calculate an Adjusted State Minimum salary. The state contribution will be due on all eligible compensation paid above the [state minimum salary schedule](#) as set by the Texas Education Agency.

continued from page 6

LEGISLATIVE CHANGES THAT IMPACT TRS REPORTING *continued*

Summary of other legislative changes by RE type:

Charter Schools:

- Changes to Non-OASDI:
 - Effective Sept. 1, 2019, all REs who pay social security on their TRS-eligible employees will also be required to pay 1.5 percent of all TRS-eligible compensation to TRS (this is currently known as the RE Payment for Non-OASDI Members. REs who paid social security on TRS-eligible employees were previously exempt from this contribution).
- Changes to Statutory Minimum
 - Effective Sept. 1, 2019, all open enrollment charter schools are subject to paying the state contribution on TRS-eligible compensation that would be above the state minimum salary schedule for that employee if the employee worked for a school district subject to the minimum salary schedule.
 - Charter schools will also continue pay the 1.5 percent RE Payment for Non-OASDI Members on all eligible salary, regardless of whether the position would be subject to Statutory Minimum.
 - The state contribution will be due on all eligible compensation paid above the [state minimum salary schedule](#) as set by the Texas Education Agency.

Education Service Centers:

- Changes to Non-OASDI:
 - Effective Sept. 1, 2019, all REs who pay social security on their TRS-eligible employees will also be required to pay 1.5 percent of all TRS-eligible compensation to TRS (this is currently known as the RE Payment for Non-OASDI Members. REs who paid social security on TRS-eligible employees were previously exempt from this contribution).

Higher Education:

- No changes other than the state and member contribution rate increase on the effective dates listed in the chart above.

RETIREE ADVISORY COMMITTEE NOMINATIONS

In February 2020, TRS will fill three seats on the Retirees Advisory Committee, an advisory committee for TRS-Care. The Texas Insurance Code requires that the committee be comprised of seven members with staggered four-year terms. Three positions will expire on Jan. 31, 2020: one retired school administrator, one active teacher and one retired teacher.

The committee meets twice a year in Austin and is responsible for holding public meetings on group coverage, recommending minimum standard and plan features, and recommending changes to rules and legislation affecting TRS-Care.

TRS evaluates nominees based on the following criteria:

- length of experience as a TRS member and/or retiree,
- participation in education-related volunteer programs,
- professional activities and experience serving on committees, boards and decision-making organizations, especially related to health care or other benefits,
- credentials, awards, or other meritorious recognition,
- participation in TRS-Care (for retired nominees),
- geographic diversity, and
- experience in health care benefits or related field.

Anyone required to register as a lobbyist under Chapter 305 of Texas Government Code is ineligible for appointment.

continued from page 7

RETIREE ADVISORY COMMITTEE NOMINATIONS continued

To be nominated to one of the three positions, submit your resume and a cover letter to TRS by Aug. 15, 2019 to

Teacher Retirement System of Texas

Attention: Manager, Health Care Informatics and Communications

1000 Red River St.

Austin, TX 78701

Your cover letter should state the position you are applying for and provide details of your qualifications for that position. The TRS Trustees will select new RAC members from the list of qualified nominees at their meeting on Sept. 19, 2019.
