

# UPDATE

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## EVALUATIONS: TRS ELIGIBILITY AND EMPLOYMENT CONTRACTS

The most common errors on the TRS Regular Payroll (RP) report are related to verifying TRS eligibility for employees. Errors may occur depending on the number of hours an employee works and the number of hours reported to TRS.

All employees must first be evaluated for eligibility at the time they are hired. However, there may be other occasions throughout their employment in which membership needs to be reevaluated. Here are some tips for evaluating employment contracts and determining TRS eligibility:

- **If an employee makes a change to their employment status, they should be reevaluated to determine if their TRS eligibility has changed.**

**Example:** An employee was hired to work as a bus driver for 10 hours per week from Sept. 1, 2023 – May 31, 2024. In November, the employee takes on another half-time maintenance position that is also 10 hours per week from Nov. 1, 2023 – May 31, 2024. Since the combined hours with both positions is 20 hours or more, the employee would need to be changed to 'eligible' for both positions beginning Nov. 1, 2023.

- **Employees not eligible for TRS who work more than one-half time should be reevaluated if their increased workload is expected to continue.**

**Example:** An employee with a full-time equivalent (FTE) of 30 hours was originally hired to work 12 hours per week. Due to staffing shortages, the employee is now asked to work 15 hours per week. On your November report, you receive an error that you need to verify if the employee should be eligible. At this point, we recommend evaluating if the increased workload is expected to continue. If so, the employee may need to be changed to 'eligible' if the employee does not have an end date to their increased workload.

- **TRS-eligible employees who work less than one-half time hours should be reevaluated to see if their decreased workload is going to continue or if they will return to half-time hours.**

**Example:** An employee with an FTE of 40 hours was originally hired to work 24 hours per week. Due to a decreased workload, the employee is only working 15 hours per week. On your November report, you receive an error that you need to verify if the employee should be eligible. At this point, we recommend evaluating if the decreased workload is expected to continue. If so, they may need to be changed to 'ineligible' if the employee does not have an end date to their decreased workload and they have not earned a year of service.

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- **Temporary employees whose employment will be extended to 4½ months or longer should be reevaluated.**

**Example:** A temporary employee was originally hired to work from Oct. 15, 2023 – Dec. 31, 2023, which was less than the 4½ months and not TRS eligible. On Dec. 1, the employee was offered to continue working through May 31, 2024, and accepts the position. At this point, the employee would no longer be considered temporary, and they will need to be reevaluated for TRS eligibility as of Dec. 1, 2023.

If the employee is working half time or more based on the FTE, then an ED45 will need to be submitted to end the temporary position as of Nov. 30, 2023. The TRS-eligible position will need to be added as of Dec. 1, 2023.

- **Substitutes (non-TRS retirees) who begin working in a vacant position should be reevaluated.**

**Example:** A non-TRS retiree substitute has been working in a nonvacant position for an employee who was out on leave. The employee of record decides that they will not be returning and terminates their employment, as of Oct. 1, 2023. At this point, the substitute is no longer filling in for a nonvacant position and needs to be reevaluated for eligibility. If they continue working in the same position and will be working more than half time for more than 4½ months, they will need to be changed to 'eligible' as of Oct. 1, 2023. If you are not sure if an employee should be reported as TRS eligible, please reach out to your TRS Coach for assistance. We ask that you provide as much information as possible so that we can help make the correct eligibility determination.

## EAR EXAMPLES: SURCHARGE TRIGGERS

When submitting Employment after Retirement (ER) reports, each report month should contain the actual days and hours worked by a retiree within that calendar month and the actual pay that was issued during that calendar month. Reporting Employers (REs) should **not** report the number of days and hours based on the pay period but rather based on the time worked in the actual month.

A TRS-covered employer incurs surcharges when a TRS retiree who retired after Sept. 1, 2005, works more than one-half time during a month. There are two types of surcharges: pension surcharges and health care surcharges. The amount of the pension surcharge is equal to the amount of both member and state contributions on the compensation paid. The health care surcharge only applies for employed retirees who are TRS-Care participants. The amount of the health care surcharge is determined by TRS. Below are some examples of different employment types and when surcharges would be triggered. Please note that all surcharges must be paid by the employer and cannot be passed directly or indirectly to the retiree.

