

## TEACHER RETIREMENT SYSTEM of TEXAS

UPDATE

## FISCAL YEAR (FY) 2023 PENALTY FEE GRACE PERIOD

Due to TRS staffing challenges and continual system improvements, TRS has *extended* the **one-month** grace period through the August 2023 report period.

**Keep in mind, the grace period does *not* change the due date for reports and TEXNET deposits. Instead, it allows your teams extra time to complete reports before penalty fees are assessed.** Information about the report due dates can be found on the [TRS website](#).

While we strive to respond to your questions quickly, current coach response time is two business days. Please take this into consideration when working on reports. Be sure to allow enough time to work through errors and request needed overrides to complete reports by the due date.

In FY 2024, it's not likely that the penalty fee grace period will be extended. TRS will continue to closely monitor report completion data for Reporting Employers (REs) and system enhancements before making the final decision. If the grace period is eliminated, it will be required that the reports be complete by the due date to avoid fees. This will be in effect beginning with the September 2023 reports.

Report Due Date and Penalty Fee Schedule for the 2022-23 Fiscal Year

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
August 2022	Sept. 6, 2022	Oct. 6, 2022	Sept. 6, 2022	Oct. 10, 2022
September 2022	Oct. 6, 2022	Nov. 4, 2022	Oct. 10, 2022	Nov. 10, 2022
October 2022	Nov. 4, 2022	Dec. 6, 2022	Nov. 10, 2022	Dec. 9, 2022
November 2022	Dec. 6, 2022	Jan. 6, 2023	Dec. 9, 2022	Jan. 10, 2023
December 2022	Jan. 6, 2023	Feb. 6, 2023	Jan. 10, 2023	Feb. 10, 2023
January 2023	Feb. 6, 2023	March 6, 2023	Feb. 10, 2023	March 10, 2023
February 2023	March 6, 2023	April 6, 2023	March 10, 2023	April 10, 2023
March 2023	April 6, 2023	May 5, 2023	April 10, 2023	May 10, 2023
April 2023	May 5, 2023	June 6, 2023	May 10, 2023	June 9, 2023
May 2023	June 6, 2023	July 6, 2023	June 9, 2023	July 10, 2023
June 2023	July 6, 2023	Aug. 4, 2023	July 10, 2023	Aug. 10, 2023
July 2023	Aug. 4, 2023	Sept. 6, 2023	Aug. 10, 2023	Sept. 6, 2023
August 2023	Sept. 6, 2023	Oct. 6, 2023	Sept. 6, 2023	Oct. 10, 2023

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## FALL 2022 VIRTUAL TRAINING SESSIONS

TRS is offering the following virtual training sessions for reporting personnel this fall:

Fall 2022 Virtual Training Schedule		
Sept. 21	Employer Refresher Training	9 a.m. - 12 p.m.
Oct. 12	Intro to TRS Reporting Non-Higher ED	9 a.m. - 4 p.m.
Oct. 26	Intro to TRS for Higher ED	9 a.m. - 4 p.m.
Nov. 16	HR Training for Non-Higher ED	9 a.m. - 12 p.m.
Nov. 30	HR Training for Higher ED	9 a.m. - 12 p.m.
Dec. 13	RE Ledger Training	9-11 a.m.
Dec. 15	TRS Membership Eligibility	9-11 a.m.

Each attendee must register individually on the [RE Portal Virtual Training](#) page. This will ensure you receive the link to access the web session as well as a copy of the materials being covered.

## IRS SALARY CAP PROVISION FOR THE 2022-23 SCHOOL YEAR

Some highly paid members may have their annual creditable compensation limited in accordance with Section 401(a)(17) of the Internal Revenue Service Code. **These limits affect individuals who joined TRS for the first time on or after Sept. 1, 1996.** The annual limit is subject to change each plan year, based on federal regulations. Pay excluded from creditable compensation under this law is not subject to member contributions and will not be used in calculating benefits.

