

TEACHERS' RETIREMENT SYSTEM 2005 Legislative Summary

TRS housekeeping (HB 104 – Rep. Ralph Lenhart) – This proposal made the following revisions/enhancements to TRS.

- Creditable service may be purchased in the TRS for service with the Montana university system covered under the Optional Retirement Program (ORP). A vested member, who has been credited with at least one full year following employment covered under the ORP, may purchase up to 5 years of creditable service. The cost to purchase this service will be the actuarial cost as of the most recent actuarial valuation.

To obtain verification of previous work experience, a member may contact the TRS office to request the “Verification of Service Form”. The form is also available on the TRS web site at <http://www.trs.mt.us>.

- Any retired member may be employed in a part-time position eligible to participate in the TRS, including part-time positions with the university system, and earn without loss of their retirement benefits, an amount not to exceed the greater of: (1) one-third of the sum of the member’s AFC, plus annual increases equal to the increase in the consumer price index (CPI); or (2) one-third of the median AFC for members retired during the preceding fiscal year as determined by the TRS board. These earnings are determined on a fiscal year basis, July 1 through June 30. A “retired member” is defined as a TRS member who has terminated all positions eligible to participate in the TRS, and who has **received** at least one monthly retirement benefit.

Should a TRS retiree sign a full-time contract, their retirement benefits will cease the effective date of the signed, full-time contract. In addition, they will be reinstated to active membership status.

If a TRS retiree is employed part-time and exceeds the maximum amount they are allowed to earn, their monthly retirement benefit will be reduced dollar-for-dollar for each dollar they exceed the maximum amount they are allowed to earn. The TRS retiree’s monthly benefit will be reduced beginning as soon as practical after their employer has reported the excess earnings. The TRS retiree’s retirement benefit will be cancelled if their accumulated earnings over the maximum allowed exceed the gross monthly benefit amount. The TRS retiree will be reinstated to active membership status and contributions will be due on all earnings that exceed the gross monthly benefit amount.

HJR 42 Resolution to Study Investment of Pension Funds – HJR 42 requests that an interim committee be assigned to study how the retirement funds are invested, and how investment performance, retirement plan benefits, actuarial assumptions, and legislative policy decisions interact to affect the actuarial soundness of the public retirement systems and the employer’s funding obligations. The interim committee is charged to identify legislative policy issues and concerns, consider options, and develop recommendations.