### EXAMPLE 1

1. Retirement Date: May 31, 2018.
2. Retiree Mary S. has returned to work as a substitute only in nonvacant positions.
3. This is complying with the EAR Limits and additionally will **not** trigger surcharges if this is their only employment with a TRS-covered employer.

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### EAR EXAMPLES: SURCHARGE TRIGGERS *continued from page 2*

#### EXAMPLE 2

1. Using Mary S. from previous example.
2. Mary decides to work in a vacant position. She can work in this position up to 20 days. Mary works 22 days in this position in the month of October 2023, which exceeds the allowable 20-day exception.
3. In this case, the first 20 days would be considered a substitute position, and the two remaining days would be considered half time in the vacant position.
4. The employment type for the month of October 2023, would need to be reported as "C - Combination of Substitute and Half time or less." On the ER20, the days would be 22 days total.
5. Exceeding **11 days** in combined positions in the report month will trigger surcharges.



#### EXAMPLE 3

1. Retirement Date: Dec. 31, 2022.
2. Retiree John J. has returned to work on a one-half time or less basis and works up to 92 hours each month.
3. This is complying with the EAR Limits and will **not** trigger surcharges if this is their only employment with a TRS-covered employer because he's working one half time or less.

#### EXAMPLE 4

1. Using John J. from the previous example.
2. John works 92 hours at Employer 1.
3. At Employer 2, John works a total of 12 hours in a half-time or less position.
4. In this case, the total hours for the month would be 104 hours which is more than one-half time and exceeds EAR limits for the allowable hours for the report month.
5. Surcharges would be due from both employers. The pension surcharge would be 16.5% of the compensation paid from each employer to the retiree in the report month. If the retiree is subject to the TRS-Care surcharge (\$535), this would be split between the two employers (\$267.50 each).

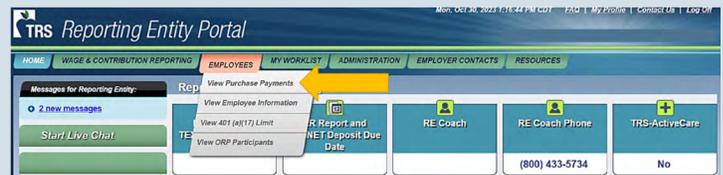
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# SERVICE CREDIT PURCHASE PAYMENT DEDUCTION

Eligible TRS members may [purchase service credit](#) as provided by law. TRS offers several methods for completing the purchase. One of these methods is an installment payment plan via payroll deduction. However, not all Reporting Employers (REs) choose to offer this method.

If a TRS member requests to purchase TRS service credit on an installment basis through payroll deduction, TRS notifies the RE by email to inform the employer of the agreement but allows the RE to advise TRS if payroll deduction for purchase of service credit is not offered. Employers who do allow the service credit purchase deduction should anticipate receiving a copy of the agreement letter from the employee. If not received within a timely manner, TRS recommends the RE contact the employee for a copy.

Service credit purchase information is located within the RE Portal. You can find it under the Employees tab > View Purchase Payments section. While this information is available in the RE Portal, the employer's policy dictates if the RE requires a copy of the TRS installment agreement from the employee before beginning the payroll deduction.



Reporting Employers can view participants with current purchase payments employed by the RE. Future agreements are visible as well. The details of the payment plan can be viewed if the participant has chosen payroll deduction as the payment method.

All service credit purchase deductions collected will be included with the monthly TEXNET payment under **Member Service Credit Purchase Payroll Deduction Amount**. When reconciling monthly reports, compare information to the RE Ledger account code SP, the contribution type code for Member Service Credit Purchase Payroll Deduction.

If you have any questions or report errors related to this deduction, please reach out to your RE Coach for guidance.

