

Update

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TEACHER RETIREMENT SYSTEM OF TEXAS

New GASB pension standards

In June 2012, the Governmental Accounting Standards Board (GASB) issued two new standards that will substantially change the accounting and financial reporting of public employee pension plans and the individual employers (reporting entities) that participate in such plans. *GASB Statement No. 67 Financial Reporting for Pension Plans* revises existing guidance for the financial reports of most governmental pension plans and is effective for financial statements for periods beginning after June 15, 2013. *GASB No. 68, Accounting and Financial Reporting for Pensions* revises and establishes new financial reporting requirements for most governmental entities that provide their employees with pension benefits and is effective for financial statements for fiscal years beginning after June 15, 2014.

Implementation of GASB 67 and GASB 68 will result in changes to how pension information is audited. Employers will now be required to report their pro rata share of the collective net pension liability. As a result, employer auditors will need to rely on the financial statement amounts that are reported by the Teacher Retirement System of Texas (TRS).

The Texas State Auditor's Office (SAO) is the plan auditor for TRS financial statements for the fiscal year ending August 31, 2014. As part of its audit work, the SAO will conduct site visits to request submission of documentation from a selected number of reporting entities from June through October 2014. Onsite information checks will help ensure that employee payroll and demographic data submitted to TRS is accurate. The SAO will be reviewing the following elements of the data: dates of birth; dates of hire or years of service; eligible compensation; gender; and dates of termination or retirement. Reporting entities selected for review will be contacted directly by the SAO. Please note that any discrepancies with respect to employee payroll and demographic data identified will be directed to TRS and not the reporting entity.

For TRS to prepare the 2014 Allocation Schedule for the reporting entities, ***all contributions owed through August 2014 (Signature Report) must be submitted by September 5, 2014.*** (The normal due date of September 6th falls on a weekend; therefore, all August TRAQS reports and TEXNET deposits will be due the previous business day.) For reports not completed by this date, TRS will estimate your contributions for purposes of the GASB 68 Allocation.

Please check here for ***updates on GASB 67 and 68.***

Reminder on communicating with TRAQS coaches

Please make sure to always include the four-digit TRS number for the reporting entity for which you are requesting assistance. It is important to include this information in both emails and voice messages so that the coach is prepared to assist you when he or she contacts you.

New state minimum salary schedule

The Texas Education Agency (TEA) released a new state minimum salary schedule in early June. Per TEA, the new salary step schedule goes into effect when an employee begins a new contract or work agreement for the 2014-2015 school year (July 1 or later).

This new salary schedule will affect the Statutory Minimum report calculations for those reporting entities that are required to submit the Statutory Minimum report. The Statutory Minimum report PowerPoint on the TRAQS Payroll Reporting Manual is being updated, and the new version will be available the first week of July.

Frequently Asked Questions about Employment after Retirement and Surcharges

When are surcharges due from an employer? *When a retiree who retired after September 1, 2005, works or uses paid leave for more than the equivalent of four hours for each workday in the calendar month, surcharges are due.*

*If a retiree who retired after September 1, 2005 combines substitute and any other amount of work in the same calendar month, surcharges are due if the retiree works or uses paid leave for more than half the number of **work-days** in the calendar month. If there are an odd number of workdays in that calendar month, the retiree may work and/or uses paid leave for only one-half the number of **whole** days available to work, i.e., the retiree may not work any part of the one-half day. It no longer matters whether the retiree is working in a TRS membership eligible position.*

A retiree who works exclusively as a substitute in the place of a current employee does not trigger payment of the surcharges.

The surcharge is due only if the retiree works or uses paid leave for more than the number of hours allowed or works or uses paid leave for more than the number of days allowed if the retiree combines substitute employment and any other amount of work in the same calendar month. This means that the reporting entity must evaluate each month whether surcharges are due.

The TRAQS Payroll Reporting Manual on the TRS website contains training PowerPoints for Employment after Retirement, Pension Surcharge and TRS-Care Surcharge. Each PowerPoint contains a chart with the half-time limits for each calendar month in the fiscal year and is updated each school year.

