



EMPLOYER BULLETIN

ERO AND FEDERALLY-FUNDED SALARIES CONTRIBUTION RATES UPDATE

February 2016

ERO Scheduled to Expire June 30, 2016

The TRS Early Retirement Option (ERO) will automatically expire on July 1, 2016 unless the law is extended by the General Assembly.

If the ERO law is not extended, the current 9.4 percent salary contribution for both Tier I and Tier II members will be reduced to 9.0 percent for all creditable earnings earned on or after July 1, 2016. Since 2005, active TRS members have contributed 0.4 percent of their creditable earnings to help fund the ERO.

Please review all procedures necessary to eliminate the 0.4 percent contribution from your district's payroll system on all salaries earned beginning July 1, 2016 and be prepared to implement those procedures if the law expires.

If the ERO law is not extended, most active and inactive members will be eligible to receive a refund of their 0.4 percent contributions accumulated since 2005. TRS will not be able to estimate each member's potential refund until the fall of 2016, after all employer Annual Reports are processed.

Retired TRS members who did not participate in the program had their accumulated ERO contributions refunded at retirement. All members who retire before the ERO law is scheduled to expire will be able to apply for contribution refunds at retirement, unless they are participating in the program.

TRS will keep you informed of the status of the ERO law as the General Assembly's spring session continues.

Federally-Funded Salary Contribution Rate Increase on July 1, 2016

The TRS employer contribution on federally-funded salaries will increase from 36.06 percent to 38.54 percent on July 1, 2016.

The new rate applies to salaries earned beginning July 1, 2016. For administrators and summer school teachers whose July checks are payment for work performed in July, the new rate should be implemented. For teachers whose summer checks are for work completed during the 2015-16 school term, do not implement the new rate until the first paycheck for the 2016-17 contract is issued.

Other contribution rates are not yet confirmed for July 1, 2016. We will contact employers with the rates when they become finalized.