



Reporting Entity Portal certification deadline rapidly approaching

As part of the TRS TEAM project, monthly TRS reports will be submitted through the Reporting Entity (RE) Portal beginning with the September 2017 report. In July of this year, TRS extended the deadline for reporting entities (REs) to be certified to use the RE Portal to **Dec. 31, 2016**.

All REs are required to submit test reports before logging into the new RE Portal. These test reports must contain at least one of each record type that will be used in the RE Portal. Test reports will be processed and the format of each must be valid per new report formats before reports are submitted via the new RE Portal and TRAQS is no longer used.

As of Oct. 31, 2016, 569 REs have completed the certification process, 506 REs have begun but not yet completed the certification process, and 247 REs have not yet begun the certification process. It is required that all REs be certified by Dec. 31, 2016, so defects can be identified based on certification file submissions and adequate time is available to make any necessary corrections.

There are a number of resources available on the TRS website to assist REs with the certification process including [Certification Report Instructions](#) and a listing of [Certification Workarounds](#) for known defects in the certification environment that are being resolved. Most recently, we launched an [online version](#) of the training.

The Certification Report Instructions link, shown above, will assist users through the process of submitting required records in the proper order. It is important to note the certification process takes multiple days due to overnight processing and posting requirements. Since many REs close for winter break in mid-to-late December, please plan ahead to allow enough time to get through the entire certification process before your RE closes for winter break.

If you have any questions or need assistance with certification, please contact your TRS reporting coach or email reporting@trs.texas.gov.

New fiscal year RE Portal certification challenges

The transition to a new fiscal year has brought with it some challenges regarding the certification process for the RE Portal, especially for those REs starting the certification process in the current 2016-17 school year.

As mentioned in the previous article, a [Certification Report Instructions](#) document is available on the TRS website to assist users in navigating the certification process. The certification database is a copy of what was in TRAQS as of Aug. 31, 2015. It is very important to follow the instructions in the documents as it relates to the report period for which a report is being submitted.

For example: the Employee Demographic (ED) report is to be submitted as a current month report. This means that if you are submitting the ED report in the calendar month of December 2016, the report must be submitted as a November 2016 ED report, but it must contain ED40 Contract and Position records with information from the prior 2015-16 school year. Use of the data from the prior school year is required because the certification database is a copy of the data in TRAQS on Aug. 31, 2015.

Additionally:

- The first reporting period for the Regular Payroll and Employment After Retirement reports is 092015 (September 2015). If you do not have access to these reports for September 2015 due to software limitations, you may create the report for the current month and year, BUT change the report period in the header to September 2015 before submitting the report.
- Employees who retired after July 31, 2015 should not be included on the ER report.
- Since the RE contact information is a copy of information in TRAQS as of Aug. 31, 2015, contacts may have changed. If you are using the RE Portal, please review and update the contact information as needed.
- If an employee's name changed after Aug. 31, 2015, change the name during certification by submitting an ED25 record before submitting an ED40 record for that person.

News for reporting entities that participate in TRS-ActiveCare 2016 Affordable Care Act reporting

Sections 6055 and 6056 of the Internal Revenue Code (IRC) require employers that offer employees minimum essential health coverage to report coverage information to the IRS and provide a statement to provide a statement to each covered employee, which will include information on the coverage being provided to enrolled dependents of the covered employee.

Reporting obligations differ, depending on whether the employer is:

- an **Applicable Large Employer (“ALE”)** – generally, an employer with at least 50 full-time equivalent employees; or
- a **Non-Applicable Large Employer (“Non-ALE”)** – generally, an employer with under 50 full-time equivalent employees.

If your employer is a Non-ALE employer, you have the option to designate TRS to fulfill your Section 6055 reporting requirements. WellSystems is TRS' designee to handle the required reporting. You must contract with WellSystems to prepare, file and distribute the required IRC Section 6055 forms. WellSystems will complete the reporting for active employees and COBRA qualified beneficiaries (and their dependents) who are enrolled in one of the TRS-ActiveCare PPO plans (TRS-ActiveCare 1-HD, TRS-ActiveCare Select, and TRS-ActiveCare 2) for the months of enrollment during the 2016 calendar year.

To contract with WellSystems for reporting services, Non-ALEs must submit a signed, unaltered designation form to TRS and contract to WellSystems by **Dec 1, 2016**.

WellSystems' Costs for 2016 Reporting Services

Flat Rate	\$500
Other Fees	
Late information delivery	\$1,000 per occurrence
Additional file upload (bad data, corrections, etc.)	\$1,500 per occurrence

You can find the [instructions, designation form and contract](#) on the TRS website. If you are interested in designating TRS and in hiring WellSystems, you may also contact the Benefits Administrators Advocate Team at 877-767-5254 to request a designation form and a WellSystems contract.

