

UPDATE**CONTRIBUTION RATES INCREASING FOR 2021-2022**

During the 86th Texas Legislative session, the legislature passed SB 12 – the TRS Pension Reform bill. It provided for gradual contribution increases from the state, public education employers and active employees. As a result of this legislation, the following rates will change beginning Sept. 1, 2021:

Contribution Type	Current Rates	Rates as of Sept. 1, 2021
Member Contribution	7.7%	8.0%
State Contribution	7.5%	7.75%
Public Education Employer	1.6%	1.7%
Pension Surcharge	15.2%	15.75%

Please keep in mind the new rates will apply to all TRS-eligible compensation **paid** on or after Sept. 1, 2021, and the rate increase will affect your Regular Payroll (RP) and Employment After Retirement (ER) reports.

The following contribution rates will not change for FY 2022:

- TRS-Care Surcharge for Reported Retirees
- Member TRS-Care
- RE TRS-Care
- Federal TRS-Care

TEXAS RESIDENCY NOT A REQUIREMENT FOR TRS ELIGIBILITY

As a condition of employment, an employee must be a member of TRS in order to be employed in a position in a Texas public educational institution that is eligible for TRS membership ([Sec. 822.001](#)). The employee is not required to be a resident of Texas or the U.S. to be a TRS member. If the employee performs work remotely, TRS membership is still required if the individual is considered an employee of the institution and the position meets TRS eligibility criteria.

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HOW TO REPORT TERMINATIONS TO TRS

As the school year comes to a close, it is normal for our employers to experience an increase in the number of individuals leaving employment with the Reporting Employer (RE). It is very important to report all your employee terminations to TRS properly. The termination record can affect many aspects of the employee's account and can result in the RE having to make additional corrections if done improperly.

Your RE should submit an ED90 (termination record) with the ED reports for the month in which the employee will receive their final pay. The ED90 should include the actual termination date and the Final Report Month for TRS Contributions (if applicable).

You should fill out the Final Report Month field in the following cases:

- If the employee is terminating from TRS-eligible employment and the member is receiving their final pay with TRS contributions.
- If the employee is terminating from TRS-ineligible employment, **and** they have held an eligible position with the RE in the past. In this case, the RE would enter the Final Report Month for TRS Contributions, which corresponds to the prior TRS-eligible position.

You do not need to complete the Final Report Month field if the employee has never held an eligible position with your employer.

Please note: If the Final Report Month is submitted incorrectly, you can enter a new ED90 with the correct final report month as long as the termination date remains the same. The system will accept the corrected final report month without an error, unless the account has been closed.

Also, during this time, there is an increase in the number of refund certification requests that REs need to complete. It is important to complete the refund certifications properly to avoid future reporting issues.

TRS Laws and Rules state that an individual may only request a refund of their TRS contribution if they have terminated all employment with all TRS-covered employers, are not expected to resume employment, and have not applied for work at another TRS-covered employer, **or** are only working in a substitute capacity.*

Refund certifications should only be certified if:

- The individual has terminated all employment with your entity and is not expected to return. An ED 90 would ordinarily be submitted for this individual, but the refund certification will take the place of an ED 90.
- The individual is currently a substitute with your entity and is expected to continue in that role only.

Please do not certify that an individual has terminated if:

- The person has not terminated, but they are not working during the summer months. If they are still considered an employee and are expected to return, then they are not eligible for a refund.
- The person is still an employee, has not terminated, but is not working due to current school closures.
- The person has not terminated but is not receiving pay (i.e. if they have a 10-month contract that is paid over 10 months). Lack of pay over the summer months does not qualify someone for a refund of TRS contributions.
- The person has temporarily terminated employment but is already hired or expected to resume working in the future.

