

## SALARY ELIGIBILITY

### **Q. WHAT IS ELIGIBLE SALARY?**

If pay is received for any of the following items, it should be included as salary reported to TRA (gross wages or compensation, as stated in the member's contract):

Coaching (coach/head coach, certified)

Court-ordered payments or grievances usually for amounts awarded for lost compensation.

Each settlement or grievance should be reviewed by TRA for approval of withholding and instruction for updating the member account prior to disbursement of funds. Supporting documentation for these types of payments should be submitted to TRA.

Curriculum writing.

Driver's education.

Home-bound teaching.

Hourly service.

Housing allowance specified as part of normal compensation for an employee living in an employer-owned facility.

Military pay differential

The Heroes Earnings Assistance and Relief Tax (HEART) Act provides differential military pay made by an employer to an employee who is on a military leave of absence. The pay is included in the calculation of wages for retirement plan (TRA) purposes. Therefore, military pay differential is considered TRA-eligible salary.

Nonteaching duty or other service (if a teacher and 50 percent of salary is from teaching service during the fiscal year).

Performance pay (Q-Comp).

Sick leave, excluding lump sum payments (even if from a donation).

Summer school.

Substitute teaching.

Tutoring (only if certified teacher).

**Q. WHAT ABOUT SALARY REPORTING AND TRA WITHHOLDING FOR RETIREES?**

Because TRA annuitants are subject to an earnings limitation, you are required to report salary on your payroll file, even though TRA deductions are not taken from that salary. An employee who is receiving a monthly annuity benefit from TRA and returns to TRA-covered teaching service should not have TRA deductions withheld. **NOTE:** Retro salary payments for services performed prior to the employee's effective date of TRA retirement are subject to TRA withholding.

To verify if a new hire is receiving a TRA benefit and see the effective date of their TRA benefit on the MyTRA secure employer website, click on "Inquiry."

**Q. WHAT IS INELIGIBLE SALARY?**

In general, employer-paid benefits, lump sum payments of unused sick or vacation and severance pay in any form are not considered TRA-eligible salary.

Auto allowance, even if specified as a monthly allowance and paid as salary.

Court-ordered damages.

Employer contributions to a tax-sheltered annuity (403b).

Employer-paid fringe benefits, including but not limited to, flexible spending accounts, cafeteria plans, health care expense accounts, day care expenses or automobile allowances and expenses (e.g., employer/union contributions toward a deferred compensation account).

Expense allowance.

Cash paid in lieu of fringe benefits normally provided by the employer to other employees.

Health Care Savings Account amounts to the Minnesota State Retirement System (MSRS), paid as part of a severance package.

Insurance payments (including self-funded disability insurance payments).

Insurance rate differential based on marital status.

Jury duty pay.

Jury duty compensation paid to a TRA member by the court or expense payments to a TRA member related to the jury duty are not considered TRA-covered salary for pension purposes. Deductions should not be taken on jury duty earnings. Jury duty compensation is often processed differently by employers. Some employers add the pay for jury duty services to their employee's wages and issue one payment. In this instance, the additional pay is not TRA-covered salary. Other employers reduce an employee's regular salary by the amount the person receives directly from the court for jury duty.

Longevity pay when paid due to an employee's termination and/or under a procedure that allows the employee to designate the time of payment if the payments are made during the period of formula service credit used to compute a retirement benefit.

Lump sum of unused sick leave or vacation pay, whether paid annually or at termination.

Resignation payments of any type.

School board member payments (MS 354.05, subd 2(a)(1)).

Self-insurance payments.

Severance pay in any form (MS 354.05, subd 35(b)(5)).

Sick leave purchased with workers' compensation checks.

Superintendent and other administrator payments for duties not specifically outlined in their contract and/or performed on nonduty days, after normal school hours or on leave days (MS 354.05, subd 35(b)(8)).

Unearned salary, where no service is required (MS 354.05, subd. 35(a)).

Unused cafeteria plan amounts returned to the employee.

Vacation pay where employee is also paid to work.

Wellness pay.

Workers' compensation (M.S. 354.05, subd. 35(b)(6)).

Workers' compensation payments made to a member are not eligible for coverage other than through the medical leave process. These payments cannot be used to buy salary that is reported to TRA, including sick leave purchased by workers' compensation payments. Employer units and workers' compensation carriers should check with TRA to verify if a member is receiving TRA disability benefits. The amount of TRA disability benefits must be deducted from the amount of workers' compensation benefits that would otherwise be paid.

*Questions? If you are unsure whether a position qualifies as TRA-eligible, please contact your TRA Auditor for clarification.*