



# THE RETIREMENT SYSTEMS OF ALABAMA

David G. Bronner, CEO

## MEMORANDUM

**TO:** TRS Member Agencies

**FROM:** Christopher Townes  
Director of TRS

**DATE:** September 10, 2012

**RE:** **Overtime Pay Limit**

The Teachers' Retirement System of Alabama defines compensation related to an employee's primary duties and responsibilities as eligible for retirement contributions for the entire amount earned. All extraordinary compensation (overtime) received shall be eligible for contributions on an amount equal to 20% of the employee's base compensation rate. Contributions on all regular compensation should be remitted as required under the member's annual contract. Contributions on extraordinary compensation shall cease upon reaching the 20% limit. The scholastic year (July 1– June 30) will be the reporting period for this limit.

Should questions arise regarding regular compensation or the overtime limit, the TRS may request contract or payroll documentation to clarify any issues. All contributions determined to be in excess of the limit shall be returned to the employing unit and the employee.

Examples of earnings subject to the overtime limit:

Teachers or Faculty Employees: Base salary is the annual contract salary for the regular school or academic year (Sept. – May), plus the normal full-time pay for the additional instruction periods (summer term, interim term, and/or mid-term).

Overtime would include pay for overload teaching assignments, online and distance learning courses, secondary or supplemental assignments, bonuses, or any other pay not included in the definition of base salary.

Non-Teaching Administrative, Clerical Staff, or Support Employees: Base salary is the annual contract salary, or annual salary computed by applying the normal rate of pay (hourly, daily, weekly, or monthly) for the employee multiplied by the normal full-time required working time (hours, days, weeks, months) for the position.

Overtime would include pay for additional duties or responsibilities, secondary or supplemental jobs, bonuses, or any other pay not included in the definition of base salary.

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Bus Drivers: Base Salary is the annual contract salary or annual salary for a regular bus driver driving a route to and from school on a daily basis.

Overtime would include pay for additional routes or trips driven, additional duties, secondary or supplemental jobs, bonuses, or any other pay not included in the definition of base salary.

**The overtime limit for Tier II employees hired on or after January 1, 2013 will be 25% of the employee's base compensation rate.**