Incorrectly certifying an employee as terminated can have consequences for your reporting in the future. For example, if someone is certified as terminated and receives their refund over the summer, all of the following will be required when they return to work in the next school year:

- A new ED20
- An ED40 with a new Employment Start Date since the refund certification will have terminated the previous employment relationship
- TRS-eligible employees will be subject to New Member Contributions, causing an extra expense for your district

*There are some special circumstances to consider when your RE is certifying refunds for individuals who are still employed as a substitute only. A substitute must have a current contract, including the month in which the certification is being completed, for the refund certification to be accepted. If an ED40 including the current month is not on record, an error will result when completing the certification. If the previous contract has ended, but this person is still considered to be employed as a substitute, your RE may create a new ED40 including the current month to allow the refund certification to be completed. If an employed substitute has been certified as terminated, when they return to work, you will need to enter a new ED20/ED40 upon reporting them for the first time.

If you receive errors when you are completing a refund certification or ED 90, please contact your RE coach for guidance.

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HOW TO REQUEST TRS TEMPORARY IDENTIFICATION NUMBERS

REs are required to report employees to TRS under their social security number or Individual Taxpayer Identification Number (ITIN). If an employee has not provided one of these documents to their employer, a TRS temporary ID must be requested prior to reporting the employee. Employers must not enter internal employee ID numbers or create a number in place of a temporary TRS ID in the RE Portal.

Please send requests for TRS temporary IDs to Reporting@trs.texas.gov. In the subject line, please include your four-digit RE number and "Request for Temporary ID Number."

List the name of each employee for whom you are requesting a temporary ID in the following order:

LAST, FIRST MI	Gender	DOB
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Once the employee has provided you with their social security card and the appropriate documentation, please submit an ED25 to change the employee's identification number in the TRS database. You will submit an ED25 record to update it from the TRS temporary ID number to their social security number. On the ED25, enter the TRS temporary ID as the original SSN and their actual SSN on the New SSN field. This may require an override.

REPORTING SUMMER PAY

REs are required to report pay for active and retired members during the summer, even if the employee does not work. Here is how to handle both cases:

For Active Employees (non-retirees):

Active employees who are not working after the instructional year ends but who are still receiving pay will need to be reported with the zero-day reason code of A-Accrued Pay. You will use the zero-day reason code if the individual is still employed with your institution or if this pay is not their final pay after termination. If the employee has terminated and will be receiving their final check in the current report month, fill in the zero-day reason code with F-Final Pay.

Be sure to review the contracts that your RE is submitting for your employees. Individuals who do not work during the summer but are still receiving pay should not have a contract that spans the summer months.

If you encounter an error related to days being reported on your RP report, please be sure to verify if the employee actually performed work, as hours and days worked should be reported in the month in which they are actually worked.

For TRS Retirees:

REs must pay pension surcharges and TRS Care surcharges on TRS retirees who retired after Sept. 1, 2005 and 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.

A retiree who is still receiving accrued pay will need to be reported with the amount of pay received in the calendar month. There will be no days and no hours reported. If the retiree did not physically work, a zero-day reason code of A-Accrued Pay should be reported, unless the retiree has terminated in the current month and is receiving their final pay. If this is the final pay for a terminated retiree, the correct zero-day reason code should be F-Final Pay.

If you are receiving errors reporting the zero-day reason code for either active members or retirees over the summer months, please reach out to your RE coach for guidance.

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STATUTORY MINIMUM COMPENSATION CALCULATION REMINDER

Beginning with the employee's contract start date for the upcoming fiscal year (FY 2022), all employers for whom the statutory minimum contributions are due must calculate the state minimum compensation based on the number of days in the employee's contract. This is a continuation of the statutory minimum calculation change that was implemented in FY 2021 (Payroll Manual for Independent School Districts, Charter Schools and Education Service Centers, [Page 64](#)). This applies to all employees working in a position that is subject to the statutory minimum contribution and who have a contract greater than 187 days.

If an employee with a contract term greater than 187 days begins their FY 2022 contract in July 2021, then the new state minimum compensation step begins with their July contract and the correct state minimum salary must be reported on the July 2021 reports.

