Montana
Teachers' Retirement System

Active Member Retirement Plan Handbook

Revised July 2016

For optimal viewing, please download this document to your computer and open with Adobe Acrobat Reader DC.

Be sure to inform TRS of any changes to your current mailing address, in writing, so that you receive your annual tax forms and other important information. The change of address form, Form 116 Change of Mailing Address, is available at trs.mt.gov/forms or by calling TRS at (406) 444-3134 or toll free at (866) 600-4045.

In compliance with the Americans with Disabilities Act of 1992, alternative accessible formats of this document will be provided upon request.

Dear Member:

Welcome to the Montana Teachers' Retirement System (TRS) handbook for Active Members. Our goal is to provide clear and practical information to help plan for your retirement.

This handbook answers the many questions you need to understand as a TRS member:

- *What type of retirement plan is TRS?*
- *What are TRS membership requirements?*
- *How is a retirement benefit funded?*
- *How do I become eligible to purchase service?*
- *When will I be eligible to apply for a retirement benefit?*
- *How are retirement benefits calculated?*

TRS staff members are available to help you with any questions you may have. We also encourage you to use the tools on the TRS website to become familiar with your retirement system. We hope this handbook helps you prepare for you financial future.

Sincerely,

TRS Board and Staff

DETERMINATIONS TO BE MADE BY APPLICATION OF LAW AND POLICY

TRS statutes and rules (Title 19, chapter 20 of the MCA, Title 2, Part 44 of the ARMs) and policies are the basis for the information provided in this Benefit Recipient's Retirement Plan Handbook. As much as possible, this handbook has been written in non-technical terms, avoiding the formal language of the retirement laws and administrative rules. Many factors may affect the ongoing validity of the information in this handbook, including future changes to law and/or administrative rules. In all cases, the rights, duties, obligations, and benefits of a benefit recipient as well as questions of interpretation of this handbook will be resolved by application of TRS statute, rules, and policies,

Representatives of school districts, the university system, and state agencies participating in TRS are not agents of the retirement system. TRS is not responsible for erroneous information provided by employers.

TABLE OF CONTENTS

Foreward iv
Administration 1
Administrative Officers 2
Mission Statement 2
Application of Law and Policy 2
Administrative Review of Staff Determinations 3
Investments 3
Federal Compliance – Qualified Plans 4
Family Law Orders 4
Exemption From Legal Process and Prohibition Against Assignment 4
Communicating With TRS 6
TRS Services 8
24/7 Online Information and Account Access 9
Member Forms 10
Staff Directory 11
Your Retirement Account 13
Take Ownership of Your Retirement Account 13
Member Contributions 13
Statement of Account 13
Beneficiary Designation 14
Membership 16
Active Membership 16
Creditable Service and Service Purchases 27
Creditable Service Defined 27
How Creditable Service is Earned and Accrued 28
Correcting Errors in Reported Creditable Service 29
Service Purchases 32
Retirement 33
Retirement Eligibility 33
Types of Retirement 34
Retirement Procedure 34
Retirement Benefit Allowance Elections 35
Retirement Benefit Formula 38
Termination Pay 39
Termination Pay – Irrevocable Election 41
Monthly Benefit Payments 41
Guaranteed Annual Benefit Adjustment (GABA) 41
Disability Retirement 43
Procedure to Apply for Disability Retirement 43
Survivor Benefits 45
Retirement Education 46
Estimating Benefits 46
Countdown to Retirement 46
Purchase of Service 47
Retirement Timeline 47
Employment and Earnings After Retirement 50
Frequently Asked Questions 52
Active Membership 52
Family Law 53
TRS Website 54
Withdrawal of Account 54
Additional Resources 56
Glossary 57
Directions to TRS 60
Capitol Complex Map 61

FOREWARD

State law established the Montana Teachers' Retirement System in 1937, which then had 3,367 members across Montana. Over the 78 years since our beginning, we've grown to approximately*:

18,300	full- and part-time active members
$3.7 billion	net assets (market value)
14,800	retirees and other benefit recipients
$300 million	benefits paid annually

(*as of June 30, 2015)

TRS is a defined benefit pension plan qualified under Internal Revenue Code (IRC) Section 401(a). As a defined benefit plan, the monthly retirement benefit is calculated based on each individual member's total years of creditable service and average final compensation—not on the account balance or the performance of the financial markets.

ADMINISTRATION

The Montana Teachers' Retirement System (TRS) Governing Board is constitutionally charged with administering the retirement system as fiduciaries for TRS members and their beneficiaries.

The Board is composed of six members appointed by the Governor. Three Board members must be active TRS members, at least one of which must be an active classroom teacher. One Board member must be a TRS retired teacher. The final two members are appointed as representatives of the public.

The Board regularly meets in Helena four times each year—usually in February, May, September, and December—to conduct Board business. The most up-to-date information on Board members, upcoming meetings and agendas, and approved minutes can be found on the TRS Board page of the website. As of the publication of this Handbook, the current Board members are listed in the table below.

