

Hot Off The Press

TRS CHANGES EFFECTIVE IMMEDIATELY

There were several changes made to the Teacher Retirement System (TRS) plan this last legislative session. Some of these changes are outlined below, as well as a definition as to how the B/P/P Operations Center will implement the changes.

- As of September 1, 2005, new employees no longer have the 90-day waiting period prior to participating in a retirement program. Employees who were hired before September 1, 2005 and who did not complete the 90-day waiting period become eligible for membership as of September 1, 2005. However, as of September 1, 2005, employers are required to pay the employer (state) contribution for new employees (in their first 90 days of state employment) paid from General Revenue funds from agency or institution funding sources. This also includes those who began the 90-day waiting period before September 1, 2005, but have not completed the 90 days; the payment will be due for the remainder of their 90 days. The payments will be collected through the *Reporting Entity Payments for New Members Report*.

The B/P/P Operations Center identified these employees and automatically changed the TRS start date to 9/1/2005 for those with a TRS start date after 9/1/2005. At the same time, a new field, **90-End-Dt**, was populated with the current employment date plus 90 days. This result should equal the original TRS start date (for employees hired this past biennium). If it does not, it will be populated with either the TRS start date or the current employment date plus 90 days, which ever is later.

Two reports were produced for each system member detailing the employees changed, namely:

- (1) TESTUPD JOINIT35 - 01: This report lists the employees who had a TRS start date greater than August 31, 2005. Those flagged with the message 'VERIFY 90 END DATE' need to be looked at closely. In this case, the original TRS start date did not equal the calculated 90-End-Dt and the greater of the TRS start date or the calculated 90-days from the current employment date was used to populate the 90-End-Dt.
- (2) TESTUPD JOINIT35 - 02: This report lists the employees hired this past biennium with a TRS start date prior to September 1, 2005 (these employees had satisfied their 90 day waiting period for TRS participation). For these employees, the 90-End-Dt has been set to their TRS start date. For employees hired prior to September 1, 2003 (prior to any retirement waiting period requirement), the 90-End-Dt was left blank.

The 90-End-Dt field was added to the Retirement screen (Screen 104) and contains the 90th day of employment for employees hired after September 1, 2003. This date will be used to determine when to calculate the TRS9 employer payment amount rather than the TRS employer payment amount. If this date is less than the pay period beginning date of the payroll being processed, the 90 day wait has expired and the TRS deduction and employer amounts will be processed as it is currently. When the 90-End-Dt falls after or within the pay period being processed, a new payroll deduction type, TRS9, will be calculated in addition to the TRS deduction.

This new deduction will only include the 6% employer payment and will be used to produce the new *Reporting Entity Payments for New Members Report*. This new report will be used to enter the TEXNET Deposit in TRAQS.

A new entity (TRS9) was established in the accounting analysis table to define the source of this employer payment during the first 90 days of employment. The charge code, bank number and account number was set in the accounting analysis table, Screen 309. Please note that this employer payment cannot come from General Revenue funds. The values for the TRS9 charge code, bank and account number were initialized to the corresponding TRS values, unless the TRS charge code was zero. In that case, the TRS9 charge code was initialized to **2**, and the bank and account numbers were initialized to zeroes. A hard copy listing of the new accounting analysis table was produced and distributed to each system member. Please review this report carefully and make the appropriate updates, especially in the accounting analysis code ranges for your General Revenue funds.

- As of September 1, 2005, **all** reporting entities (employers) are required to make monthly surcharge payments to the TRS pension fund for certain retirees returning to work. This surcharge will be collected through the report titled Reporting Entity Pension Surcharge for Reported Retirees and is due on each retiree reported in Area 1 or Area 2 of the Employment of Retired Members Report unless the retiree is exempt. A retiree is exempt and the employer reporting the retiree is not required to pay the pension surcharge if the retiree was reported by the **same** reporting entity in Area 1 or Area 2 of the January 2005 Employment of Retired Members Report.

BP8048 - 'Working Retirees' list the employees that should be reported in Area 1 and Area 2 of the *Employment of Retired Members Report*. If you do not have a copy of this report from January 2005, please contact the B/P/P Operations Center immediately to have one generated for your workstation. If a retiree appears in Area 2 (Working Retirees - < 01/01/2001) or Area 1 (Working Retirees - >= 01/01/2001), and is still employed with your workstation, they are exempt from the 12.4% surcharge. See the attached spreadsheet to determine the proper TRS deduction code value. A new deduction type, TRSS (TRS Surcharge), will be used to record the 12.4% employer payment surcharge for retirees with a TRS deduct code of **R** or **S** or **T**. This deduction type will be used to produce the *Reporting Entity Pension Surcharge for Reported Retirees* report. This new report will be used to enter the TEXNET Deposit in TRAQS.

A new entity (TRSS) has been established in the accounting analysis table to define the source of this employer payment. The charge code, bank number and account number were set in the accounting analysis table, Screen 309. The values for the TRSS charge code, bank and account numbers were initialized to the corresponding TRS values. A hard copy listing of the new accounting analysis table was produced and distributed to each system member. Please review this report carefully and make the appropriate updates.

