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update

TEACHER RETIREMENT SYSTEM OF TEXAS

Health care for employees retiring in the future

Retirement season is here and you may have employees planning their next big move. TRS wants you to know that the health plans currently available to retirees may be different by the time your employees retire. The 85th Texas Legislature is considering legislation that could make significant changes to TRS-Care, the retiree health program, to sustain the program for current and future retirees. TRS is closely monitoring legislative activity, and if any legislation passes that affects TRS health plans, TRS will communicate information to participants about their health plan options.

Attention: entities that participate in TRS-ActiveCare

TRS-ActiveCare summer enrollment dates and reminders

Summer will be here before we know it, which means Fiscal Year (FY) 2018 TRS-ActiveCare Annual Enrollment is just around the corner. Annual Enrollment begins July 1 and ends Aug. 22, 2017. It's the one time of the year your employees can make changes to their health care benefits without experiencing a major life event. Please remind your employees about this enrollment opportunity before they leave for the summer break so that they have enough time to make a decision about their health care options.

As in past years, TRS and Aetna will be traveling to each regional education service center (ESC) in Texas to hold one full day of benefits administrator (BA) training. Aetna will be sending these training dates and locations by email.

How to ensure a successful Annual Enrollment:

- communicate your enrollment dates early,
- anticipate a number of employees needing your assistance to make changes during the first few days of the new school year, which are the last days of FY 2018 TRS-ActiveCare Annual Enrollment, and
- make sure your employees understand they don't need to take action if they don't want to make changes to their current coverage.

Annual Enrollment preparation tips to share with your employees:

- Take stock of your medical coverage needs for the coming year.
 - Do you plan to add new dependents?
 - Are you planning a medical procedure?
 - Has anything changed in the past year that has made you want to consider different coverage?
- Use [ALEX](#), your personal, online benefits counselor, to learn more about your TRS-ActiveCare plan options and to help you make an informed choice.

Last chance to register: Third-Party Administrator (TPA) Summit

If your school district or charter school uses a TPA to provide enrollment and eligibility services, let your TPA know about the upcoming annual summit in Arlington. Aetna will share information at the summit to help you prepare for FY 2018 TRS-ActiveCare Annual Enrollment.

What: TRS-ActiveCare TPA Summit

When: Thursday, April 20, 2017, 1-4 p.m.

Where: Courtyard Marriott, 711 Highlander Blvd., Arlington, TX 76015

[Register today](#) to confirm your attendance because space is limited. Please limit attendance to TPAs only. BAs and school district staff will receive training through the Annual Enrollment meetings. If you have any questions or would like to register by phone, contact the Aetna Benefits Administrators Client Advocate Team at 877-767-5254.

Reporting Entity (RE) Portal training on TRS website

With the training classes TRS held in the spring of 2016 now over, and the implementation of the new RE Portal expected in September 2017, we want to remind you of the [RE Portal training information](#) that is available on the TRS website.

We have adapted the trainings that were held at the ESCs last spring into an interactive, [online training](#). The online training is recommended for anyone who was not able to attend one of our in-person trainings as well as those who would like to get refresher training on the RE Portal. A corresponding [User Guide](#) and [Training Guide](#) are also available for downloading and/or printing.

Additionally, there are a number of instructional videos that cover basic functions of the RE Portal, such as creating reports, viewing reports, viewing and editing errors, among others.

TRS plans to publish additional training modules for new functionality recently added to the RE Portal. We will send out an email to all REs when those modules are published.

The transition to using the RE Portal will be a big change from our current TRAQS reporting system. We hope the training materials provided to you will help make the transition a little smoother for us all.

The TRS 7 form: frequently asked questions

The *Notice of Final Deposit Before Retirement* form (TRS 7) is one of the forms included in the retirement packet sent to a member who requests retirement benefit information from TRS. The member is instructed to give this form to his or her TRS-covered employer. This form is to be completed by an authorized official of the TRS-covered employer. TRS uses the information provided on this form to correctly determine a member's final annual salary and eligibility for retirement; therefore, it is imperative that reporting officials provide the information requested on this form to TRS in a timely and accurate manner.

FAQs

What does TRS do with this form?

TRS uses the information provided on the TRS 7, in part, to determine if a member is eligible for the retirement date he or she has selected. One of the requirements to retire from TRS is that a member must terminate all employment with TRS-covered employers by the member's retirement date. TRS also uses the TRS 7 to determine the amount of creditable compensation in the member's final year of TRS-covered employment. This salary information is often needed to accurately calculate the member's annuity. For more information on correctly certifying the member's effective date of resignation/termination and salary in the final year of employment, please see below.

How should a TRS-covered employer certify the member's effective date of resignation/termination on the TRS 7?

The effective date of resignation/termination is the date that the member terminates the employment relationship with the employer and all employment with the TRS-covered employer ceases. A member has not officially terminated employment with a TRS-covered employer if he or she is working or on paid or unpaid leave with the TRS-covered employer. For example, a member may turn in a letter of resignation to terminate his or her employment at the end of the day on July 31. This member may stop working on July 25 and remain on paid or unpaid leave through his or her date of resignation; however, the member's effective date of resignation/termination should be certified to TRS as July 31 on the TRS 7.

