



THE RETIREMENT SYSTEMS OF ALABAMA

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August 31, 2015

CHECKLIST MEMORANDUM

From: Christopher Townes
Director of Benefits for the Teachers' Retirement System of Alabama

To: Chief Executive Officers of Teachers' Retirement System Member Agencies

Regarding: **2014-2015 Annual Checklist and Instructions**

Deadline: **Return Prior to October 31, 2015**

- I. **Purpose:** The enclosed Annual Checklist for your agency is the accounting document used by the Teachers' Retirement System (TRS) to verify each of your employee's correct name, social security number, contributions, and service credit during the scholastic year (July 1st to June 30th). An agency official should carefully review this document to ensure accuracy.
- II. **Enclosures:**
 - A. **Checklist Memorandum:** Outline of Requirements and Instructions (6 pages)
 - B. **Sample Certification Situations** (1 page)
 - C. **Exceptions Report**, if applicable (pages vary)
 - D. **Annual Checklist** (pages vary)
 - E. **DROP Packet**, if applicable: If your system had members participating in the DROP during any portion of the 2014-2015 scholastic year, additional documents will be included.
 1. **Supplemental Memorandum:** Additional Instructions for agencies with DROP participants. Please read the Supplemental Memorandum prior to making any corrections to your Annual Checklist. (1 page)
 2. **Contribution Totals by Unit:** DROP Participant Supplemental Checklist (pages vary)
- III. **Entry Verification:** Please verify **every entry** on the Checklist – paying particular attention to names, social security numbers, member contributions, and **service credit**. The TRS compiles the information on the Checklist from your agency's monthly report and most name, social security number, duplicate account, combined account, and service credit errors originate in the monthly report.
- IV. **Entry Correction:**
 - A. **Member Information Corrections:** To correct a member information error such as name or social security number, draw a line through the error and enter the correct information above. Any correction involving a social security number must be documented by including a legible copy of the member's social security card with the returned Checklist. Please correct these errors **before your next contribution report** is submitted to the TRS. **If the monthly payroll**

information is not corrected, these errors will recur during the next monthly processing.

B. Contribution Corrections: The total contributions shown on the Checklist is in balance with your total remittance to the TRS. Therefore, any change to an individual's contribution **must** be balanced by an offsetting change to one or more other individual's contribution(s) or documentation of either a refund request or a supplemental contribution. **(Refund requests and supplemental payments cannot be initiated by the documentation included with the returned Checklist. They must be submitted separately to the TRS Benefits Division.)**

1. If an individual's annual contribution amount on the Checklist does not agree with your records, correct the Checklist by
 - a. drawing a line through the incorrect Checklist entry and entering the correct amount,
 - b. drawing a line through the offsetting incorrect Checklist entry(ies) and entering the offsetting correct amount(s), and
 - c. entering the name of the offsetting individual(s) in the Remarks column for each corrected individual.
2. If an individual's annual contribution amount on the Checklist does not agree with your records **and** no offsetting entry exists, correct the Checklist by
 - a. drawing a line through the incorrect Checklist entry and entering the correct amount,
 - b. supplying supporting documentation of the refund or supplemental payment that caused the imbalance on the Checklist, and
 - c. entering "Refund Documentation Attached" or "Supplemental Payment Documentation Attached" in the Remarks column.
 - d. The refund request or supplemental payment **must also be submitted separately** to the TRS **for the account correction to be processed.**
3. In the event two individuals are contributing on the same social security number, correct the Checklist by
 - a. drawing a line through the annual contribution for the individual listed on the Checklist and entering the correct amount for that individual,
 - b. entering the name of the offsetting individual in the Remarks column for the corrected individual, and
 - c. entering all information on the missing individual at the bottom of the same Checklist page.
 - d. As with other social security number corrections, you **must** include a legible copy of the missing individual's social security card with the returned Checklist.
4. If there are no contribution corrections, please write "No Monetary Corrections" above the agency official's signature on the last page of the Checklist.