- As of September 1, 2005, all reporting entities (employers) are required to make monthly surcharge payments to TRS-Care for certain retirees returning to work. This surcharge will be collected through the report titled Reporting Entity TRS-Care Surcharge for Reported Retirees and is due on each retiree reported in Area 1 or Area 2 of the Employment of Retired Members Report unless the retiree is exempt.

The B/P/P Operations Center created a new field, TRS-Care, on the Retirement screen (Screen 104). This field will be used to record the TRS-Care employer surcharge amount. New employees will need to fill out form TRS 667 'TRS-CARE EMPLOYER HEALTH BENEFIT SURCHARGE INFORMATION FORM'. A&M System members should use this form when in-processing new employees to determine the amount of the TRS-Care surcharge, if any. The same rules apply as TRSS with regards to the employee exemption. If the retiree is exempt, do not enter anything into the TRS-Care field on Screen 104. See the attached spreadsheet to determine the proper TRS deduction code value. Existing employees working less than 50% effort that are not eligible for A&M System benefits can have TRS-Care coverage. These employees will need to complete form 667 also. A copy of form 667 and further instructions will be provided by System Human Resources. A new deduction type, TRSC, will be used to record the TRS-Care employer payment surcharge for retirees with a TRS deduct code of R or T, and will be used to produce the *Reporting Entity TRS-Care Surcharge for Reported Retirees report*. This new report will be used to enter the TEXNET Deposit in TRAQS.

No new entity was created in the accounting analysis table for this employer payment. By definition, these expenses will be charged back against the original salary account and bank used to pay the retiree. It is not anticipated that there will be many retirees meeting the criteria for this employer payment.

The three new deduction types, TRS9, TRSS, and TRSC are all employer payments. There is no actual employee deduction, and the TRSS type is the only one that will have a covered wages field. Fiscal year-to-date fields for covered earnings and employer payment have also been added to Screen 104 for TRSS. The covered wages associated with TRS9 will be recorded in the TRS covered wages field. All of the employer payment amounts will be displayed on the Earnings Register, Voucher Detail, and Payroll History.

When making changes to the TRS deduction code on Screen 104, please verify the TRS start and stop dates. These dates will be used when determining whether to calculate the new deduction types, depending on the deduction code. The start date should be the current employment date as a retiree. The 90-End-Dt should not be changed by this new process. If you have coded stop dates for your retirees, you will need to set them back to all 9's for any retirees that are NOT exempt from the TRS surcharges. Otherwise, if the TRS stop date is before the accounting period end date, no TRS deductions (including the TRSS or TRS-Care surcharge) will be calculated.

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104 TAMUS B/P/P - Retirement Programs - Correction                                09/09/05 10:24
                                                                                   D BPP9999 R009

Screen: _____
SSN: _____      Name: _____

TRS-Ded-Cd  _ Ben-Cap  _      Start-Date  _ _ _      Stop-Date  _ _ _
  MTD-Ded   _          _      FYTD-Ded     _          _      90-End-Dt   _ _ _
  TRS-Care  _          _      FYTD-Pymt    _          _      TRSS-FYTD-Pymt  _ _ _
  MTD-TRSC  _          _      FYTD-CE     _          _      TRSS-FYTD-CE   _ _ _

ORP-Ded-Cd  _ Carr  _      Supl-Elig  _      Start-Date  _ _ _      Stop-Date  _ _ _
  YTD-Ded   _          _      Ben-Cap   _      Vested    _
  YTD-Pymt  _          _      FYTD-Ded  _          _      ETD-Ded    _
  YTD-CE    _          _      FYTD-Pymt _          _      Decline ORP WS  _
                                           Date        _ _ _

SORP-Ded-Cd _ Carr  _      FYTD-Ded  _          _      ETD-Ded    _
  YTD-Ded   _          _      FYTD-Pymt _          _
  YTD-CE    _          _      FYTD-CE   _          _

Comments _____
    
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TRS DEDUCTION CODE DEFINITIONS, AS OF JANUARY 8, 2008

Y - Compute the TRS deduction, covered wage and employer payment amount.

N - Do NOT compute the TRS deduction, covered wage or employer payment amount, and/or the retiree is exempt from TRS surcharge.

Use this code for A&M System retirees who retired before 09/01/2005 or are not benefit eligible. They are exempt from the TRS surcharge.

S - Compute the TRSS covered wage and employer payment amount (12.98% of covered wage).

Use this code for A&M System retirees who retired on or after 09/01/2005.

X - Do NOT compute the TRSS covered wage and employer payment amount.

Use this code for NON-A&M System retirees who retired before 09/01/2005, or are not benefit eligible. They are exempt from the TRS surcharge.

R - Compute TRSS covered wage and employer payment amount (12.98% of covered wage).

Use this code for NON-A&M System retirees who retired on or after 09/01/2005.

