



## Montana Teachers' Retirement System FACT SHEET: Substitute Teaching and Elective Membership Deferral

Generally, an individual who works in a TRS-reportable position and who is expected to provide at least 210 hours of service in a single fiscal year (July 1 – June 30) is required to participate in TRS from their first day of employment. However, a narrowly defined exception in state law<sup>1</sup> allows **substitute teachers and part-time teachers' aides/paraprofessionals** who are not already members of TRS to defer (postpone) membership until they reach the 210-hour threshold.

Once the threshold is reached in a single fiscal year (based on hours reported by a single school district or across multiple districts), the substitute teacher or aide/paraprofessional must become a member of TRS and will remain an active, contributing member for as long as they continue providing service to or on behalf of a TRS employer.

This Fact Sheet explains the circumstances under which a new substitute teacher or part-time teachers' aide or paraprofessional may elect to defer membership, and the associated documentation and reporting requirements for TRS employers.

### TRS membership election options for certain substitute teachers and part-time teachers' aides or paraprofessionals

TRS law allows new substitute teachers and part-time teachers' aides/paraprofessionals who are *not* already members of TRS to make an irrevocable election *either* to have employee contributions withheld from their pay starting on their first day of work, *or* to defer membership until such time as they have worked at least 210 hours in a single fiscal year. (Employees who are currently members of the Montana University System retirement program are not eligible to make such an election.)

If the employee is eligible to defer membership, the TRS employer must provide TRS Form 106 *Membership Election – Substitute Teacher or Part-Time Teacher's Aide/Paraprofessional* on their first day and must keep the employee's completed form on file to record their election.

- *Note:* Employers *may not* provide TRS Form 106 to any other type of employee hired to work on a short-term or limited basis, such as coaches or student advisors. To determine whether TRS membership is required for those individuals, refer to a separate TRS Fact Sheet, "*Calculating and Reporting Extra Duty Service Credit.*"

A substitute teacher or part-time teachers' aide/paraprofessional who has the option to defer membership may have the following questions:

*Q. Why would I elect to participate with TRS beginning with my first day of employment?*

*A.* All active TRS members accrue *service credit* based on the total hours for which contributions are paid. Members who accrue 5.00 or more years of creditable service are "vested" and will be eligible for a monthly retirement benefit when they reach retirement age. If you elect to participate in TRS on your first day of employment, you will accrue service credit for every single hour you work.

If you elect *not* to participate as of your first day, your TRS employer(s) will report hours and wages to TRS but will not immediately withhold contributions from your pay. You will remain a non-member

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<sup>1</sup> TRS active membership criteria are specified in §19-20-302, MCA.

and will not accrue service credit with TRS until 210 or more hours have been reported to TRS in a single fiscal year.

Your TRS employer(s) must begin withholding TRS contributions from your pay effective the first of the month *following* the month in which you reach or exceed the 210-hour threshold, and they must continue withholding contributions for work you perform in any TRS-reportable position thereafter. If eventually you become a vested member of TRS, you then will have the option to purchase service for those initial 210 (or more) hours to increase your creditable service balance, if desired.

*Q. If I have TRS contributions withheld from my pay, but I stop working, what happens to my contributions?*

*A.* You have two options. You can leave your contributions on account with TRS in case you work in another TRS-reportable position<sup>2</sup> in the future. If you do not intend to work in such a position, you can apply to withdraw TRS membership and receive a refund of all contributions you paid, plus accrued interest.

### Reporting Requirements for TRS Employers

Beginning in 2025, TRS employers must follow TRS guidelines in reporting *all* substitute teachers and part-time teachers' aides/paraprofessionals to TRS, including those who elect to defer membership as described above. When membership has been deferred, the employer must report actual hours and wages to TRS using the appropriate work status so that TRS can track hours and help TRS employers avoid costly compliance errors.

TRS will notify employers when circumstances require them to begin withholding contributions for a substitute teacher or part-time teacher's aide/paraprofessional who previously elected to defer membership. This may occur because 210 or more hours have been reported and posted for the employee within the same fiscal year or because the employee has been hired in a different TRS-reportable position.

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### 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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<sup>2</sup> See TRS Fact Sheet, *Which Positions Are Reportable to TRS?*