

MEMORANDUM

**TO: Chief Executive Officers
TRS Member Agencies**

**FROM: Christopher P. Townes, Director of TRS Benefits
Teachers' Retirement System of Alabama**

DATE: October 30, 2018

SUBJECT: 120/125% Limit

The 120/125% limit for overtime previously defined overtime as any extra duties performed outside of the duties required for the employee's primary position. This interpretation was reviewed by the RSA General Counsel and revised to include only those individuals not exempt from overtime under the Fair Labor Standards Act. In addition, individuals designated by their employer as non-exempt for overtime are limited to the 120/125% limit for contributions subject to TRS contributions. The limit is not applied to any shift differentials or to salaried employees who receive compensation for additional duties performed outside of their regular salary. Overtime is defined under the FLSA as compensation paid at time and one-half of the employee's regular hourly rate for time worked over 40 hours per week.