Kari Peiffer, Chair
Appointed by Governor
Active Public School Teacher
Kalispell, Montana
kpeiffer@mt.gov
Term expires July 1, 2017

Scott Dubbs, Vice Chair
Appointed by Governor
Active Member Representative
Lewistown, Montana
sdubbs@mt.gov
Term expires July 1, 2018

Daniel Chamberlin
Appointed by Governor
Public Sector Representative
Helena, Montana
dchamberlin@mt.gov
Term expires July 1, 2020

Janice Muller
Appointed by Governor
Active Member Representative
Hamilton, Montana
jmuller@mt.gov
Term expires July 1, 2016

Marilyn Ryan
Appointed by Governor
Retired Member Representative
Montana Board of Investments Member
Missoula, Montana
mryan2@mt.gov
Term expires July 1, 2016

Daniel Trost
Appointed by Governor
Public Sector Representative
Helena, Montana
dtrost@mt.gov
Term expires July 1, 2019

ADMINISTRATIVE OFFICERS

Shawn Graham	Executive Director
Tammy Rau	Deputy Executive Director
Denise Pizzini	Chief Legal Counsel

MISSION STATEMENT

To promote long-term financial security for our members while maintaining the stability of the fund.

Vision: The Montana Teachers' Retirement System (TRS) is the trusted partner for retirement services and security. TRS strives to earn the respect of our members, the public education community and citizens of Montana. We accomplish this by communicating effectively to our constituents, being responsive to their needs, and employing an effective and empowered professional staff.

Guiding Principles: To earn the respect and trust of our members, we adhere to the following values:

- High ethical standards
- Honesty, integrity, and impartiality
- Dignity, respect, and mutual support
- Service excellence

APPLICATION OF LAW AND POLICY

The information provided in this Benefit Recipient's Retirement Plan Handbook is based on TRS statutes (Title 19, chapter 20, MCA), administrative rules (Title 2, part 44, ARM), and policies.

As much as possible, this handbook has been written in nontechnical terms, avoiding the formal language of the retirement laws and administrative rules. However, the informal presentation of information in this handbook is not intended to and will not be applied to modify the law or the rights or obligations provided by the law.

Many factors may affect the ongoing validity of the information in this handbook, including future changes to laws, administrative rules, or policies.

In all cases, the rights, duties, obligations, and benefits of a member as well as questions of interpretation of this handbook will be resolved by application of TRS laws, rules, and policies.

Representatives of school districts, the university system, and state agencies participating in TRS are not agents of the retirement system. TRS is not responsible for erroneous information provided by employers.

ADMINISTRATIVE REVIEW OF STAFF DETERMINATIONS

Requirement to Exhaust Administrative Remedies

A member who is adversely affected by a final staff determination may request an informal review of the final staff determination by the TRS Board. If the TRS Board, following informal review, agrees that there is sufficient basis to uphold the final staff determination – the member will receive written notice of his/her right to request a contested case hearing.

If a contested case hearing is requested, the Board may hear the contested case, or it may appoint a hearing examiner for the contested case. A contested case hearing will be conducted in conformity with the Montana Administrative Procedures Act (MAPA) and the administrative rules adopted by the Board pertaining to contested cases. This includes the right of the member to be represented by legal counsel at the member's discretion and expense. Upon conclusion of a contested case hearing, the Board will issue a final written decision, including findings of fact and conclusions of law.

A member who is adversely affected by a final decision of the Board may file a petition for judicial review in district court, in conformity with MAPA. A member must exhaust the administrative remedies outlined above prior to seeking judicial review or other judicial determination of the matter.

INVESTMENTS

The Montana Board of Investments (BOI) invests the TRS funds in various securities as permitted by law; these investments are segregated from other state funds. The Treasury Division of the Montana Department of Administration is the custodian of the securities owned by TRS. For more information, please visit the BOI website at www.investmentmt.com.

FEDERAL COMPLIANCE – QUALIFIED PLANS

TRS is required by Montana law to maintain its tax-qualified pension plan status with the Internal Revenue Service (IRS). TRS's status as a tax-qualified plan means

- employers make contributions to TRS on a tax-deferred basis,
- member contributions are withheld from their compensation and paid directly to TRS by the employer on a tax deferred basis.

TRS trust assets accrue on a tax-free basis. The tax-qualification standards applicable to TRS under the Internal Revenue Code (IRC) include, among others, specifications regarding

- who is eligible to be a member of TRS,
- when a member is eligible to receive or must receive retirement benefits,
- the maximum amount of benefits that can be paid to a plan member or beneficiary, and
- the total amount of after-tax contributions that can be made to TRS to purchase service or for termination pay to be included in the calculation of retirement benefits.

