



Montana Teachers' Retirement System FACT SHEET: Disability Retirement

TRS members who meet the criteria described in this Fact Sheet may retire with a disability benefit. The TRS Board reviews and makes a determination on every disability retirement application.

Who is eligible?

A TRS member may apply for disability retirement if all of the following are true:

- The member is vested with TRS (has at least 5 full years of creditable service);
- The member, while an active, contributing member of TRS, became physically or mentally incapacitated from the further performance of the member's duties in TRS reportable employment; and
- The disability is likely to be permanent.

Note: Tier Two¹ members who are eligible for regular service retirement may not apply for disability retirement.

How does TRS calculate the disability retirement benefit amount?

The annual disability Retirement benefit (paid in 12 equal monthly payments) is calculated as the *higher* of:

1. One-fourth (1/4) of the member's Average Final Compensation (AFC), or
2. The member's years of service x AFC x 1.6667%

How do I apply for disability retirement?

Step 1: Contact TRS to request an estimate of benefits and a disability retirement application packet

To produce an estimate of benefits, TRS will ask you to provide certain information, such as your anticipated earnings (including termination pay) in your final year of employment and your beneficiary's date of birth. TRS then will mail you the estimate of benefits along with a disability retirement application packet.

Step 2: Complete, review, and submit the disability retirement application and supporting documentation

The application packet includes several forms that must be completed and signed by you, your employer, and your physician. You must either provide your medical records directly to TRS or authorize your treating physician(s) to submit your medical records to TRS.

You are also encouraged (but not required) to provide other documentation to assist the Board in its review, such as copies of correspondence between you and/or your physician and workers' compensation, other insurance carriers, and Social Security. Include your Social Security letter of disability determination, if you have received one.

Step 3: Your application will be reviewed so that TRS may make a recommendation to the Board

TRS staff will review your application materials for completeness and to confirm you meet the vesting and active member requirements for disability eligibility. If you do not meet these eligibility criteria, TRS staff will recommend disapproval of your disability application to the Board for that reason. If the eligibility criteria are met, your application materials are complete, and all necessary medical records and provider

¹ You are a Tier Two member if you first became a member of TRS on or after July 1, 2013, or if after withdrawing your account balance, you became a member again on or after July 1, 2013.

statements have been received, TRS staff may independently determine that you meet medical criteria for disability retirement and may make a recommendation for approval to the Board.

If TRS staff cannot independently determine that all necessary medical records and provider statements have been received, that you meet the active member requirement, and/or that you meet medical criteria for disability retirement, TRS staff, in TRS's sole discretion, may refer your case to TRS's medical review contractor for medical review management. The medical review contractor will contact you to obtain any additional medical records or other documentation necessary to determine your eligibility for disability retirement. Following medical review of your case, the medical review contractor will provide a written report to TRS staff of its findings and recommendations.

- *Note:* Your submission of an application for disability retirement is your acknowledgement and agreement to TRS's referral of your case to TRS's medical review contractor if, in TRS's sole discretion, such referral is necessary. Your failure to cooperate with the medical review contractor or to timely provide requested medical records and/or other documentation necessary to determine your medical eligibility for disability retirement may result in your application for disability retirement being administratively denied.

Step 4: The TRS Board will make a determination on your disability retirement application

During its next scheduled meeting, the TRS Board will review staff's written recommendation on your application during a session that will be closed to the public to protect your privacy. You may attend, although attendance is not required. The Board may approve or disapprove your application or they may request that you submit to an independent medical evaluation, at TRS's expense, before making a determination.

Within 10 business days after the meeting, TRS will notify you, in writing, of the Board's decision. If your application is **disapproved**, you will be notified of your right to submit a written request for a contested case hearing within 30 days.

If your application is **approved**, the effective date of disability retirement is the first day of the month following the date on which you terminated employment.

Ongoing requirements following approval

If your Disability Retirement application is approved, the TRS Board will require periodic verification of your continued disability and any postretirement earnings, as described below.

Verification of continued disability

You will be required to undergo a medical examination by a physician once each year for the first five years, and once every three years thereafter, until you reach age 60. If you refuse the required medical examination, the TRS Board may discontinue your benefit. If your refusal continues for one full year, the TRS Board may revoke all rights to your disability retirement benefit. TRS may, at TRS's sole discretion, refer your disability verification to TRS's medical review contractor for verification review management.

Verification of postretirement earnings

Important Note: Until you attain **retired member status** (i.e., you actually receive your first monthly disability retirement benefit payment), you may not perform any work for a preretirement employer after your certified date of termination of employment and you may not enter into a prearranged agreement to perform any work at any time in the future on behalf of a preretirement employer. If you do so, you must be considered to have continued in the status of an active member and not to have separated from service, which

means your disability retirement must be cancelled and the retirement benefit payments made to you must be repaid to TRS with interest at the actuarially assumed rate of investment return.

Once you have attained retired member status, you may choose to work while receiving disability retirement benefits, but you will be subject to an annual earnings limitation applicable to all earnings in TRS reportable or non-TRS reportable employment, including self-employment. You will be required to submit an annual earnings statement to TRS each year.

- If you are re-employed in positions *not* reportable to TRS, your disability retirement will be reduced or suspended if your combined annual benefit and annual earnings exceed the greater of your average final compensation (AFC) or the median AFC of all TRS members who retired during the preceding fiscal year. This is known as your *maximum allowable earnings* amount. TRS will notify you of this amount once your retirement has been finalized, and you may also view it in the “My Working Retiree Earnings” section of *My TRS*.²
- If you are re-employed in one or more positions reportable to TRS earning compensation greater than your maximum allowable earnings amount, your disability retirement benefit will be discontinued and you will be returned to active member status with TRS.

Questions?

If you have any questions about the content of this Fact Sheet, please contact us.

Montana Teachers' Retirement System ♦ 406-444-3134 ♦ 866-600-4045 ♦ trs.mt.gov

***Please Note:** This Fact Sheet is intended to provide a concise, easy-to-understand summary of TRS law and policy. The actual application of TRS law will depend upon the specific circumstances and facts presented. In determining the rights and obligations of any person, TRS law will supersede any contradictory information provided in this Fact Sheet.*

² *My TRS* is the secure online portal for Montana TRS members. Access *My TRS* from our website: trs.mt.gov