As an example, if a teacher's contract is 195 days, on step 0, you will take the daily rate of pay (\$180) and multiply it by the number of days in the contract (195) to get the annual state minimum compensation for this individual (\$35,100). If the employer pays the employee's salary over 12 months, then the monthly state minimum compensation amount on the RP report will be \$2,925.

$$\$180 \times 195 = \$35,100$$

$$\$35,100 \div 12 = \$2,925$$

Please note that for teachers, librarians, nurses and counselors ([table 1](#)) whose contracts are less than 187 days (such as in Districts of Innovation), the state minimum salary cannot be reduced lower than the Texas Education Agency (TEA) salary schedule. The TEA requires employers to pay the established state minimum salary, which is based on 187 days, even if the full year contract is fewer than 187 days. For example, a District of Innovation whose contracts are 183 days must still pay the state minimum salary per the TEA schedule.

This requirement change applies to TRS reporting purposes and does not require the employer to pay the employee more than the state minimum salary set by the TEA.

COMPLETING VERIFICATION OF SERVICE AND SALARY FORMS

At times, a member may not be reported as TRS eligible at the time they perform work or when their pay is issued. Perhaps the service was not eligible at the time it was worked, or there was an error in reporting and the deadline has passed to correct it through the monthly reports. There are some scenarios where the member can still get this time or pay verified by their employer and buy the credit from TRS.

There are three types of service or pay that may be verified and purchased by the member: unreported service or salary (verified on a Verification of Service and Salary form, or form TRS 22I), substitute service and salary (verified on a *Verification of Substitute Service and Salary* form, or form TRS 22S), and workers' compensation payments (verified on a *Verification of Workers' Compensation Payments* form, or form TRS 22W). All forms must be completed and signed by an RE contact with signature authority, then returned to the member for submission to TRS.

When a member has time worked and/or pay that was not reported to TRS at the time the work was performed or the pay was issued, REs are allowed to submit adjustments through the RE Portal. However, these adjustments are only allowed for the current fiscal year and for one previous fiscal year. If the unreported pay or service is older than what is allowed, the RE must complete form 22I. You must complete a separate form 22I for each school/fiscal year being verified.

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COMPLETING VERIFICATION OF SERVICE AND SALARY FORMS *continued from page 4*

On the [Verification of Service and Salary form \(TRS 22I\)](#), the employer provides the following:

- school (or fiscal) year being verified,
- total number of days worked or on paid leave that year,
- total gross salary paid to member that year,
- the member's position,
- the member's name at the time service was rendered,
- whether the member was an employee or independent contractor at the time,
- whether the member was employed at least half time,
- whether the member was paid at a rate comparable to others working in similar positions, and semester dates for the school year being verified.

Higher education employers will also need to confirm the following:

- For the service being verified, was the member required to be enrolled as a student at that college or university?
- Was the member enrolled in ORP at the time the service was rendered?

The [Verification of Substitute Service and Salary form \(TRS 22S\)](#) may be completed for an employee who has worked as a substitute. You cannot complete the form prior to the end of the fiscal year (Aug. 31st) in which the person worked as a substitute. A member must work at least 90 days in a school year as a substitute in order to purchase a year of service credit, but all 90 days do not have to be with the same employer. If a member did not substitute for 90 days at your RE, the form should still be completed and returned to the member for submission to TRS.

On the TRS 22S, the employer provides the following:

- school year (fiscal year) in which the substitute worked for the RE (each year must be reported on a separate line),
- total number of days the member worked as a substitute in that school year,
- the type of position in which the member was substituting (teacher, bus driver, etc.), and
- the gross amount of pay issued to the member for the substitute service that year.

You should complete the [Verification of Workers' Compensation Payments form \(TRS 22W\)](#) when a member receives workers' compensation payments as temporary wage replacement pay. On the form 22W, the employer provides the monthly amounts of the following:

- The amount of salary actually paid to the member and reported to TRS on the monthly RP report. This amount is only to include the pay issued by the RE,
- The number of days in the report month that the member actually worked or was on paid leave,
- The amount of workers' compensation pay that was paid to the member in the report month, and
- The total amount of pay the member would have received in the report month had they not been on workers' compensation.

The types of services described above must be verified within five years after the end of the school year (fiscal year) in which the unreported service and/or substitute service was rendered and/or the compensation was paid. Unreported service, unreported compensation, substitute service, or workers' compensation that is not verified by the applicable deadline will not be eligible for purchase and cannot be used to determine eligibility for, or the amount of, any TRS benefits.

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