



## Montana Teachers' Retirement System FACT SHEET: Suspension and Reinstatement of Retirement Benefit

When a retired TRS member who is re-employed in a TRS-reportable position earns more than the allowable amount, the member's monthly retirement benefit is reduced dollar-for-dollar and/or is suspended. When the benefit is suspended, the member is **returned to active member status** (unless the employer has demonstrated the retired member provides service as an Independent Contractor). For more information about how the earnings limit will be exceeded and the benefit reduced or suspended, see the TRS Fact Sheet, *Working After Retirement*.<sup>1</sup>

The member may apply for reinstatement of the suspended benefit only after terminating all TRS-reportable employment. Depending upon the amount of creditable service the member accrued while returned to active member status, the reinstated benefit may be the same as it was prior to suspension or it may include an additional amount.

This Fact Sheet explains:

- what the member must do if their previously designated Joint Annuitant or beneficiary dies before the member applies for reinstatement,
- when and how the member may apply for reinstatement of the suspended benefit,
- what determines eligibility for an additional benefit amount and how that amount is calculated, and
- what happens if the member is not eligible for an additional benefit amount.

### Death of Joint Annuitant or beneficiary

A member who elected a **Joint and Survivor Annuity optional retirement allowance (Option A, B, or C)** at the time of retirement should notify TRS as soon as possible if their Joint Annuitant has died. Once the member has provided a death certificate to TRS, the benefit will revert ("pop up") to the Normal Form allowance. The member may retain the Normal Form allowance or, if desired, may elect a new Joint and Survivor Annuity optional retirement allowance (Option A, B, or C) and designate a new Joint Annuitant within 18 months from the date of death of the original Joint Annuitant.

All members who elected either the **Normal Form** or a **10- or 20-year Period Certain and Life allowance** at the time of retirement should review and update their beneficiary designations periodically. For details and restrictions, see the TRS Fact Sheet, *Designation of and Payment to Joint Annuitants and Beneficiaries of Retired Members*.<sup>1</sup>

### Requesting reinstatement

Once all TRS-reportable employment is terminated, the member may request reinstatement of their monthly retirement benefit by completing and submitting TRS Form 145 *Application for Reinstatement of Benefit* along with supporting documentation as specified in the application.

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<sup>1</sup> TRS Fact Sheets are available on the TRS website ([trs.mt.gov/trsinfo/factsheets](https://trs.mt.gov/trsinfo/factsheets)).

The reinstated benefit (including any additional benefit amount for which the member is eligible):

- Will be payable beginning the first of the month following termination of all TRS-reportable employment;
- Will be paid under the benefit election (and, if applicable, the same Joint Annuitant designation) made at the time of the member's original retirement, except as allowed under *Death of Joint Annuitant or beneficiary*, above; and
- Will be calculated and paid in conformity with any family law order (FLO) in effect on the member's account at the time of reinstatement.

### Eligibility for an additional benefit amount

If the member accrued **three full years of creditable service** or more with TRS after returning to active member status, they are eligible for an additional benefit amount. TRS will calculate the additional amount based upon the creditable service and average final compensation the member earned while returned to active member status.

The additional benefit amount:

- will be calculated as either a regular retirement or early retirement benefit based on the member's eligibility at the time of calculation;
- will be calculated and paid in conformity with the allowance the member elected at the time of the original retirement (except as allowed under *Death of Joint Annuitant or beneficiary*, above); and
- will be added to the reinstated benefit and paid to the member as a single monthly benefit amount.

A member who accrues **less than three full years of creditable service** with TRS after returning to active member status is not eligible for an additional benefit amount. After the benefit is reinstated, TRS will refund the member's *account balance*, which consists of all contributions the member paid while returned to active member status, plus interest. TRS will provide a refund application form on which the member will elect a distribution option for the payment.

### Questions?

If you have any questions about the content of this Fact Sheet, please contact us.

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**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.*

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