

UPDATE

SURCHARGES DUE ON CERTAIN RETIREES WORKING MORE THAN HALF TIME

Pension surcharges and TRS Care surcharges are due on TRS retirees who retired after Sept. 1, 2005 and who worked more than half time in the report month. The surcharges due are based on the pay that was received in the report month in which the retiree exceeded half time work. Surcharges are not calculated based on pay periods.

Therefore, TRS retirees who may be receiving accrued pay in the summer months for work performed earlier in the year, but did not work more than half time in the report month, are not subject to the surcharges in that report month.

For example: A TRS retiree works as a full time teacher during the school year and has their pay prorated out over 12 months. Surcharges are due for the months the retiree actually exceeded half time work. However, during the summer, when the retiree is receiving the prorated (or accrued) pay but does not work at all or works but does not exceed the half time limit, no surcharges are due.

REPORTING HIGHLY PAID MEMBERS WHO ARE SUBJECT TO THE IRS SALARY CAP

Some highly paid members may have their annual creditable compensation limited due to a salary cap from the Internal Revenue Service (IRS). Once an employee subject to the salary cap has reached the compensation limit for the fiscal year, an RE may not report any further creditable compensation or contributions to TRS. However, the RE is still required to report the employee's Total Gross compensation and days and hours worked to TRS.

A Zero Days Reason Code may only be used when a person truly worked zero days in a calendar month and was not on any type of paid leave.

The RE Portal will notify an RE if a person is or is not subject to the IRS salary cap. Also, you can use the Employees tab in the portal to access a list of employees at your RE who are subject to the salary cap. The list also shows those employees who are within 85% of the cap. If you have an employee who is within 85% of the salary cap, but they do not appear on that list, you can safely presume they are not subject to the IRS limit. You may contact your reporting coach for verification if you wish.

If you believed someone to be subject to the salary cap, but they are not, and you had stopped reporting their eligible compensation and contribution, then you may make corrections in certain circumstances. As long as the person is still employed with your RE, you can collect contributions for the unreported salary for the current fiscal year and one prior fiscal year and submit a prior month adjust records (RP25s) to report this. Anything earlier than the prior fiscal year is not eligible to be reported as a Regular Payroll (RP) adjustment. The member must have the earlier compensation verified and can purchase the compensation credit if desired.

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HIGHER EDUCATION: HOUR CONVERSION EXAMPLES – INSTRUCTIONAL TIME WITH PARTIAL HOURS

According to the TRS Payroll Manual, if your employer is **not** tracking time for instructors, then instructional time is to be converted to clock hours and counted as a minimum of two clock hours for each clock hour of instruction in the classroom or lab. This applies to any instructor whose employment is measured in semester or course hours or credits, instructional units, or any other unit representing class. The conversion reflects instructional time as well as preparation, grading and other time typically associated with one hour of instruction. If the employer has established a greater amount of preparation time for each hour in the classroom or lab, the employer's standard will be used to determine the number of clock hours scheduled for work.

Additional clarification is provided below for employees who teach in-person class time and that class time is not in increments of a whole hour. Please note that the examples below will use the employer multiplier of 2, but if your employer has a higher multiplier, please be sure to use the employer established multiplier.

Scenario 1: Adjunct instructor teaches four classes. Each class meets for 50 minutes of classroom instruction three times per week.

First, we will divide the number of minutes by 60 to get the portion of the hour:

$$50 \text{ minutes} \div 60 \text{ minutes} = 0.833 \text{ hours of classroom instruction}$$

Then you take this fraction of an hour and multiply it by 2 to calculate clock hours (or your employer's higher conversion standard for clock hours if one has been established):

$$0.833 \text{ hours of classroom instruction} \times 2 = 1.66 \text{ clock hours per day}$$

If this class meets three times per week, then you will take the total clock hours and multiply it by the number of days per week the class meets:

$$1.66 \text{ clock hours per day} \times 3 \text{ meetings per week} = 4.98 \text{ clock hours per week}$$

If this instructor has four such classes then you would take the total clock hours per week and multiply it by the number of classes.

$$4.98 \text{ clock hours} \times 4 \text{ classes} = 19.92 \text{ clock hours per week}$$

*This is rounded **down** to 19 hours per week.*

For consistency, once the total number of hours per week is determined, you will round down the total number of hours to the nearest whole number. Since adjunct faculty must work a minimum of 20 hours per week to be TRS eligible, this person **would not** meet eligibility requirements.

Scenario 2: Adjunct instructor has four classes. Each class meets for 90 minutes of classroom instruction two times per week.

First, we will divide the number of minutes by 60 to get the portion of the hour:

$$90 \text{ minutes} \div 60 \text{ minutes} = 1.5 \text{ hours of classroom instruction}$$

Then you take this fraction of an hour and multiply it by 2 to calculate clock hours (or your employer's higher standard if one has been established):

$$1.5 \text{ hours of classroom instruction} \times 2 = 3 \text{ clock hours per day}$$

If this class meets two times per week, then you will take the total clock hours and multiply it by the number of days per week the class meets:

$$3 \text{ clock hours per day} \times 2 \text{ meetings per week} = 6 \text{ clock hours per week}$$

If this person has four such classes then you would take the total clock hours per week and multiply it by the number of classes.

$$6 \text{ clock hours} \times 4 \text{ classes} = 24 \text{ clock hours per week}$$

No rounding is required in this case.

Since adjunct faculty must work a minimum of 20 hours per week to be TRS eligible, this person **would** meet eligibility requirements.

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TRS-ACTIVECARE 2020-21 RESOURCES AVAILABLE FOR BENEFITS ADMINISTRATORS

With Annual Enrollment set for July 15 – Aug. 21, we know your district is busy getting ready to enroll employees in TRS-ActiveCare. This year is extremely important after our transition to Blue Cross and Blue Shield of Texas (BCBSTX), and we hope you'll join us in encouraging employees to carefully consider their new plan options.

[The BCBSTX website for Benefits Administrators](#) (BAs) is live and has valuable materials BAs can use to help employees make educated decisions. These include:

- BA Training Presentation
- District Employee Presentation
- Plan Highlights
- Summary of What is Changing
- Hot Topics
- 2020-21 Administrative Guide

BCBSTX Provider Search Tool Now Available

Your employees will most likely have questions about whether they can continue to see their specific providers due to the network switch.

Our analysis found most existing providers are still in the network, but you can direct your employees to the Provider Search Tool on www.bcbstx.com/trsactivecare where they can search for their preferred providers. The search tool will ask them to choose a plan to search.

DISTRICT CONTRIBUTIONS TO TRS-ACTIVECARE PREMIUMS

Starting in June, bswift will collect information about how much district employees will pay for TRS-ActiveCare coverage on Sept. 1, 2020. Although the minimum district contribution under state law has not changed since 2002, many districts contribute more than the \$225 required per employee per month.

This information will allow employees to select plans based on the actual share of premiums paid by employees as part of the interactive “Ask Emma” enrollment tool. It will also help TRS continue tracking the cost of TRS-ActiveCare health coverage among participants.

For districts that use a third-party administrator (TPA), the TPA will send premiums to bswift. Districts that do not use a TPA will enter the employee share of the premium directly into the bswift portal. Detailed information about the data reporting requirements will be shared directly with BAs.