**Do not report eligible salary in excess of the salary cap to TRS for those members who joined TRS on or after Sept. 1, 1996. Continue to report Total Gross Compensation and days and hours worked each report month.**

The cap is based on the TRS plan year of September through August and not the member's contract/work agreement year. Once the member's reported salary beginning with the September posting reaches the salary cap for that year, no further salary is to be reported until the following September, which is the beginning of the next plan year. However, creditable days must continue to be reported for these employees after they have reached the salary cap.

For the 2022-23 plan year, the IRS 401(a)(17) annual creditable compensation limit (for a person who first becomes a member of TRS after Aug. 31, 1996) is \$305,000.

## REMINDERS FOR FUNDING CORRECTIONS

As we begin a new school year, and a third year within the pandemic, we have a few reminders for reporting funding corrections for the different funds that we have seen due to the pandemic. The funds could be classified as Compensation Paid from Federal Funds/Private Grants which can also affect the other employer contributions that need to be reported to TRS.

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## **REMINDERS FOR FUNDING CORRECTIONS** *continued from page 2*

### **Reclassifying Salaries to ESSER Funds**

Elementary and Secondary School Emergency Relief (ESSER) funding can be used to reclassify salaries for TRS-eligible employees as being paid from federal funds as far back as March 2020. Many REs have requested instructions on how to submit the Regular Payroll (RP) Adjustments involving ESSER funds.

Please consult your service center or software provider to assist you with generating these reports. Reach out to your coach if you need help once the reports have been submitted.

### **Paycheck Protection Program (PPP)**

TRS had previously provided a couple of options for reporting PPP loans to TRS (see [July 2020 Update newsletter](#)). Charter schools have two options for reporting salaries paid from PPP loans:

1. The schools can report the funds as 'local/state' funds initially. If the loan is later forgiven, the RE will need to submit RP25s to reclassify the salary as Federal Funds and report the corresponding contributions.
  - Under this method, if the loan is not forgiven, no adjustments will be necessary.
2. The charter schools can report salaries as Federal Funds up front. If the loan is not forgiven later, the RE will need to submit RP25s to reverse the Federal Fund compensation and corresponding contributions.
  - Under this method, if the loan is forgiven, no adjustments will be necessary.

An employer who uses option one above and then fails to report the corrections after the loan has been forgiven may be subject to the consequences described in Section 825.406(g). The retirement system is obligated to report an employer's noncompliance with Section 825.406(g) to the attorney general, the Legislative Budget Board, the comptroller of public accounts, and the governor.

If your employer is using PPP funds, please be sure that you have sent the letter to your RE coach stating which of the above-mentioned methods that you intend to utilize.

Below are a few tips for submitting the adjustments for the Eligible Compensation paid from Federal Funds/Private Grant and the corresponding contributions:

### **How to Create Reports**

- RP Adjustment reports must be created in the most recent month you have completed in the RE portal (this selection cannot be edited).
- Each employee will require a separate RP25 record for each month their salary is being reclassified.

### **How to Adjust Contributions with the RP25 Record**

- Report the total amount of salary reclassified to ESSER under the Eligible Compensation Paid from Federal Funds/Private Grants field on the RP25.
- Report the Federal TRS-Care contribution.
- Report Federal Funds/Private Grant contributions (unless the New Member contribution was reported on the original RP20).
- Do not report additional Total Gross or TRS-Eligible Compensation (unless needed).
- Do not adjust Public Education Employer Contribution (unless needed).

### **How to Adjust Statutory Minimum Contributions**

Please note: This is **ONLY** if the member is being reclassified as 100% federally funded.

- Review the following amounts originally reported on the RP20:
  - State Minimum Salary
  - Original Statutory Minimum contribution
- If the eligible salary is reclassified to 100% Federal Funding:
  - The RP25 will report a negative in the amount of the original Statutory Minimum contribution

If the eligible salary is reclassified to be partially paid from Federal Funds, please review the examples on the Statutory Minimum/Federal Fund/Public Education Employer Relationship page of our website or reach out to your coach for assistance with the calculation.

*continued from page 3***REMINDERS FOR FUNDING CORRECTIONS** *continued from page 3***How to Submit Your TEXNET**

When reporting additional contribution on an RP Adjustment report, you will also need to submit a TEXNET for the contributions. If the RP25 records are included on an RP Adjustment report, the funds must be submitted via TEXNET within one business day of the adjustment report completing. If the RP25 records are included on the regular RP report, the contributions will be due on the same day as that month's RP report.

