



Montana Teachers' Retirement System

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TRS Office Use Only

FORM 129: TERMINATION PAY IRREVOCABLE ELECTION

In compliance with the Americans with Disabilities Act of 1990, alternative accessible formats of this document will be provided upon request.

Before completing this form, read the requirements on Page 2 and in the enclosed *Termination Pay Fact Sheet*.

It is your responsibility to complete and submit this form to TRS in conformity with your wishes regarding the use of termination pay. This form is void unless fully completed and signed by both you and your employer **at least 90 calendar days** prior to your termination of employment. *Note:* If you will use termination pay from multiple TRS employers, you must complete a separate form for each employer.

SECTION I: MEMBER INFORMATION

Full Name: First _____ Middle _____ Last _____ Suffix (Jr., Sr., etc.) _____ SSN (last 4 digits) XXX - XX -

Maiden or Other Name Previously Reported to TRS _____ Month: _____ Year: _____
Anticipated Retirement Date (This is not a commitment to retire on this date)

Mailing Address – Street or P.O. Box _____ City _____ State _____ ZIP Code (use ZIP+4 if known) _____ Telephone Number _____

SECTION II: MEMBER'S ELECTION and CERTIFICATION

Member must complete items A, B, and C ►

- A. I certify that I have read and understand the *Termination Pay Fact Sheet*, and
- B. I elect to use termination pay in the calculation of my benefit according to the option I marked in 'C':
- C. Choose one option: Termination Pay Option 1 OR Termination Pay Option 2

SIGNATURE. By my signature on this form, I direct my employer, at the time of my termination of employment and retirement, to report the total amount of my termination pay to the Montana Teachers' Retirement System (TRS) and to pick up and remit member contributions on the total termination pay amount to TRS on a tax-deferred basis to the extent the contributions can be withheld from my termination pay. I understand this election, once submitted to TRS, may not be revoked.

I also understand that if I have elected Termination Pay Option 1 and my required member contributions exceed the amount available for employer pick-up, I must remit the remaining member contributions by personal check made payable to TRS.

MEMBER'S SIGNATURE – must be signed in the presence of a notary public

Signature _____ Date _____

TO BE COMPLETED BY THE NOTARY PUBLIC:

State of _____

County of _____

This instrument was signed or acknowledged before me on (date): _____

by: _____
Notary: Print name of individual whose signature is being notarized

Notary Signature

Employer must complete SECTION III on Page 2 ►



SECTION III: EMPLOYER INFORMATION and ACKNOWLEDGEMENT

Employer's Printed Name TRS 6-digit Employer Number

Mailing Address – Street or P.O. Box City State ZIP (use ZIP+4 if known) Telephone Number

By signing this form, the employer acknowledges the TRS member's (employee's) election to use termination pay in the calculation of his/her retirement benefits, and the employer's obligations to provide information and to remit employer and employee contributions to TRS in conformity with the information and requirements provided on this form and as otherwise directed by TRS.

Employer Representative's Printed Name Title

Employer Representative's Signature Date

Requirement to Complete this Irrevocable Election Form to Use Termination Pay in the Calculation of Retirement Benefits.

Pursuant to §19-20-716, MCA, a member of the Montana Teachers' Retirement System (TRS) may elect to include termination pay in the calculation of his/her retirement benefit and have employee contributions made on a pre-tax basis by making an irrevocable election as described on this form. As a TRS member, your election is effective only after you have completed this election form (which must be signed in the presence of a notary public) and your employer has acknowledged and submitted the form to TRS.

When Employee Contributions Must be Made with Pre-Tax Dollars (Employer Pick-up) / Requirements.

If you and your employer sign this irrevocable election at least 90 calendar days before your date of termination of employment, your employee contributions due on the termination pay must be made by "employer pick-up" (withheld from the termination pay as pre-tax contributions), to the extent available, subject to all of the following requirements:

- Your employer must report the total (gross) amount of your termination pay to TRS, and TRS must use that amount to calculate your retirement benefit according to the option you selected on Page 1 of this form.
Termination pay is subject to employer withholding for Social Security and Medicare. The termination pay amount available to be picked up as pre-tax contributions will be net of the required withholding.
Your employer must pay the picked-up employee contributions directly to TRS. You may not directly receive any of the amount required to be withheld from the termination pay.
The picked-up contributions must be deducted from termination pay that constitutes wages for purposes of section 3121 of the IRC (pay that can be included in gross income for federal tax purposes and that is paid from the same source as compensation).
Your employer may pick up employee contributions only for termination pay that is paid after the effective date of this irrevocable election. You may not prepay any portion of your employee contributions.
If the amount of employee contributions you owe to TRS exceeds the amount of your termination pay, the excess contributions are subject to the limitations of Section 415 of the IRC and cannot be picked up by your employer. You must pay the excess amount of employee contributions to TRS as a lump sum payment by personal check.