C. Creditable Service Corrections: It is **vitaly** important that the TRS record a member's creditable service as accurately as possible. To assist the TRS in accomplishing this task, we require certain information to be supplied on the Checklist. The more information you provide on the Checklist, the less often the TRS will need to contact you throughout the year for certification requests. **Please keep in mind that the TRS uses fluctuations in member contributions (salary) as an indication of time worked by the employee.**

1. Definitions:
 - a. *Exceptions Report:* An alphabetical listing of employees who did not contribute to the TRS for the entire 9 months of the traditional school year (September to May) and/or have not submitted a complete Form 100, Enrollment Form: Member Information Record (Enrollment Form). Also listed is the number of months each of these employees contributed to the TRS. These individuals will be designated

on the Checklist by three asterisks (***) in the Portion of Year Worked column. **This report is for your reference only. All member accounts should be reviewed; and, corrections to Member Information, Contributions, and/or Creditable Service will be made on the Checklist.**

- b. *Annual Contract Employee*: Teacher or other employee who is not required to work 12 months to fulfill their full annual contract. This includes a 9 month teacher paid on a 9 month basis (whether or not they work an additional summer contract), a 9 month teacher paid on a 12 month basis, and any other employee whose full annual contracted position is less than 235 days. These employees are usually (though not exclusively) paid on a monthly basis.
 - c. *Hourly Employee*: An employee paid based on exact hours worked regardless of schedule.
 - d. *Part-Time Employee*: An employee who works less than the number of hours and/or days normally worked by their class of employment.
 - e. *Adjunct Instructor*: An employee working at a higher education institution on a course by course basis, usually paid at a fixed rate per class taught.
 - f. *Part Year Employee*: An employee who did not work the entire traditional contract period for their class of employment between July 1st and June 30th.
2. **Service Certification Instructions**: Certification of service should be indicated in the Portion of Year Worked column with the reasoning behind the certification listed under the Remarks column. **A designation of three asterisks (***) in the Portion of Year Worked column identifies an employee listed on the Exceptions Report. All of these individuals require some type of notation on the checklist. Along with service certification, please confirm that a completed Enrollment Form has been submitted to the TRS for each of the employees included on the Exceptions Report.** (If there is any doubt, you should send the form with the Checklist and indicate "Enrollment Form" in the Remarks section for each of these members.) The Portion of Year Worked column will be blank for an employee who contributed to the TRS each month from September through May or became a member during the school year and has an Enrollment Form on file with the TRS. **If the Portion of Year Worked column is blank, certification may still be necessary.** (Sample Service Certification Situations and an Example Certified Checklist are attached.)
- a. *Full-Time (Annual Contract or Set Schedule Hourly) Employee*: If the employee worked the entire contract period for their single class of employment during the scholastic year and has a completed Enrollment Form on file with the TRS, no action is needed.
 - b. *Hourly Employee*: If an employee is paid hourly and does not work a set schedule indicate the number of days in the contract period, the number of hours per day considered full time for the member's class of employment, hourly rate as of July 1st, and any changes to the hourly rate during the scholastic year with the effective date of each change for Portion of Year Worked and "Hourly" for Remarks.
 - c. *Part-Time Employee*:
 - i. If an employee works steady part-time, indicate the fractional Full-Time Equivalent (FTE) for Portion of Year Worked and "Part-Time" for Remarks.
 - ii. If an employee is scheduled part-time working varying hours indicate the number of days in the contract period, the number of hours per day considered full-time for the member's class of employment, the hourly

rate as of July 1st, and any changes to the hourly rate during the scholastic year with the effective date of each change for Portion of Year Worked and “Part-Time Hourly” for Remarks.

