

## TEACHER RETIREMENT SYSTEM of TEXAS

# UPDATE

## TRS' DEFINITION OF SUBSTITUTE: FOR ACTIVE, NON-TRS RETIRED EMPLOYEES

While TRS recognizes that REs have varying categories of employees they refer to as 'substitutes,' it is important for REs to understand TRS' definition of a substitute and apply all reporting rules according to the definition TRS has established.

For an active employee, TRS' definition of 'substitute' is a person who serves on a temporary basis in the place of a current employee *and* is paid at the daily rate of pay as set by the employer. A person working in any other capacity, **including a vacant position**, *cannot* be classified as (or reported to TRS as) a substitute.

**If the position does not meet the TRS definition of substitute, [membership eligibility](#) rules must be applied.**

This means if the assignment is indefinite — does not have a specific ending date or is 'as needed' — that position could be TRS-eligible even if the employee only ends up working a short time in that vacancy. Furthermore, paying someone the daily substitute rate of pay does not mean they can be classified as a substitute if they are the employee filling that job and are not replacing an absent employee.

### *What Is a Vacant Position?*

For TRS purposes, a 'vacant' position is either a newly created (permanent or short-term) or existing unfilled position.

For example, if an RE needs a person to monitor testing and brings a person in to do this job, they have effectively created (and then filled) a vacancy.

In another example, if an employee resigns from a position, that position would be considered vacant until a permanent replacement has been hired into the position and begins work.

**Please review your processes to ensure your RE is classifying employees correctly for reporting purposes.**

## REPORTING REQUIREMENTS FOR EMPLOYMENT AFTER RETIREMENT

When submitting Employment After Retirement (ER) reports, each report month should contain a snapshot of the calendar month. This includes the actual days and hours worked by a retiree within that calendar month and the actual pay that was issued during that calendar month. The number of days and hours worked by the retiree during a pay period are separate and therefore not tied to the pay reported on the ER report. Reporting Employers (REs) should not report the number of days and hours worked by the retiree that the pay on the ER record represents.

A retiree must adhere to limits for how much time he or she can work for a TRS-covered employer within a calendar month. In the example on the next page, the retiree (who retired after Sept. 1, 2005, and is not enrolled in TRS-Care) only exceeded the half-time exception for time worked in the month of September, October and December report periods. TRS laws and rules state that the pension surcharge is due to TRS on **any** pay issued in the report month that the retiree exceeds the half-time exception (regardless of when the pay was earned). Since there was no pay issued in the September report period, no pension surcharge was due even though the retiree worked over the half-time exception. The pension surcharge would only be due on the pay issued in October and December for a total of \$716.80. (*continued*)

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Report Month	Actual Days & Hours Worked	Retiree Exceeded Half-Time Exception	Actual Pay Issued	Pension Surcharge Amount Owed
September	18 days/144 hours	YES	No Pay	N/A
October	16 days/128 hours	YES	\$2,880	\$460.80
November	10 days/80 hours	NO	\$2,560	N/A
December	12 days/96 hours	YES	\$1,600	\$256.00
January	N/A	NO	\$1,760	N/A

In the example below, the RE incorrectly reported the number of days and hours worked by the same retiree. By reporting the number of days and hours worked based on the pay that was issued in each report month, instead of within a calendar month, the total pension surcharge due would be \$1,152. In addition, if the RE correctly reported the retiree's employment end date as December, then the RE would see an error on the January ER record that includes the number of days and hours.

