



Jeffrey L. Ezell
Executive Director

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To: TRS Reporting Employers

From: Jeffrey L. Ezell
Executive Director

Re: Furloughs and TRS Earnable Compensation

Current economic conditions and reduced revenue collections have resulted in employers reducing budgets by several methods such as furloughs, salary reductions and reductions of contracted work days. All of which will have an impact on the amount of earnable compensation to be reported to TRS. "Earnable compensation" means the full rate of regular compensation payable to a member for his full normal working time...[O.C.G.A. § 47-3-1(11)]. In accordance with Georgia law and advice from the Attorney General's office, reporting of employer and employee contributions will be as follows:

1. Furloughs are considered a temporary downward adjustment in an employee's salary and not a permanent salary reduction. Since Georgia law states contributions are remitted based on the member's full rate of regular compensation for his full normal working time, contributions will continue to be reported based on the member's full regular salary prior to the implementation of the furlough.
2. Salary reductions and reductions in contracted days are permanent in nature and become the employee's full rate of regular compensation for their full normal working time. Therefore, employee and employer contributions should be remitted based on the employee's adjusted regular salary.

Reporting employers should report all employee salaries equally and not differentiate between newer employees and those employees who are nearing retirement. Should discrepancies occur, your TRS representative will contact you for clarification. For employees who are close to retirement, please remember that the retirement calculation is based, in part, on the member's two highest consecutive years of salary and not their final two years of salary.

Should you have additional questions, please contact our office.

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