AASBO 2021

TRS & The ESS Portal

Hunter Norris

September 21,2022

Tier 2 Employee Rate Changes

- Tier 2 employee rates will change in the same pay period as the employer rates, which is the first **Pay Period with the End Date of October 1, 2021 or later.**

- For all **Pay Periods that have End Dates that fall on or after October 1, 2021**, employers should deduct <u>6.2%</u> from the gross salary for each Tier 2 Regular Member and <u>7.2%</u> from the gross salary of each Tier 2 Certified Firefighter or Law Enforcement Officer.

- In accordance with Act 2021-537, Tier 2 members retiring on or after June 1, 2021 are permitted to convert sick leave credit to retirement service credit.

View Your Agency's Rate Reminder Letter

▶ Select Services > Employer Information. Your agency's rate reminder letter will be located under Actuarial Reports. Select the report labeled **FY 2022 Rate Reminder - 6/8/2021.**

▶ The RSA has provided an article in the September *Advisor* informing members of the employee rate increase.

▶ Please be sure to inform your Tier 2 employees of the employee rate change and when it will take effect for your agency.

Overtime

▶ Employers are responsible for keeping up with the limitation and not submitting more than the allowable amount of overtime contributions to RSA.

▶ Tier 1 employees' overtime limit is 120% of their base rate. Tier 2 employees' overtime limit is 125% of their base rate.

▶ Overtime wages are to be reported with a separate payment reason of "Overtime". Once an employee goes over their overtime limit, these overtime wages are to still be reported. These overtime wages will be reported as "Non-Pensionable Overtime".

▶ **The only salary that counts against the overtime limit is the salary that is paid at the rate of time and a half in compliance with FLSA.**

"Straight Time" vs "Overtime" & Payment Reasons

▶ There is a difference between "straight time" and "overtime."

▶ Example: If a lunchroom worker has a full-time 35 hour per week position and they work an extra 3 or 4 hours that week, they will be paid for that extra work, but the pay is at their regular rate of pay (this is **Straight time**). If they work more than 5 extra hours that week, then they have exceeded 40 hours, and now the FLSA says they have to pay them at time and a half(this is **Overtime**). The only thing that counts against the overtime limit is the pay over the 40 hours.

Payment Reasons:

▶ Regular Pay is defined as base wages including straight/gap pay, call-back pay, paid leave (not taken as a lump sum), and other related pensionable compensation.

▶ Lump Sum/Longevity Pay is defined as pensionable bonuses and other one-time payments, wages for coaching, labs, or any time worked outside the member's normal contract.

▶ Overtime Pay is defined as wages earned in accordance with the Fair Labor Standards Act at the rate of time and a half for working more than 40 hours per week.

▶ Non-Pensionable Overtime is defined as wages that exceed the overtime limit. Those earning in excess of the overtime limit should be reported as Non-Pensionable Overtime.

Overtime Refunds

- RSA has developed an automated year-end rollup process that automatically refunds ineligible employee and employer overtime contributions through ESS.

- The program adds up every line of Regular Pay submitted during the scholastic year and then multiplies that amount by 120% for Tier 1 employees or 125% for Tier 2 employees to determine what the yearly limit is for wages submitted as Overtime.

  - If the amount submitted has exceeded the overtime limit, ESS will automatically generate a credit invoice for that employer which will need to be applied to the next contribution submission.

- If the amount appearing on the invoice for a particular employee is incorrect, Prior Pay Period Adjustments(PPAD) may be necessary.

- This year's refund was for both the 2019-2020 and 2020-2021 scholastic years. For all scholastic years between 2012-2013 and 2018-2019, agencies did not submit detailed information about the different types of pay. Any request for a review for those years will need to be made by the employer on the *Overtime Certification form* available at **https://www.rsa-al.gov/employers/trs/.** Please return this form to **TRSInfo@rsa-al.gov**.

Overtime Report

- To locate the Overtime Report select>Services Tab>Reports>Overtime Limit

- Effective July 1, 2012, Act 2012-302, HB255, of the Code of Alabama 1975, mandates:

  - Base salary and overtime for Tier I members cannot exceed 120% (Base Rate × 1.20 = Overtime Limit)

  - Base salary and overtime for Tier II members cannot exceed 125% (Base Rate × 1.25 = Overtime Limit)

Overtime Limit Report

m: TRS   **Plan Year:** 2020 - 2021   **Employer:** 1

Pay Period End Date as of 06/30/2021

ers: Yes

s wages for which the employee has contributed during the selected plan year. Other reported wages are not considered in the calculation of ensation overtime limit.
s responsibility to monitor participating employees' compensation and ensure that the earnable compensation limit is not exceeded. This report u track your employees' overtime.