Important information for employers with qualified retirement plans

Employers that sponsor qualified retirement plans of their own should be aware that state law establishes the TRS retirement plan as the primary plan when there is more than one plan covering employees. This law is important to the administration of an employer-sponsored plan because it could affect the benefits payable **from**

the employer's qualified defined benefit plan or the annual contributions that may be **made to** the employer's qualified defined contribution plan.

Contributions made during a plan year to TRS for service credit purchases *and* made to an employer's qualified defined contribution plan *must be aggregated to determine whether the total annual contributions are within federal tax law limits*. See TRS rule 34 TAC §29.51. The general contribution limit for the Sept. 1, 2016 through Aug. 31, 2017 plan year is \$53,000 or 100% of compensation, whichever is less. If aggregated contributions would exceed the applicable limit, TRS members may be able to use installment payments or rollovers for service credit purchases to keep aggregated annual contributions within the limits. However, if aggregated contributions exceed the applicable limit, then contributions to the employer plan may need to be reduced.

For employers with defined benefit plans, Section 825.506, Texas Government Code, states that an employer may not provide employee retirement or deferred benefits that, when considered together with TRS benefits as required by federal law, would result in the TRS plan failing to meet federal qualification standards as applied to public pension plans. The benefit limits in Section 415(b) of the Internal Revenue Code are part of the standards that TRS must meet to maintain plan qualification and favorable tax treatment, such as deferral of federal income tax on salary contributions to TRS until benefits are paid.

Section 415(b) establishes limits on annual benefit payments by qualified defined benefit plans. *When an employee who retires will receive benefits from more than one qualified defined benefit plan covering the same employment, the limits apply to the aggregated benefits*. The Section 415(b) limit is \$210,000 for the 2016-17 plan year, with lower limits applicable for retirement before age 62.

Because state law establishes the TRS defined benefit plan as primary, TRS compares only a member's TRS benefits to the federal limits to determine whether the benefits will be within the federal benefit limits at and during retirement. If an employer's own defined benefit plan also pays benefits to a retired employee, then, under Section 825.506, the employer must take into account the TRS benefits to be sure that the aggregated benefits do not exceed the Section 415(b) limits.

To determine whether an employer's plan is affected by the limits on benefits or annual contributions, the employer should contact the plan administrator or the tax advisor for the plan. TRS maintains no information on employer plans. Also, due to confidentiality requirements, any individual TRS contribution amounts or benefit amounts that an employer's plan administrator may need to consider in comparison to the applicable limits must be obtained directly from the covered employee.

Reminder regarding 403(b) certified company changes

Public school districts and open-enrollment charter schools are reminded that the list of companies certified by TRS to receive 403(b) salary reduction contributions is subject to change. Although many school districts and open-enrollment charter schools contract with third-party administrators to manage their 403(b) programs, responsibility for compliance with certification requirements remains with the 403(b) plan sponsor (school districts and open-enrollment charter schools).

A list of all companies currently certified by TRS to receive 403(b) contributions can be found [here](#). A list of all changes to the list of 403(b) certified companies, including those companies whose certifications have expired, can be found [here](#).

Questions about the list of 403(b) certified companies may be addressed to 403b@trs.texas.gov or 512-542-6856.

2017 TRS Board election nomination forms now available online

Elections will be held in the spring of 2017 to determine the nominees presented to the governor for appointment to fill two upcoming vacancies on the TRS Board of Trustees. Both positions will be for six-year terms beginning as early as Sept. 1, 2017.

One election will be held to field nominees eligible for appointment to fill the **retiree position** on the board. Nominating petitions must be signed by 250 TRS retirees. Active members are not eligible to sign retiree election

nominating petition forms.

The other election will be held to field nominees eligible for appointment to fill a new **at-large position** on the board. A change to Texas law enacted in 2011 established the new at-large position to replace what had previously been the higher education position on the board. TRS retirees as well as members who are currently employed by a higher education institution, public school district, charter school, or regional service center may run for nomination to fill this position on the board. Nominating petitions must be signed by 250 TRS retirees or members whose most recent credited service is or was performed for a higher education institution, public school district, charter school, or regional service center or a combination of retirees and eligible members.

A retiree may not run for nomination to both the retiree and at-large positions during this election period but may only declare intent to run for one position or the other. A retiree, however, may sign nominating petition forms for both the retiree and at-large positions.

When signing nominating petition forms, include your printed or typed name, the first five digits of your current residential zip code, and the last four digits of your social security number. All valid nominating petitions must be filed with TRS by Jan. 20, 2017, in order to be accepted.

To obtain the [retired member position](#) or [at-large position](#) forms, you may: print the petition form from the TRS website (www.trs.texas.gov); write TRS at 1000 Red River, Austin, TX 78701-2698; call 800-223-8778, ext. 2702; or fax a request to 512-542-6585. Nominating instructions are included on the form.