

Date: May 6, 2013
To: TRS Employers
From: Dan Gaughan, Accounting & Fiscal Manager
Subject: UPDATES - Legislative Changes To TRS System:
Employer Impacts



Working retirees

REMINDER: Effective with the employer's July 2013 report to TRS, employers must remit to TRS 9.85% of the total earned compensation paid to each retired TRS member who returns to employment. This is an employer contribution, and should not be deducted from the working retiree's wages.

This requirement was passed in the 2009 legislative session to take effect fiscal year 2014. For more information you may refer to 19-20-605 (4), MCA.

Supplemental employer contributions

In addition to the current rate, employers will also pay an additional 1% supplemental contribution beginning on July 1, 2013 (see chart below). This supplemental contribution will increase by an additional 0.1% in each fiscal year 2015 through 2024 (beginning July 1, 2014).

Beginning July 1, 2024 the employer supplemental contribution will be 2%. The supplemental contribution rate may be decreased by the TRS Board based on the funded ratio of the system, the amortization period, and following full reinstatement of GABA.

July 1, 2013

School districts

7.47% normal contribution
1% supplemental contribution
Total: 8.47%

State agencies & University system

9.85% normal contribution
1% supplemental contribution
Total: 10.85%

Supplemental Employee Contributions – Effective July 1, 2013

Effective with your July 2013 report to TRS, the employee contribution rate will also increase 1.0%, from 7.15% to 8.15%.

Retirement fund reserves

On October 1, 2013 each school district with retirement fund operating reserves as provided in 20-9-501, MCA, greater than 20% must transfer to TRS the greater of:

- the amount earmarked as an operating reserve on the adopted retirement fund budget for fiscal year 2013 minus 20% of the adopted retirement fund budget for fiscal year 2013; or
- the retirement fund balance for fiscal year 2013 minus the allowable retirement fund operating reserve for fiscal year 2014.

Break in service - *Effective January 1, 2014*

Effective with terminations and retirements on or after ***January 1, 2014***, a retired member may not be employed in a position reportable to TRS until the member has had a break in service of 150 calendar days commencing on the first day following the termination date.

The only exception: retired member may be employed as a substitute classroom teacher for no more than 45 days during the 150 day break in service period.

***** Important Note:*** *The requirements and limitations applicable to post-retirement employment must be strictly applied by employers.*

It is imperative that members and employers understand the requirements, including definitions of terms such as "position reportable to the retirement system," "termination," "retired member," and "pre-arranged agreement."

Contact TRS

We realize that you may have questions regarding these upcoming changes. Please feel free to contact us at (406) 444-3134.