- d. *Adjunct Employee* (Higher Education Only): **To earn a full year of service credit as an adjunct instructor, the employee must teach 20 classes (or 60 credit hours) within a scholastic year.** You may certify adjunct service either as classes or credit hours, but you **must** indicate which system of certification you employ.
- i. For all adjunct employment that falls within a single scholastic year (July 1st to June 30th), indicate the number of classes or credit hours taught as a fraction of the amount needed for full time credit for Portion of Year Worked and “Adjunct” for Remarks.
 - ii. For adjunct employment that crosses between scholastic years, indicate the number of classes or credit hours taught as a fraction of the amount needed for full time credit and dates covered by the crossover service for Portion of Year Worked and “Adjunct” for Remarks. This should be listed separately as an addition to adjunct classes taught within a single scholastic year.
- e. *Change of Contract or Multiple Positions*: If an employee changed job positions or contract length during the scholastic year or worked multiple contracts simultaneously, indicate the number of paid days as a fraction of the contract days separately for each contract for Portion of Year Worked and “Contract Change” or “Multiple Positions” with the dates worked and position title for each job for Remarks. If the additional position is part-time or hourly, it should be certified as such using the fractional FTE or hourly rate(s).
- f. *Part Year Employee*:
- i. If the employee began work after the start of the contract period, indicate the number of days worked as a fraction of the number of days in the full contract period for Portion of Year Worked and enter “DOE” with the initial date of employment for Remarks.
 - ii. If the employee left work before the end of the contract period, indicate the number of days worked as a fraction of the number of days in the full contract period for Portion of Year Worked and enter “DOT” with the date of termination of employment for Remarks.
- g. *Leave Without Pay (LWOP)*: This criterion should be cited in addition to any other necessary service certification (unless certification given is based on hourly rate as in IV.C.2.b or IV.C.2.c.ii above).
- i. If an employee was paid less than their full annual contract amount, indicate the number of paid days as a fraction of the number of contract days for Portion of Year Worked and “LWOP” for Remarks.
 - ii. If an employee took an extended period of LWOP, indicate the number of paid days as a fraction of the number of contract days for Portion of Year Worked and “Extended LWOP” with the dates covered by the leave for Remarks.
- h. *Additional Work Outside of Base Contract*: **If an employee did not work a full annual base contract but performed additional duties outside of their base contract**, you should certify the extra employment as an addition to the certification of the reduced base contract service. If the additional contract is part-time, it should be certified as such using the fractional FTE or hourly rate(s).

- i. If a full-time annual contract employee worked part year or had LWOP but worked an additionally outside of the dates covered by the base contract, you should certify the reduced contract service as above and list an additional days worked (between July 1st and June 30th) as a fraction of days contracted (between July 1st and June 30th) for the second position for Portion of Year Worked and add “Additional Position” with the dates covered and position title of the second job for Remarks.
- ii. If a part-time annual contract employee worked an additional contract outside of the dates covered by the base contract, you should certify the part-time service as above and list an additional days worked (between July 1st and June 30th) as a fraction of days contracted (between July 1st and June 30th) for the second position for Portion of Year Worked and add “Additional Position” with the dates covered and position title of the second job for Remarks.
- i. *Individual Member Certification Exemption:* If a member is labeled as “RETIRED” or “WITHDRAWN” in the Remarks section of the Checklist, you may omit service certification for the individual.
- j. *No Service Certifications Needed:* Though it is not common, some agencies will not require any service certifications. If this is the case, you should indicate “No Service Certifications Required” above your agency official’s signature at the end of the Checklist. All of the following conditions must be met to allow for the “No Service Certifications Required” designation.
 - i. Each of your agency’s employees was full time.
 - ii. Each of your agency’s employees was employed at the start of the contract year for their single class of employment.
 - iii. Each of your agency’s employees completed the full contract for their single class of employment.
 - iv. Each of your agency’s employees has a completed Enrollment Form on file with the TRS.
 - v. Not one of your agency’s employees had any LWOP during their contract year.
 - vi. Not one of your agency’s employees was notated by three asterisks (***) in the Portion of Year Worked column on the Checklist.
 - vii. Not one of your agency’s employees changed contract type or was paid **by your agency** for multiple contracts.
 - viii. Not one of your agency’s employees was paid **by your agency** for adjunct instruction.

V. **Maximum Contribution Limit:** As a reminder, beginning July 1, 2012 Legislative Act #2012-302 restricts contributions to the TRS as a percentage of the member’s base salary. For Tier 1 members the limit is 120% of base compensation; for Tier 2 members, 125%. It is your responsibility as the employer to ensure that the limitation is enforced. While reviewing member contributions on the Checklist, if you feel that an employee may have contributed more than allowable in this or prior years, you should send a written request to the TRS asking for review of the member’s account and include the member’s name, social security number last four digits, salary as of July 1st with any changes to the salary and their effective dates through June 30th. If you are requesting review of prior years, salary information for those years must also be included. These requests should be emailed to TRSInfo@rsa-al.gov, Subject: Maximum Contribution Limit Determination; faxed to (877) 517-0021, Attn: TRS Benefits, Re: Maximum Contribution Limit Determination; or mailed to TRS Benefits, Post Office Box 302150, Montgomery, Alabama, 36130-2150.