Another important note about termination of employment is that, for the purpose of determining eligibility for retirement, a member who has a contract or agreement for future employment with a TRS-covered employer has not terminated all employment with a TRS-covered employer. A member who has not terminated all employment with TRS-covered employers is not eligible to retire and is not eligible to receive any benefit related to retirement. There is one exception to this requirement: a person who is eligible for normal-age retirement may have a contract for future one-half time or less employment, or a contract for future full-time employment that begins after a 12 full, consecutive calendar month break in service with all TRS-covered employers.

What dates should a TRS-covered employer certify as the semester dates on the TRS 7?

If you are a TRS-covered employer operating under a calendar with defined semesters, the semester dates certified on the TRS 7 should be the beginning and ending dates of the fall and spring semesters. TRS often uses this information to determine if a member has rendered enough service to earn a year of service credit in the final school year prior to retirement.

How should a TRS-covered employer certify the member's final annual salary and final report month on the TRS 7?

The reverse side of the TRS 7 instructs reporting officials to include all creditable compensation earned between the beginning and ending dates of an employee's contract or work agreement during the final year of employment. TRS recognizes that many employers have not paid all of the compensation due to an employee by the employee's effective date of resignation/termination; however, reporting officials should include creditable compensation earned, but not yet paid, by the employee's effective date of resignation/termination in the final annual salary amount. The final deposit and month should reflect the amount of the final member contribution the TRS-covered employer will submit on behalf of the member and on which monthly report it will be included. This amount should *exclude* any TRS-ActiveCare contributions or other payroll deductions submitted on behalf of the member to TRS.

NOTE: It is very important to complete the Final Report Month field correctly. Beginning September 2015, all REs were required to report salary in the month it is *paid*, regardless of when it was earned. Please ensure that the Final Report Month field is completed based on the employee's final pay date, not based on the employee's termination date.

It is also important to note that beginning with the 2013-14 school year, TRS determines a member's annual compensation for benefit calculation purposes on a Sept. 1 through Aug. 31 basis. If the retiring employee's contract or work agreement dates are different from Sept. 1 through Aug. 31, you may include the amount of creditable compensation paid to the employee between Sept. 1 and Aug. 31 in parenthesis next to the annual salary figure described above. Be sure to clearly label this salary figure as the Sept. 1 through Aug. 31 salary so there will be no confusion upon receipt of the TRS 7 by TRS.

What is non-creditable compensation that has been converted to salary, and how should a TRS covered employer certify it on the TRS 7?

Non-creditable compensation is any compensation expressly excluded as ineligible compensation in the statutes and rules applicable to the TRS pension plan or any compensation failing to meet the requirements of creditable compensation. TRS must exclude from benefit calculations any otherwise eligible compensation amounts that have been converted from non-creditable compensation to eligible salary and wages during any of the last three

to five years of service prior to a member's retirement (depending on the number of years used in the member's final average salary computation at retirement). Conversion occurs when an employer agrees to pay a member with creditable compensation for services performed in the future that, in the past, were paid by that employer with non-creditable compensation. For example, if in the prior year contract a TRS-covered employer identified a portion of the member's compensation as a car allowance or cell phone allowance (non-creditable compensation) and then in the current year contract includes this compensation as base salary and drops the characterization of the amounts as a car or cell phone allowance, the previously ineligible compensation (the allowance amount) has been converted to creditable compensation (base salary). If the conversion occurred in the last three to five years prior to retirement, the amounts converted to base salary will be excluded from the calculation of the member's final average salary. The amounts converted to eligible salary and wages would need to be certified on the TRS 7 if the conversion took place in any of the final five years prior to retirement. Employers should submit member contributions on converted amounts because until the member retires, TRS does not know whether the converted amounts will be included in the member's annual compensation for benefit calculation purposes. If the converted compensation is not used in the benefit calculation, TRS will refund the member contributions on the converted amounts to the member.

Who should a reporting official contact if he or she realizes that erroneous information was submitted on the TRS 7?

Reporting officials should contact their TRAQS coach if incorrect information has been submitted on a TRS 7. The TRAQS coach will relay the correct/updated information to the appropriate department at TRS. Reporting officials should be sure to provide their contact information to their TRAQS coach in case more information is needed by the TRS representative handling the member's file. TRS will contact the reporting official if a revised TRS 7 is necessary.

TRS releases new financial awareness videos

Want to be more financially savvy? Check out the latest animated, whiteboard videos from the financial awareness video series. The videos are intended to help our members learn even more about retirement self-sufficiency. The new videos cover refunds, financial advisors, Social Security, inflation, and compound interest. For more information about the series and to view the videos, visit our [website](#). You can also help us spread the word about the video series by downloading a [poster](#) from our website and displaying it at your school.