

Employer Connection

Teachers' Retirement System (TRS)

Welcome to the June 2025

TRS Employer Connection!

This newsletter is where we connect with our participating employers under the Teachers' Retirement System (TRS) by providing support and valuable information you need to know.

Employer Services will periodically email the newsletter to all Employer Self-Service (ESS) Portal contacts. Please be sure that anyone in your agency who will benefit by receiving these newsletters is set up in the ESS Portal as a Person Contact.

For previous issues of the TRS Employer Connection, please [click here](#).

New Law

Protects RSA Contributions from Misuse

A new Alabama law (Act 2025-367) was passed to protect the retirement contributions of public employees in the RSA. The law ensures that RSA participating employers cannot take member contributions and use them for other purposes.

Starting October 1, 2025, it will be a Class C felony to misuse retirement contributions. This includes taking funds meant for RSA and spending them elsewhere or intentionally failing to send them to the retirement system. The penalty can be up to 10 years in prison and a \$15,000 fine.

Before this law, there was no specific criminal penalty for diverting retirement funds. There have been instances when a local government participating in RSA had kept member contributions and continually refused to submit them. There was no penalty or recourse when this happened. This new law closes that gap and helps protect the integrity of the RSA. It sends a strong message: member retirement contributions must be used only for retirement – not for anything else.

This change strengthens trust in the system and helps ensure that RSA remains secure and financially sound for all its members.

Act 2025-409

Employer Services would like to provide the following information regarding Act 2025-409, which updates the current procedure for Post-Retirement Employment.

- Allows for an ERS or TRS retiree that is APOST certified and participated in ERS or TRS as a law enforcement officer sometime prior to retirement to return to work (full-time or part-time) as a school resource officer, a corrections officer with AL Department of Corrections, or a police officer at any state college or university and earn up to \$52,000 per calendar year.
- Effective 6/1/2025, but is retroactive to 1/01/2023
- Expires 12/31/2030.

Parental Leave Act & LOA Status

A Leave of Absence (LOA) should be entered when an employee goes on unpaid leave that lasts longer than a pay period. This includes, but is not limited to, Unpaid Maternity Leave and Unpaid Medical Leave.

On July 1, 2025, the Parental Leave Act will go into effect and allow for paid Maternity and Paternity Leave. TRS has determined these wages will be considered pensionable and should be reported within the Regular Pay line. The LOA Status does not need to be updated for employees receiving pay under the Parental Leave Act. [This act only applies to Public K-12 Agencies, Charter Schools, Community Colleges, and State Agencies.]

Employees on Military Leave or Administrative Leave with any unpaid or paid days should be reported on LOA so TRS is notified. In these cases, override the warning when reporting their wages on the contribution submission.



Year-End Approaching

The TRS year-end close-out process for 2024-2025 will soon begin. For your employees' annual statements to reflect the correct service and salary information, agencies must submit retirement contributions on all open payrolls in the 2024-2025 plan year in the ESS Portal no later than July 30, 2025.

Please review the Overtime Limit Report located in the ESS Portal under Services>Reports> Overtime Limit Report and notify Employer Services of any reporting errors as soon as possible.

Once the year-end close-out process has concluded, all TRS agencies will receive notification in the ESS Portal Message Center that the agency's TRS Annual Statement Listing, Annual Checklist Report, and Overtime Limit Refunds are available in the ESS Portal.

TRS will evaluate payroll data submitted by each employing agency to identify employees who have exceeded the overtime contribution limit during the scholastic year. A credit invoice will be provided through ESS, including the employees' names and the amount of the employer and employee refunds for each. Your employees will also receive a letter notifying them of the amount your agency will refund them.

Overtime & Comp Time Pay

As a reminder, Act 2012-302 restricts compensation for use in retirement calculations to 120% of the base salary for Tier 1 members and 125% of the base salary for Tier 2 members during each scholastic year.

Overtime Pay: Includes wages for time worked over and above the normal full-time work schedule in accordance with the Fair Labor Standards Act (FLSA).

TRS is aware that many agencies allow employees to hold overtime/comp time pay and then pay it out once per year as overtime pay.

If employers are able to verify the scholastic year in which the overtime/comp pay was earned, TRS will accept this as a pensionable overtime payment, and it will be attributed to the appropriate year's salary calculation at retirement.

If employers are unable to verify the scholastic year in which the overtime/comp time pay was earned, then TRS has no choice other than to consider this as a non-pensionable payout, which does not need to be submitted. A refund will be issued if contributions on these unverified overtime pay/comp time pay are submitted.

Employees with Benefits Questions?

We understand that employees will seek assistance from their employer when considering retirement, but we ask that you always encourage employees to contact the TRS directly for any retirement or benefits-related information. We want to ensure your employees are receiving the most current and accurate information, especially concerning the retirement process.

To contact the Teachers' Retirement System concerning benefits, please call 334.517.7000 or toll-free at 877.517.0020.
