



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 to apply?

A TRS member may submit a disability retirement application if 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 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 \times AFC \times 1.6667%

How do I apply for disability retirement?

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

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: TRS staff then will process your application and make a recommendation to the Board

TRS staff will review your application materials for completeness and will determine whether you meet criteria for disability retirement. TRS staff may also request review of your application materials by TRS's contract medical advisor, if necessary. Once these reviews are complete, TRS staff will draft a written recommendation for the TRS Board to approve or disapprove your application. The recommendation will include the written findings of the medical advisor, if medical review was obtained. TRS staff will notify you by mail of their recommendation to the Board.

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.

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.

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.

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