Report Month	Actual Days & Hours Worked	Retiree Exceeded Half-Time Exception	Actual Pay Issued	Pension Surcharge Amount Owed
September	N/A	NO	N/A	N/A
October	18 days/144 hours	YES	\$2,880	\$460.80
November	16 days/128 hours	YES	\$2,560	\$409.60
December	10 days/80 hours	NO	\$1,600	N/A
January	12 days/96 hours	YES	\$1,760	\$281.60

If the RE correctly reports the number of days and hours worked by the retiree in each report month, this ensures that the correct pension surcharge will be paid (\$716.80 instead of \$1,152). **Failure to report correctly could result in the retiree having to forfeit an annuity check in error. In addition, this could cause the RE to either overpay or underpay surcharges.**

## UPCOMING 2023 VIRTUAL TRAINING SESSIONS

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

2023 Virtual Training Schedule		
Jan. 18	Employment After Retirement	9 a.m. – 12 p.m.
Jan. 25	Substitute Employment	9 a.m. – 11 a.m.
Feb. 22	Intro to TRS – Higher Ed	9 a.m. – 4 p.m.
Mar. 29	Intro to TRS – Non-Higher Ed	9 a.m. – 4 p.m.
Apr. 11	TRS Membership Eligibility	9 a.m. – 11 a.m.
Apr. 13	RE Ledger	9 a.m. – 12 p.m.
Apr. 19	HR Higher ED	9 a.m. – 12 p.m.
Apr. 26	HR Non-Higher ED	9 a.m. – 12 p.m.
May 11	Employee Reporting Refresher	9 a.m. – 12 p.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.

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## RESOURCES FOR EMPLOYEES RETIRING SOON

Do you have employees considering retirement next year? If eligible, they'll have the option to enroll in TRS-Care, the health care program for retired public educators.

To prepare for this milestone, they can review 2023 TRS-Care plan benefits and watch webinar recordings from this fall.

- [2023 TRS-Care Plan Resources](#)
- [2023 TRS-Care Plan Highlights](#)
- [TRS-Care Eligibility & Enrollment](#)
- [TRS-Care Standard for Non-Medicare](#)
- [TRS-Care Medicare for Medicare Eligible](#)

These webinars include the latest information about 2023 plan benefits from the medical and pharmacy vendors for each plan. If Spanish is their primary language, the presentations and materials are also available in Spanish.

- [TRS Planes de Salud](#)

## NOMINATION PROCESS DEADLINE NEARING IN 2023 TRS TRUSTEES ELECTION

The nominations process is underway for the Retiree and At-Large Board of Trustees 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 Position, 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.

The TRS Board is the trustee of all plan assets and is responsible for the general administration, operation of TRS and the investment of its funds. The board is also authorized by law to adopt rules for the administration of TRS and the transaction of the business of the board.

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## UPCOMING TRS-ACTIVECARE DEADLINE

The Dec. 31, 2022 deadline to leave or join TRS-ActiveCare for the 2023-24 plan year is coming up. You can review the [guidance about joining/leaving here](#).

**Participating employers who elect to leave:** If you decide to leave TRS-ActiveCare for the 2023-24 plan year, you must submit your notice and paperwork to TRS by **Dec. 31, 2022**. Please note that if you decide to opt out of TRS-ActiveCare, you are required to wait five plan years before your district is eligible to reenroll. Your five-year commitment to stay out of the program will begin on Sept. 1, 2023. If brokers are sharing information about the value, cost, or benefits associated with TRS ActiveCare, please do not hesitate to confirm the accuracy of that information by contacting us.

**Nonparticipating districts who elect to join:** If you decide to join TRS-ActiveCare for the 2023-24 plan year, you must submit your notice and paperwork by **Dec. 31, 2022**. Your five-year commitment to stay in the program will begin on Sept. 1, 2023. If you do not join this year, you may join in future years. The five-year commitment will still apply, no matter what year you join.

**Participating employers who elect to stay:** If you decide to remain in TRS-ActiveCare for the next plan year, you are not locked in the plan for five years and no paperwork is required. You can continue to evaluate your health care options each year. The five-year commitment to remain out of TRS-ActiveCare would only apply after you elect to discontinue.

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## WATCH & LEARN: TRS MEMBER EDUCATION VIDEO SERIES

Learn all about your TRS pension benefits by watching our [Member Education Videos](#)! Help us spread the word about the series by downloading a [poster](#) from our website and displaying it at your school.