

# Update

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## TEACHER RETIREMENT SYSTEM OF TEXAS

### ***Termination Certification vs. MD90 Termination Record***

In June 2012, TRS began receiving the “School Official Certification” (Termination Certification) required on some “Notice of Final Deposit and Request for Refund” forms (TRS 6) through TRAQS rather than on the TRS 6 form itself. This change has helped TRS process member refunds more efficiently and has hopefully reduced paperwork for the reporting entities.

The MD90 Termination Record submitted on a Member Data report through TRAQS is not the same thing as the Termination Certification for refunds. The MD90 tells TRAQS to cancel the MD40 Contract and Position Record that was submitted at the beginning of the member’s employment or the beginning of the current school year.

The MD90 is submitted in the month the member is being reported to TRS for the final time. This ensures that the Regular Payroll report processes correctly. Submitting an MD90 does not eliminate the need to complete the Termination Certification for a refund because the MD90 does not relate to refunds. Similarly, completing a Termination Certification for a refund does not eliminate the need for the reporting entity to submit an MD90 when a member terminates employment.

Remember, an MD90 is always submitted when a member has terminated employment. The Termination Certification is only requested and completed when a member requests a refund of his or her contributions from TRS.

### ***Additional reminder regarding: Online certification of employee terminations***

Since June 2012, TRS has been using an electronic certification process which gives TRS reporting officials the ability to certify employment terminations through TRAQS for employees who have terminated employment and applied for a refund of TRS contributions. It is important to respond to the request for termination certifications in a timely manner so that TRS can complete the refund process. Reporting officials do not need to provide TRS with the final transaction deposit or adjustment amounts during the certification process. All they have to report is whether the employee has terminated employment, the date of termination, and the final report month. So in the future, responses to the certification requests do not need to be held for a final dollar amount or for the monthly report to be completed before submitting the certification to TRS. It is important to understand that TRS cannot complete the processing of a terminated member’s refund until TRS receives the requested certification.

If the initial certification information requested has not been received by TRS after seven days, a reminder email message will be sent out to the reporting entity.

TRS will continue to send the reminder email until the information is received.

Your attention to processing these requests in a timely manner is appreciated by TRS and by the terminating employee.

#### ***TRAQS - Tip of the Month***

After the necessary changes are made on the Member Data Report, the Regular Payroll report must be resubmitted for TRAQS to process.

#### ***TRS offices to close on Memorial Day***

TRS offices in Austin will be closed on Monday, May 26, in observance of Memorial Day.

# Reminder of reporting changes for the 2014-2015 school year

As we near the end of another instructional year, here is a brief reminder of the TRAQS reporting changes that will take place next fall:

## New contribution required for employers

Beginning with the September 2014 TRAQS reports, all reporting entities that do not contribute into Social Security for **TRS-eligible** employees are required to make a new monthly contribution to TRS. This is in accordance with Senate Bill 1458, which was enacted last year by the 83rd Legislature. (This requirement does not apply to institutions of higher education.)

This is a required contribution from the employer, not the members.

For employees whose positions are not subject to the state statutory minimum salary schedule, or for employers who are not subject to the Statutory Minimum Report, the reporting entities shall contribute 1.5 per-

cent of the employee's total TRS-eligible salary.

However, if the member's compensation is subject to the Statutory Minimum Report, the reporting entity shall contribute 1.5 percent on the member's TRS-eligible compensation equal to the adjusted state statutory minimum salary. The reporting entity must continue to make a contribution equal to the state contribution rate on compensation above the adjusted state statutory minimum.

## Member contribution rate increases

Also, beginning with the September 2014 TRAQS reports, the member retirement contribution rate will increase from 6.4 percent to 6.7 percent. This will only affect the Regular Payroll report and the Pension Surcharge report. The state contribution rate will not change.

## **Frequently asked questions regarding the new contribution required for employers**

**When does this new reporting requirement begin?** *The new report will be due with the September 2014 TRAQS reports, which are due October 6, 2014.*

**Is this an employer or employee contribution?** *This is an employer contribution.*

**Who is subject to this new reporting requirement?** *All employers except institutions of higher education that do not pay into Social Security on TRS-eligible members.*

**Our district contributes to Medicare but not Social Security for our TRS-eligible employees. Are we subject to this new reporting requirement?** *Yes.*

**Is performance pay, stipends, pay for additional duties worked, or any other TRS-eligible compensation subject to the new 1.5 percent contribution?** *Yes. The 1.5 percent is due on ALL TRS-eligible compensation up to the adjusted state statutory minimum. If there is no statutory minimum for a position, the employer must contribute 1.5 percent of TRS-eligible salary.*

**As a charter school, we are not subject to the State Minimum Salary Schedule. How are we impacted?** *Since no positions are subject to the State Minimum Salary Schedules, you will pay 1.5 percent on 100 percent of TRS-eligible salary paid to your TRS-eligible employees.*

**I understand the 1.5 percent is paid up to the adjusted state statutory minimum if the position is subject to the State Minimum Salary Schedule.**

**What about salaries that are above the adjusted state statutory minimum?** *You will not pay the 1.5 percent on any amount of salary that is paid above the adjusted state statutory minimum. Any salary paid above the adjusted state statutory minimum would still be subject to the Statutory Minimum Report and the requirement that the reporting entity pay the state contribution amount on compensation above the adjusted state statutory minimum.*

**If an employee's salary is paid out of federal funds or private grants and state contribution is reported on the Federal Fund/Private Grant report, is the salary still subject to the 1.5 percent contribution?** *Yes. This 1.5 percent is in addition to any state contributions the reporting entity is required to pay through federal funds/private grants. This is also true for those employees who are included on the New Member report. The employer is required to pay the state contribution on salaries on the first 90 days of employment for a new member. The reporting entity will also pay the 1.5 percent on these new members' salaries up to the adjusted state statutory minimum plus the state contribution amount on compensation that exceeds the adjusted state statutory minimum.*

**How is this 1.5 percent reported to TRS?** *A new report will be listed in TRAQS and on your TEXNET menu called "Reporting Entity Payment for Non-OASDI Members." At this time, you will report the total amount of salary subject to the 1.5 percent and the corresponding payment/contribution amount you are remitting.*