

MEMORANDUM

Teachers' Retirement System

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To: Montana School Districts
District Clerks
District Superintendents
The Office of Public Instruction
Montana Education Cooperatives/Consortiums
Cooperative/Consortium Directors/Administrators,
Administrative Agents, Management Boards

From: Teachers' Retirement System of the State of Montana

Date: August 17, 2009

Subject: REQUIRED REPORTING OF EMPLOYEES OF EDUCATIONAL
COOPERATIVES/CONSORTIUMS TO THE TEACHERS'
RETIREMENT SYSTEM

This memo is being sent as a reminder to all parties with responsibility for reporting employees to the Montana Teachers' Retirement System ("TRS") that **all persons employed in a teaching or educational services capacity by an education cooperative** in the state of Montana are required to be reported to TRS on a monthly basis. While this is not a new requirement, the status of all education cooperatives as "employers" under TRS law and the description of those persons employed by cooperatives who must be reported to TRS was clarified by the 2009 Montana legislature in House Bill 59. An education cooperative is any entity organized or operating as an education cooperative as anticipated by Title 20, Chapter 7, Part 4 of the Montana Code Annotated ("MCA"), whether a special education or full-service education cooperative, and regardless of the name used.

As with all TRS-reportable employee positions, it is imperative that TRS-reportable employees of education cooperatives be timely and consistently reported to TRS on a monthly basis in order to ensure proper accumulation of service credit time to active TRS members, proper tracking and recording of hours and compensation for retired TRS members, and appropriate application of all other TRS legal requirements. Failure to properly report and make required contributions on behalf of TRS-reportable employees may result in loss of service credit or retirement benefits to the employee, including that a cooperative

Educational Cooperatives/Consortiums
Page 2

employee may be required to repay retirement benefits to which the employee was not entitled while employed by the cooperative. Failure to properly report cooperative employees to TRS is a violation of the employer's reporting requirements under §19-20-208, MCA, and may constitute a fraudulent act as anticipated by §19-20-105, MCA.

If you have any reporting responsibilities for the employees of an education cooperative, and have any questions regarding your reporting obligations to TRS, the TRS-reportable status of any cooperative employee, or other questions or concerns, please contact TRS.