



# Designated Teacher Retirement Guidance

## GENERAL INFORMATION

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- TRS has determined all compensation paid under TIA to be creditable compensation. A few examples of this type of compensation are stipends, performance pay or adding the allotment to the employee's base salary.
- All decisions regarding payouts to teachers, retiring or not, should be put in writing in a district's TIA spending plan.
- Districts may take TRS funds from either the 90% or the 10% of the allotment funds.
- TIA earned by an active employee is reported as TRS-Eligible Compensation on the Regular Payroll (RP) report in the report month paid.

## SPENDING PLAN BEST PRACTICES

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- TEA recommends that districts issue payouts to retiring designated teachers who leave the district in good standing. District spending plans with retention requirements can consider updating the spending plan to exempt retiring teachers.
- Districts may consult with TRS to determine the most appropriate payout timeline for retiring designated teachers. Some districts choose to pay retiring teachers earlier than other designated teachers to ensure the final paycheck precludes the formal retirement date. It is a local decision whether to pay retiring designated teachers ahead of the scheduled payout date.
- As with all decisions around a local designation system, stakeholder input should be garnered, and all decisions should be communicated widely to your constituents in writing. Teachers should not be surprised by payout plans when looking at retirement.
- District TIA leads can email [tia@tea.texas.gov](mailto:tia@tea.texas.gov) to update their TIA spending plan provisions for retiring teachers.

## TEACHER ELIGIBILITY

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- District-issued TIA designations are valid for five years, even if the designated teacher retires.
- Retired teachers with an active designation are eligible for rehire and may continue to generate an allotment if they return to a teaching position before the designation expires.
  - Designated teachers must be employed as a teacher in a 087 StaffClassification/Role ID for 50% or more of the day to generate allotment funds. Retired teachers may return to teaching part-time and remain TIA eligible if they meet a creditable year of service.

## TEACHER FAQ

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### **Are TIA funds TRS eligible?**

All TIA compensation is TRS eligible.

### **If I receive my TIA allotment for all five years, how is it used in determining the best five years average? If I receive an allotment for less than five years, how is it used in determining the best five years average?**

All TIA compensation is TRS eligible and may be used to calculate a teacher's retirement annuity. However, the TRS has limits (10% or 10,000 increase per year) on eligible salary increases in the last 3 or 5 years prior to retirement which could limit the extent to which the TIA compensation paid in those years is TRS eligible. Members close to retiring can contact a TRS Benefit Counselor when they are ready to retire to determine if this limit will impact their retirement annuity calculation.

### **My district does not deduct TRS withholdings/retirement from my payout. How will this affect my final retirement pay?**

All TIA compensation is TRS eligible and should be reported by the district to TRS. The district will report the TIA compensation to TRS in its monthly reporting process, depending on when payouts occur. The TIA amount will not be viewable for employees utilizing their TRS account login until TRS processes and posts their annual statements each October.

As an additional note, The TRS has limits (10% or \$10,000 increase per year) on eligible salary increases in the last 3 or 5 years prior to retirement. This could limit the extent to which the TIA compensation paid in those years is TRS eligible. A member can “work out of the limit” – you can confirm the expected payout amount with your TRS benefits counselor to understand how your TIA compensation will affect your retirement annuity calculation.

### **Can TRS penalties associated with hiring a retired TIA designated teacher be paid from the 90% teacher compensation?**

Yes, penalties for hiring a retired teacher can be paid from the 90% of teacher compensation from TIA or the 10% of TIA funds retained by the district. TRS is in the process of updating the verbiage in the [TRS Benefits Handbook](#) related to surcharges. Please see the [2025 August TRS Newsletter](#) for when communication was sent to employers.

### **Will I continue to generate TIA funds if I retire before my designation expires?**

No. To generate an annual allotment, a designated teacher must be employed in a student-facing teacher role for at least 50% of the day. Once retired, the allotment will no longer be generated because the recipient is no longer employed as a teacher.

For teachers considering mid-year retirement, they must remain employed by the district through the last Friday in February and have 90+ paid days in a full-time teacher role. It is a district decision whether to issue compensation to teachers who retire before the district's payout timeline.

**Can districts take TRS costs out of the allotment payout?**

Yes. Districts may use allotment funds to cover TRS costs, including the district’s TRS portion.

Districts may use allotment funds to cover costs of [TRS contributions](#), including employer and employee contributions. The district may also use allotment funds to cover the Statutory Minimum Contribution, or State Contribution, for any income a teacher earns above the state minimum salary, as described in the [TRS Payroll Manual for Employers](#).