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# NONSTANDARD WORK WEEK FLAG: LESS THAN A FIVE-DAY WORK WEEK

In review of the current laws and rules, TRS has determined that any employee working in a position that is regularly scheduled to work less than five days a week should be reported with the Nonstandard Work Week flag as “Yes” on the ED40 Contract/Position record. This includes school districts that have switched to a four-day school week. Like other information reported to TRS, the flag should be based on the employee’s regular schedule for the position and may exclude temporary changes. Reporting the Nonstandard Work Week flag accurately will ensure that TRS membership-eligible employees regularly working less than five days a week earn a year of service in accordance with standards for service credit set out in the *TRS Laws and Rules*.

Below are some examples of how to appropriately report the Nonstandard Work Week flag.

## **District on a five-day work week, employee scheduled less than five days a week:**

*Example 1:* Employee scheduled to work 10 hours per day, four days per week.

*Example 2:* Employee scheduled to work eight hours a day, two days per week.

For employees scheduled to work five or more days per week, report the Nonstandard Work Week flag as “No.”

For employees scheduled to work less than five days per week, report the Nonstandard Work Week flag as “Yes.”

## **Entire District (all employees) moved to a four-day work week:**

If an entire district moved to a four-day work week schedule all employees should be reported with Nonstandard Work Week flag as “Yes.”

If an RE has posted any contracts with this flag as “No,” please submit an ED45 to update the Nonstandard Work Week flag from “No” to “Yes.”

## **Certain positions within the district moved to a four-day work week:**

Only the employees whose position is regularly scheduled to work a four-day work week should have the Nonstandard Work Week flag as “Yes.”

If the employee is scheduled to work five or more days per week, the Nonstandard Work Week flag should be “No.”

## **REs with an Alternating Schedule:**

Some school districts are electing to alternate between four-day and five-day work weeks throughout the school year. Please contact your RE coach to discuss the schedule and receive further guidance on the Nonstandard Work Week flag.

## **Temporary schedule change to four-day work week:**

*Example:* RE administrative staff that work four days per week in summer.

Since this is a temporary change, and not a permanent work agreement change, the Nonstandard Work Week flag should remain “No.”

If the work agreement changes to a four-day work week permanently, the flag should be updated to “Yes.”

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## VIEW EMPLOYEE INFORMATION SCREEN- NEW FEATURES

In a recent system update, TRS made enhancements to the View Employee Information screen to include additional information that will help Reporting Employers (REs) determine whether an employee has concurrent employment.

**In a TRS-Eligible Position:** This field indicates whether the employee has a TRS-eligible position active in the TRS database on the date the search was performed (“as of date”). This could be for any TRS-covered employer and may indicate concurrent eligible employment.

**TRS-Eligible Date Range:** Provides the date range of the TRS-eligible position(s) posted for the **current fiscal year** (Sept. 1 through Aug. 31 even if the contract has ended prior to the date the search was performed.)

**Concurrent Employment:** This field does **not** indicate eligibility status but provides information on whether this employee is currently being reported by more than one RE.

For a full overview of the new features within the View Employee Information screen, please review the View Employee Information User Guide currently available on the TRS website.

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## AI AND FINANCIAL ACCOUNT SECURITY

In the age of rapidly advancing technology, the development and use of deepfake technology have grown exponentially. While most discussions surrounding deepfakes focus on manipulated videos or images, there is an emerging and potentially far more insidious threat: deepfake voices gaining access to financial accounts.

### What Are Deepfake Voices?

Deepfake voices, like their visual counterparts, are created through artificial intelligence (AI) and machine learning algorithms. They use existing audio recordings of a person to generate convincing, but entirely synthetic, speech. With a large enough dataset of a person’s voice recordings, these algorithms can mimic not only the tone and accent but also the nuances of speech. This makes it increasingly challenging for individuals, and even sophisticated voice recognition systems, to distinguish between the real and the fake.

### Ways You Can Protect Yourself Against Deepfake Attacks

**Verification Protocols:** Ask your financial institution how you can employ multi-factor authentication (MFA) processes and strict verification protocols when dealing with phone-based account transactions.

**Awareness and Education:** Learning about the risks of deepfake technology and the need to be cautious when sharing sensitive information over the phone is essential.

**Verify Callers:** Before sharing any financial information or engaging in transactions over the phone, verify the identity of the caller by calling them back on a known, legitimate phone number.

