

Benefit Replacement Pay (BRP)

Responsible Officer: Vice President for Human Resources

Sponsoring Department: Human Resources

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Prior to January 1, 1996, the State paid 5.8% of the social security tax on the first \$16,500 of the State employee's earnings. This payment was treated as taxable income to the employee. The remaining FICA tax was paid by the employee.

- I. The 74th Legislature passed Senate Bill 102, eliminating the provision for the State of Texas to pay the 5.8% portion of the FICA tax. The legislation provided that state employees on the payroll as of August 31, 1995, would continue to receive the state-paid FICA benefit on wages paid through December 31, 1995. Beginning with wages paid January 1, 1996, state-paid social security ceased and Benefit Replacement Pay was paid to eligible employees to offset the loss of state-paid social security. The Benefit Replacement Pay calculation is based on the employee's compensation as of October 31, 1995.
- II. As of September 1, 1997, the Benefit Replacement Pay was added to the gross pay of eligible employees. It is no longer reported as a separate item.
- III. An eligible employee who leaves State employment for 30 or more consecutive days after August 31, 2005, becomes ineligible to receive benefit replacement pay upon re-employment with the State.
- IV. An eligible employee who retired from State employment on or after June 1, 2005, who receives an annuity from a public retirement system, is ineligible to receive benefit replacement pay upon re-employment with the State.
- V. Employees on leave without pay due to military leave retain eligibility for BRP upon return to active employment.