Name	Tier	Base Wages (YTD)	Annualized Base Wages	Other Reported Wages	Overtime Wages (YTD)	Estimated Overtime Limit	Overtime Amount Exceeding the Limit
	Tier 1	$28,267.14	$28,267.14	$1,200.00	$0.00	$5,653.43	
	Tier 1	$50,546.24	$50,546.24	$2,400.00	$0.00	$10,109.25	
	Tier 1	$21,710.06	$21,710.06	$1,200.00	$0.00	$4,342.01	
	Tier 1	$17,487.67	$17,487.67	$1,200.00	$0.00	$3,497.53	
	Tier 2	$38,153.80	$38,153.80	$1,200.00	$0.00	$9,538.45	
	Tier 1	$57,684.96	$57,684.96	$3,476.00	$0.00	$11,536.99	
	Tier 1	$54,248.04	$54,248.04	$1,962.50	$0.00	$10,849.61	
	Tier 1	$26,210.71	$26,210.71	$1,200.00	$0.00	$5,242.14	
	Tier 2	$10,222.07	$10,222.07	$1,200.00	$0.00	$2,555.52	
	Tier 2	$20,157.02	$20,157.02	$2,257.99	$0.00	$5,039.26	
	Tier 2	$24,733.30	$24,733.30	$1,200.00	$1,533.43	$6,183.33	
	Tier 1	$52,304.79	$52,304.79	$1,680.00	$0.00	$10,460.96	

Contact Persons Update

Contact Type(s)

- ☐ Agency Head
- ☐ Disability Contact
- ☐ Enrollment Coordinator
- ☐ Human Resource Director
- ☐ IT
- ☐ Office Coordinator
- ☐ PEEHIP Clerk
- ☐ Reporting Official
- ☐ Retirement Certification
- ☐ RSA-1
- ☐ Service Purchases
- ☐ Withdrawal Certification

▶ The Retirement Systems of Alabama has added additional contact types to the Contact Persons information screen in ESS.

▶ This gives your agency the ability to inform the RSA of who the appropriate contact person is for each type. It is the responsibility of each agency's ESS Portal Administrator to keep this information up to date.

▶ This information should be updated anytime a contact changes types, a contact leaves your agency, or anytime a new person assumes one or more of these contact types.

▶ The RSA uses this list of contacts to communicate with your agency based on the information provided by the Administrator.

▶ A contact person does not have to be an ESS user but an ESS user must be listed as a contact person for your agency.

Retirement Certifications

► **As of January 1, 2022, TRS will only accept retirement certifications through ESS, not on paper. The certification section will be completely removed from the retirement application.** (An email was sent out on June 8th,2021 by Employer Services explaining this change.)

► If there is anything that the employer thinks may be confusing about a particular certification (e.g. the member is receiving extra pay, less pay, or anything else that might look odd), they can type notes to the counselor to clarify the information submitted.

► Many TRS agencies contact TRS after a retirement has been certified to report that an employee's sick leave balance has changed. The preferred procedure is for the agency to send an email to TRSInfo@rsa-al.gov indicating the member's name, PID, and final sick leave balance.

Reporting a Retiree's Wages

▶ All retirees who return to full time or part time employment must be enrolled and have their wages reported in the ESS Portal.

▶ Retirees are to be enrolled with non-participating contribution groups and reported with <u>pensionable payment reasons (Regular Pay, Lump Sum/Longevity)</u> so they show on the Postretirement Employment Report.

▶ To view the Postretirement Employment Report select>Services Tab>Reports> Post-Retirement Employment.

   ▶ The Postretirement Employment Report Lists all working retirees for an employer if enrolled, reported with a pensionable payment reason, and the earnings limitations that apply to the retirees.

   ▶ *If you have Retirees that are paid through accounts payable, Retirees who have not been reported, or Retirees who were not reported correctly, you will still need to complete the Postretirement Employment Employing Agency Annual Certification form each year*

Actual Units vs Full Time Units on Contributions

▶ **Actual Units Worked** represents how many hours, days, shifts, or courses the employee actually worked for the pay period being reported. (Including sick and vacation leave being used in the place of working hours.)

▶ **Full Time Units** represents the amount of hours, days, shifts, or courses an employee is required to work to be considered full time in the pay period being reported. (The amount of possible working days excluding holidays in a pay period)

  ▶ The ratio between the Actual Units Worked and Full Time Units is what calculates the service credit an employee earns. It is imperative that the Actual Units Worked and the Full Time Units are reported correctly for the employee to earn the appropriate amount of service credit.

Actual Units Worked vs Full Time Units Example

- The pay period being reported is 8/1-8/31 paid 8/31. Your 187 day contract employees start on 8/9.
  - We would expect to see the Actual Units Worked reported as 17 days
  - We would expect to see the Full Time Units reported as 22 days
- The pay period being reported is 8/1-8/31 paid 8/31. Your 1403 hour contract employees start on 8/9.
  - We would expect to see the Actual Units Worked reported as 127.50 hours
  - We would expect to see the Full Time Units reported as 165 hours.
- The pay period being reported is 8/1-8/31 paid 8/31. Your 1496 hour contract employees start on 8/9.
  - We would expect to see the Actual Units Worked reported as 136 hours
  - We would expect to see the Full Time Units reported as 176 hours.

Questions

- If you have any questions, please contact Employer Services at 334-517-7005 or by email at **Employer.Services@rsa-al.gov**