How will we know if someone is a TRS retiree? *Use the 'View Employee Information' screen in TRAQS to look up every new hire. This screen will give you information such as whether the person is a TRS retiree, what the retirement date is, whether the retiree has had a 12-month break in service and may return to work full-time (if applicable), whether surcharges are potentially due based on the amount of time a retiree works in a calendar month, and the amount of the TRS-Care Surcharge due based on the specific retiree. View Employee Information should also be used to determine if a new hire is already a TRS member, but not retired.*

Are we required to report a retiree even if he or she is only substituting? *Yes, all TRS retirees must be included on the Employment after Retirement report. However, a retiree who works exclusively as a substitute in the place of a current employee does not trigger payment of the surcharges.*

Do I report retirees if they will not be working during the summer? *Only report TRS retirees in the months they actually perform work or are on paid leave.*

Are surcharges due for a retiree if he or she is only receiving accrued pay? *No, surcharges are not due if the retiree is only receiving accrued pay. Surcharges are due if a retiree is working and has exceeded the amount of work time allowed under the Employment after Retirement rules regardless of when the retiree is paid.*

If we report a retiree in Area 2, are surcharges due? *Surcharges are due on all retirees who retired after September 1, 2005, and who work more than the equivalent of four hours for each workday in the calendar month, or combine substitute and any other amount of work and work more than one-half the number of work days in that calendar month regardless of the area in which they are reported.*

Do retirees have to have a break in service from TRS-covered employers? If so, how long? *Yes, all TRS retirees must take at least one full calendar month away from employment with TRS-covered employers before they may return to work in Texas public education in any capacity. This means that a retiree cannot work as a substitute, part-time (or any amount of time) or in a combination of the two during the one-month break in service.*

A retiree who retires after January 1, 2011 and who wants to return to work for a TRS-covered employer on a full-time basis (anything greater than one-half time) without forfeiting his/her annuity must take a complete break of 12 full, consecutive calendar months from work with a TRS-covered employer at any point after retirement. Again, the retiree cannot work any amount of time as a substitute, one-half time (or any amount of time), or in a combination of the two during the 12 full, consecutive calendar months break in service.

How will we know if the retiree has had a 12 full, consecutive calendar month break in service and is able to work full time without losing his or her annuity? *View Employee Information will display a message if the retiree retired after January 1, 2011, and has or has not had a 12-month break in service.*

Are surcharges due if the member has had a 12 full, consecutive calendar month break in service? *The 12 full, consecutive calendar month break in service relates to whether a retiree may work more than one-half time and still receive his or her annuity check. It does not affect whether surcharges are due.*

Surcharges are due on all retirees who retired after September 1, 2005, and who are working more than one-half time, i.e., working more than the equivalent of four hours for every workday in that calendar month or working more than one-half the number of days when combining substitute and any other type of work in a calendar month.

How will we find out the amount of the TRS-Care surcharge? *View Employee Information will display the amount of TRS-Care Surcharge due for that individual retiree if the retiree exceeds the amount of time allowed to work and/or use paid leave in that calendar month. It is the employer's responsibility to keep track of the amount of time a retiree works or uses paid leave each month and to apply the surcharge rules accordingly.*

We are a higher education entity so we do not have to pay the TRS-Care surcharge, correct? *No, that is not correct. The TRS-Care surcharge applies if the retiree is enrolled in TRS-Care, not whether the employer participates in TRS-Care. If a higher education institution hires a retiree who is enrolled in TRS-Care and that retiree retired after September 1, 2005 and works and/or uses paid leave for more than one-half time or combines substitute employment and any other work in the same calendar month and works more than one-half the number of days in that month, the higher education institution must pay the TRS-Care surcharge as well as the Pension surcharge.*

Nominations now being accepted for seat on TRS Board

Please share the following information with your employees!!

Active member public school employees may now begin requesting petitions to nominate candidates for a seat on the TRS Board of Trustees. An election for one of the active member public school employee positions on the board will take place in spring 2015. Valid petitions **received by TRS on or before January 20, 2015**, will be accepted. To learn more and how to obtain a nominating petition, please visit www.trs.state.tx.us.

TRS offices to close on Independence Day

TRS offices in Austin will be closed on Friday, July 4, in observance of Independence Day.

TRAQS - Tip of the Month

When a new employee is hired in a TRS eligible position, always submit an MD 20, MD 30, and MD 40 on the Member Data Report.

These records should be submitted for the new employee in the same month you are reporting that person on the Regular Payroll report for the first time.