- VI. **Questions or Assistance:** Questions or comments regarding or requests for assistance completing the Checklist may be directed to the TRS by phone at (877) 517-0020; by email at TRSInfo@rsa-al.gov, Subject: Checklist Assistance; by fax at (877) 517-0021, Attn: TRS Benefits, Re: Checklist Assistance; or by mail at TRS Benefits Checklist Assistance, Post Office Box 302150, Montgomery, AL, 36130-2150.
- VII. **Submission Guidelines:** Please make all necessary entries on the Checklist, sign the Checklist, and return the original to the TRS **no later than October 31st**. (You should keep a copy of the completed Checklist for your records and as a safeguard against lost or misplaced mailings.) The Checklist should be mailed to TRS Benefits Annual Checklist, Post Office Box 302150, Montgomery, Alabama, 36130-2150.

Sample Certification Situations

01. Fern Arable began work on the first day of the contract year as full-time, 182 day contract Bus Driver. She worked the entire contract year, contributing to the TRS monthly beginning on the September payroll submission. She is listed on the Exceptions Report and is designated by three asterisks in the Portion of Year Worked column on the Checklist. Since she worked and contributed on an entire full-time annual contract, the designation means the TRS has not received a completed Enrollment Form. Along with indicating "Enrollment Form" in the Remarks section on the Checklist **you must attach a completed, original, notarized Form 100, Enrollment Form: Member Information Record for Ms. Arable with the returned Checklist.** If the original has previously been submitted to the TRS, you should send a copy of the form.

02. Sara Crewe is a full-time 197 day contract Janitorial worker who ran out of sick leave days yet still needed to take additional leave on and off throughout the year. Since she is not a member of the sick leave bank the additional days taken were without pay. She took a total of 33 days of leave. However, 13 of those days were paid using sick leave. Therefore, her total number of paid days is 177.

03. Charles Dill Harris works as a 212 day Principle. Due to a medical situation, he had to take an extended period of leave from October 14th through January 31st, a total of 65 contract days. He had sick leave and personal leave to cover 21 days of his time off. So, his total days paid is 168.

04. Arthur P Dent is a 185 day contract CNP Worker who consistently works 4 hours per day. Since a full-time CNP Worker for your agency is 6 hours per day, he is a regular, part-time employee.

05. Walter Mitty is a 187 day contract Teacher who transferred from another school district to your agency after the start of the contract year, on October 1st, working 153 days of the full annual teacher contract for your system. Since he contributed on the September payroll from another TRS agency, he will not be listed on the Exceptions Report or designated by three asterisks in the Portion of Year Worked column on the Checklist. However, due to the fact he started with your system after the beginning of the contract year for his class of employment, he is considered a part year employee at your particular agency and should be certified as such on the Checklist.

06. Natalie Prior is a non-contract, 12 month, full-time, hourly Registered Nurse whose irregular schedule results in varying monthly contributions to the TRS. As of July 1st she was paid \$22.15 per hour. She received a merit increase on January 1st to \$22.65 per hour. Her salary remained at that rate through June 30th.

07. Rodion Raskolnikov is an adjunct employee. He taught 2 summer term classes crossing into the scholastic year from June 4th through July 28th, 1 mini-term summer class from July 1st through July 28th, 3 fall semester classes, 1 fall mini-term class, 3 spring semester classes, and is teaching 1 summer term class crossing out of the scholastic year from June 3rd through July 26th. So, during the current scholastic year he taught 2 partial classes crossing into the year, 8 during the year, and 1 partial class crossing out of the year.

08. S Cherry Valance was a full-time 187 day contract Teacher who terminated employment on December 22nd receiving her last paycheck and submitting her last retirement contribution to the TRS on the January payroll. She subsequently withdrew her funds in March. She is listed on the Exceptions Report and is designated by three asterisks in the Portion of Year Worked column on the checklist. In the Remarks section of the Checklist she is labeled "WITHDRAWN 03/20/2015". Since her Checklist entry has the "WITHDRAWN" designation, no service certification is required.