Please reach out to your coach if you have any questions or experience any errors with submitting these adjustments.

## REPORTING REQUIREMENTS FOR TRS ELIGIBILITY AFTER EARNING A YEAR OF SERVICE CREDIT

When a TRS member earns a year of creditable service within the current TRS fiscal year, and then transitions into a less than half-time position, they must be reported as TRS-eligible for the remainder of that fiscal year (which runs through Aug. 31). This applies to less than half-time or temporary positions, but does not apply to members who transfer into a position that is a substitute, per the TRS definition of that term.

Reporting a member as eligible through the end of a fiscal year will require a slightly different process than reporting other employees. The ED40 posted when the employee transfers into the ineligible position (less than half time or temporary) should include the end date of the current year's work agreement. When the employee returns to work under a contract/work agreement for the new school year prior to Aug. 31, and they continue to work in an ineligible position, the employee will require two ED40s. One ED40 will report the beginning date of their new contract/work agreement through Aug. 31 with an Employment Type of less than half time or temporary and a TRS eligibility flag of 'Yes.' The second ED40 will record the employee's true Employment Type and TRS eligibility assigned for the new school year; TRS Eligible 'No' with a beginning date of contract/work agreement of Sept. 1 through the end of their actual work agreement.

**Example One:** A teacher worked in a TRS-eligible position until March 15, 2022 and earned their creditable year of service. Effective March 18, 2022, the employee began a less than half-time position and will continue working in that position in the upcoming school year as well. The staff return to work on Aug. 12, 2022 for the new school year.

TRS Fiscal Year	Position Code	TRS Eligibility Flag	Beginning Date of Contract/Work Agreement	Ending Date of Contract/Work Agreement
FY 2021-22	02	Yes	Aug. 12, 2021	March 15, 2022
FY 2021-22	03	Yes	March 16, 2022	June 7, 2022
FY 2021-22	03	Yes	Aug. 12, 2022	Aug. 31, 2022
FY 2022-23	03	No	Sept. 1, 2022	June 5, 2023

Many TRS REs pay in arrears, which causes the final compensation for the eligible position to be paid in the month after the position ended. The report-when-paid rule requires REs to report the compensation to TRS in the month it is paid. However, if the compensation was earned while the employee was working in a TRS-eligible position, then it must be reported as TRS-eligible compensation with contributions.

- If the employee in our example above concludes their TRS-eligible position at the end of August and continued their employment in the less than half-time position at the beginning of September, then the compensation for time worked in August is paid in September. Since the time worked for the eligible position was paid in September, the compensation is creditable compensation and contributions must be withheld. The September RP report may require a TRS override in this scenario.

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## **REPORTING REQUIREMENTS FOR TRS ELIGIBILITY AFTER EARNING A YEAR OF SERVICE CREDIT** *continued from page 4*

**Example Two:** A teacher aide is paid \$1,500 in September for time worked Aug. 12-31, 2022. The \$1,500 is subject to member and employer contributions on the September 2022 RP report.

- If the same teacher in example one receives compensation for their prior eligible position and for their new ineligible position in the same report month, and the position codes are the same, the current month RP record will include both payments. Compensation earned in the eligible position will be reported in Eligible TRS Gross Compensation. The Total Gross Compensation will include the compensation paid for both positions since this field is to report eligible and ineligible compensation. If the positions fall under separate position codes, two current month RP records must be reported. One for each position code.

**Example Three:** The teacher aide is paid \$1,500 in September for time worked Aug. 12-31, 2022 and \$500 for time worked Sept. 1-15, 2022. The \$1,500 is subject to member and employer contributions on the September 2022 RP report. The \$500 is not subjected to member and employer contributions; this amount should only be included on the Total Gross Compensation field of the RP 20 record for September 2022.