**Stay Informed:** Keep up to date with the latest cybersecurity trends and threats to stay vigilant in the ever-evolving landscape of fraud.

The rise of deepfake voices poses a significant threat to the security of financial accounts. As technology continues to advance, it’s important to be proactive in safeguarding your financial assets by adopting robust security measures and increasing awareness about the risks of deepfake technology. By doing so, we can collectively work to stay one step ahead of cybercriminals in the digital age.

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# NEW FLEXIBILITY AND RESOURCE FOR DISTRICTS LOOKING TO JOIN TRS-ACTIVECARE

## Special Transitional Plan Rule

The plan year for TRS-ActiveCare health plans is Sept. 1 to Aug. 31. TRS has heard from districts with different plan years that are interested in joining TRS-ActiveCare but are unable to, due to this difference in plan dates.

To address this issue, a new rule adopted by the TRS Board of Trustees at its September meeting allows for the creation of a short-duration Special Transitional Plan (STP). Essentially, the rule provides districts the flexibility to “transition” into TRS’ Sept. 1 to Aug. 31 time frame. This rule does not in any way impact the requirements in law as set forth by [SB 1444 \(87R\)](#).

For example, District A has a plan year that begins Jan. 1 and ends Dec. 31. TRS would work with that district to underwrite health plans that would begin Jan. 1 of 2024 and end Aug. 31, 2024. After that transitional period ended, employees would enroll in TRS’ health plans with a start date of Sept. 1, 2024.

## Other Requirements

The district needs to **submit notice of its intent to join 90 days prior** to the effective date of entering TRS-ActiveCare. This allows time for employee enrollment, file transfers and other technical steps. In addition, **claims and other data have to be provided** to TRS 180 days prior to the first month of the STP period.

## New Interactive TRS-ActiveCare Website

We’ve made it fast and easy for you to see how TRS-ActiveCare is the most cost-effective health plan for public schools in Texas. Now, you can browse what that specifically means for your region – on your own time.

Visit our [new interactive TRS-ActiveCare website](#) to:

- See your Education Service Center Region’s 2023-24 regional rates
- Learn how we set regional rates
- Check the competitive data for your region
- Download helpful decision-making tools
- Hear what your peers say

Do you want to know the nuts and bolts of joining TRS-ActiveCare? [Find out what you need to gather.](#)

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## NAVIGATING LIFE EVENTS WITH EASE

Many career changes require TRS members to update their account information or take other action. That's why we've created our [Life Event Resource Kit/Employer Toolkit](#) – to guide TRS members on their next steps and provide them with the information and resources they need for their life and career changes.

New TRS members will find the “[New Hire](#)” section of our Career Events Resource Toolkit helpful when searching for answers to questions like:

- Am I eligible to participate in TRS?
- What pay will be used to calculate my benefits?
- Why do I pay into TRS-Care and how does that work?
- What do I do if my employer doesn't pay into Social Security?

Explore the [Life Event Resource Kit](#) today to see what steps you need to take and when. The impact of these events can be significant, and we want to ensure you're making the most of your benefits – in all ways possible – with each step forward.

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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.

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## COMING SOON: COMMISSIONED PEACE OFFICERS SURVEY

We need your help! This month, the Teacher Retirement System of Texas (TRS) will be sending a preliminary survey to Reporting Employer (RE) contacts to help gather current information about Commissioned Peace Officers and other similar positions from your employer.

House Bill (HB) 4141, passed during the 88<sup>th</sup> Texas Legislative Regular Session, directs TRS to conduct a study on the feasibility of offering alternative service retirement benefits to peace officers who are members of the retirement system.

If you receive an email request from [TRS@public.govdelivery.com](mailto:TRS@public.govdelivery.com) to complete the survey, please be assured this is a legitimate request from TRS. This preliminary survey will allow us to gather current information. We also will be sending a follow-up survey early in the new year to gather final reporting information as of Dec. 31, 2023. This will allow us to conduct the legislatively required study in a timely manner.

You can find the link to the survey, along with information about who to contact with any questions, in the email request. Simply click the link in the email to complete the quick 10-15 minute survey at your earliest convenience, **but no later than Nov. 30, 2023.**

Thank you for your help in completing this important request!