## **TIPS FOR YEAR-END PROCESSING**

As you begin a new school year, we are winding down our fiscal year and understand this time can be busy for everyone. The following is a list of important information and deadlines to keep in mind:

- All August reports and TEXNET deposits are due by **8 p.m. CST on Tuesday, Sept. 6, 2022**. This applies to both the RP report and the Employment After Retirement (ER) report.
- All RP reports for the entire 2021-22 fiscal year **must** be at a “Complete” status by **5 p.m. on Friday, Sept. 16, 2022**. **Failure to bring your RP report to a “Complete” status by the deadline will result in incorrect annual statements for your employees.**
- As mentioned, year-end processing is a very busy time at TRS which means your coach may not be able to respond to you immediately due to the volume of requests coming in. We ask that if you need assistance, please send your coach one email that includes all your questions so we can ensure you receive the information you need. If you do not receive a response within two business days, or if you are unsure of who your coach is, email [reporting@trs.texas.gov](mailto:reporting@trs.texas.gov). **Please make sure to include your four-digit TRS number in any email or voice message.**

### **Tips for new fiscal year processing:**

- Web Administrators, please make sure to update your contacts in the RE portal. End the contact records for those who are no longer serving in that role and add any new contacts including the Head of Institution.
- Higher Education REs are not required to report student employees on the RP report if the individual is meeting the student employment requirements as stated in the Payroll Manual for Higher Education Employers. See [Student Employment](#) on page 33.
- Each report month is required to contain hours and days worked in the report month and pay received in the report month. The hours and days should not be based on the pay period. This applies to both the RP and ER reports.
- Reporting Employment After Retirement (EAR) – EAR employment dates for a school year are not based on the retiree’s contract with the employer. REs are also not required to report the employment dates for all retirees as Sept. 1 – Aug. 31. Rather, they are based on the dates the retiree will be employed in a position and/or employment type during a fiscal year. The fiscal year is Sept. 1 – Aug. 31, therefore, REs must list the dates the retiree is expected to work that fall between that date range.

The Employment Type Code reflects the type of work a retiree performed in that specific report month. A retiree who will be working full-time hours some months, but half-time or less hours in other months, cannot be reported as working full time all fiscal year.

Additionally, if a retiree works as a substitute in multiple position codes throughout the month, do not report a separate record for each position code. Instead, combine all substitute work under the primary position code.

- Submit ED90 records for all terminated employees.

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## WATCH NOW! NEW INTERACTIVE *EMPLOYMENT AFTER RETIREMENT* VIDEO

We've published a new interactive *Employment After Retirement* (EAR) video as part of our Member Education Video Series! Please share this news with your employees as the video includes helpful information for those returning to work after retirement for a TRS-covered employer.

### **For Employees:**

This video will help you find the information you need to comply with the rules on working after retirement. With this tool, you can quickly and conveniently navigate to the information you need based on your situation. It's simple: Just choose your path for service or disability retirement and information will unfold based on your retirement date. You will also find helpful practice scenarios to test your knowledge and understanding. *Please note that Google Chrome is the browser that will give you the best experience with this video.*

Find the interactive video at this link <https://www.trs.texas.gov/SiteAssets/EmploymentAfterRetirement/story.aspx> or on the [TRS Member Education Videos](#) webpage along with other videos in the series. You can also reference more information on employment after retirement in the [TRS EAR](#) brochure at any time.

Together, we can make sure you're on the right track to following the EAR limits and guidelines and avoid revoking your retirement or forfeiting your annuity.

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## TRS-ACTIVECARE ANNUAL ENROLLMENT ENDS AUG. 18

Annual Enrollment ends on Aug. 18. However, in response to feedback from districts on enrollment date flexibility, there is a supplemental enrollment period from Aug. 19-30, 2022.

During this supplemental enrollment period, only administrative staff may make changes or enroll a participant. Please do not share this period with employees.

If you enroll someone during the supplemental enrollment period, coverage will still take effect on Sept. 1. However, there will be a delay in accessing digital health insurance ID cards.

The BA toolkit for Annual Enrollment is live on [BCBSTX's BA website](#). It includes enrollment and administrative guides, resources to help your employees choose the right plan, and access to support.

If you have questions during enrollment, don't hesitate to reach out to your [District Ambassador \(DA\)](#). They're your district's personalized support!

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## TRS-CARE MEDICARE RETIREES MAY ENROLL IN TRS-ACTIVECARE IF THEY RETURN TO WORK IN 2022-23 SCHOOL YEAR

The TRS Board of Trustees submitted rule changes that will allow Medicare-eligible TRS-Care participants to enroll in TRS-ActiveCare if they return to work for a [participating employer](#).

Beginning Sept. 1, 2022, TRS-Care Medicare participants who return to work for 10 or more hours per week can enroll in TRS-ActiveCare (if the district offers it) and keep their TRS-Care coverage as well.

TRS-Care retirees who aren't eligible for Medicare yet and return to work to a TRS-ActiveCare employer must choose one plan or the other.



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## SUMMARY OF BENEFITS AND COVERAGE (SBC) NOW AVAILABLE

An SBC provides an overview of the benefits and services a health plan covers and what someone can expect to pay for these services by the end of the year. The SBCs are available for TRS-ActiveCare and TRS-Care Standard (excluding Medicare Advantage plans).

**TRS-ActiveCare Participants:** SBCs for the TRS-ActiveCare 2022-23 plan year through Blue Cross and Blue Shield of Texas (BCBSTX) are at <https://www.bcbstx.com/trsactivecare/coverage>.

**TRS-Care Standard Participants:** SBCs for the 2022 TRS-Care Standard plan year are at <https://www.bcbstx.com/trscarestandard/coverage>. 2023 TRS-Care Standard SBCs through BCBSTX will be available by the end of 2022.

If you have questions about your benefits or want a paper copy of an SBC, free of charge, please call:

- TRS-ActiveCare (BCBSTX) Customer Service: 1-866-355-5999
- TRS-Care Standard (BCBSTX) Customer Service: 1-866-355-5999
- Hearing-impaired people should dial Relay 711

### Have Other Questions?

For more information on TRS-Care enrollment and eligibility, please contact the TRS Health & Insurance Benefits Department at 1-888-237-6762.

For more information on TRS-ActiveCare enrollment and eligibility, please contact your Benefits Administrator.

## INSULIN CAPS FOR TRS-ACTIVECARE TAKE EFFECT SEPT. 1

Starting Sept. 1, 2022, participants in TRS-ActiveCare Primary, Primary+ and AC2 will have capped insulin prices. The new out-of-pocket prices are \$25 for a 31-day supply and \$75 for a 61-90 day supply.

## NOMINATION PROCESS UNDERWAY IN 2023 TRS TRUSTEES ELECTION

The nominations process is underway for the Retiree and At-Large positions in the 2023 TRS Board Election. Know someone who'd make a great trustee? Maybe it's you!

An eligible member for the **At-Large position** is a retiree who is receiving benefits from the system, a higher education employee, or a current employee of a public school district, charter school, or regional education service center. An eligible member for the **Retiree position** is a former member who is retired and currently receiving benefits.

Active members are eligible to nominate candidates for the At-Large position. Retired members are eligible to nominate candidates for the At-Large and Retiree positions. Retirees may only run for either the At-Large or Retiree Positions, but not both positions for this election.

TRS is offering two ways in which a nominee may collect the required 250 signatures of eligible members for nomination:

- A nominee may collect the 250 signatures *electronically* by declaring their interest to be a nominee to the [Secretary to the Board of Trustees](#). Once the member's eligibility is validated, the member's name will be posted on the [nomination site](#) where the nominee may direct eligible members to sign the nominee's electronic petition. For an electronic petition, the nominee does not need to submit anything further to TRS, but must have 250 eligible member signatures by Jan. 25, 2023, to be considered a candidate.
- Nominees may also collect 250 signatures of eligible members with paper petitions, which are also due at TRS no later than Jan. 25, 2023. A member may download the [Retiree Petition \(pdf\)](#) or [At-Large Petition \(pdf\)](#). If a member does not have access to a printer, the member may contact the [Secretary to the Board of Trustees](#) to have a petition mailed to them.

Voting in the election will take place between March and May of 2023. Both terms begin as early as Sept. 1, 2023, and end Aug. 31, 2029.