FAMILY LAW ORDERS

TRS may be directed by a court issuance of a Family Law Order (FLO) to distribute a portion of a retiree's TRS benefits to an ex-spouse in recognition of the ex-spouse's marital property or spousal maintenance rights. A FLO must comply with all applicable law, including that it may not require a type, form, or duration of benefit, allowance, or payment not available to the TRS member/retiree, or require a different administrative process than used for retirement benefits in general. TRS must approve each FLO. Additional information on Family Law Orders can be found on the TRS website.

If it is necessary for the parties in a divorce to determine the present value of future retirement benefits, the parties must engage an actuary or accountant to determine present value. TRS will not make such determinations.

EXEMPTION FROM LEGAL PROCESS AND PROHIBITION AGAINST ASSIGNMENT

The following conditions apply to any benefits accrued, or accruing to any person, under the provisions of TRS and the accumulated contributions, cash, and

securities in the various funds of the retirement system:

1. Benefits are not subject to execution, garnishment, attachment by trustee process or otherwise, in law or equity, or any other process, except by means of
    a. an IRS or state tax lien,
    b. under the limited provisions of a FLO, or
    c. pursuant to a child support order.
2. Benefits are unassignable (cannot be paid to any person/entity other than the benefit recipient) except as specifically authorized under TRS law.

COMMUNICATING WITH TRS

TRS staff responds to all calls, emails, faxes, and written requests in the order they are received.

Privacy, Social Security Numbers, and Financial Account Information

- TRS requires you to submit many forms that must include the full Social Security Numbers (SSN) of benefit recipients. TRS is authorized, pursuant to IRC sections 6041(A) and 6109, to collect SSNs for proper identification of individuals.
- TRS also requests information regarding bank and other financial account information, including account numbers, for purposes of electronic deposit of benefits.
- You may also be asked to provide full social security numbers or financial account information when speaking directly over the telephone with a TRS staff member.
- To protect your identity, when communicating with TRS via e-mail, voice mail, or fax, please provide only your full name, telephone number, and the last four digits of your social security number. *Do not provide your full social security number or any financial account numbers.*
- *Do not communicate with TRS about your account or benefits via <u>any</u> social media account.*

If you respond to TRS postings on social media (i.e., Facebook), do not provide any part of your social security number or financial account numbers or any other personal information, such as your address, phone number, names of beneficiaries, etc., as that information will be visible to any other person who also views the TRS postings.

Calling TRS

The TRS office opens at 8:00 a.m. and closes at 5:00 p.m. (except during state recognized holidays) with a limited staff working during the noon hour. After normal office hours, you can leave a message for a return call the following business day.

When calling the TRS office, ask for the proper department to expedite handling of your request for information (see page 8). Please have the last four digits of your social security number available.

Phone: (406) 444-3134 or Toll Free: (866) 600-4045

Writing to TRS Via U.S. Mail

Be sure to include your full name, the last four digits of your social security number, home mailing address, and telephone number on your written request for information or action. Review your documents and include your signature on all forms as well as on requests for information, changes or action. Mail your request to the TRS office.

Montana Teachers' Retirement System
PO Box 200139
Helena, MT 59620-0139

If you are reporting the death of a beneficiary, joint annuitant, or benefit recipient, please include the decedent's name and the last four digits of their social security number.

Email and Fax

Email: trswebadmin@mt.gov
Fax: (406) 444-2641

When emailing or faxing information regarding a benefit recipient's account, include the benefit recipient's full name, last four digits of their social security number, and their telephone number. If you are not the benefit recipient, please also provide your full name and telephone number.

Visiting the TRS Office

Before visiting the TRS office, please call ahead to schedule an appointment; this gives TRS staff time to review your account records and prepare for your visit. Appointments are scheduled Monday through Friday between 9:00 a.m. and 4:00 p.m.

Office Location: The Teachers' Retirement System building is located at 1500 East Sixth Avenue in Helena. Driving directions and a map of the Capitol complex can be found on page 60 and page 61.

TRS SERVICES

The following TRS services are available to active members:

Pension Administration

Agency Administration and Administrative Rules
Communications
Legislative Issues and Updates
Legal Matters/Family Law Orders/Divorce
Member Handbooks and Publications

Member Contribution Account Maintenance

Employer Contribution Reporting:

- Contribution Reporting Deadlines
- Monthly Contribution Reporting Questions
- Overage/Shortage Questions

Membership Services:

- New Member Sign Up
- Beneficiary Designations
- Mailing Address Changes
- Name Changes

Account Withdrawals:

- Account Balance Rollovers
- Mandatory Federal Income Tax Withholding
- Member Account Withdrawals and Refunds

Retirement Preparation/Counseling

Retirement Counseling:

- Planning for Retirement
- Estimating Benefits and Understanding the Benefit Plans
- Completing the Retirement Application
- Retirement Education Workshops
- Understanding Termination Pay

Account Information:

- Beneficiary Designation and Update
- Eligibility for Membership
- Service Credit and Vesting
- Statement of Account Questions

Service Purchase:

- Irrevocable Election
- Rollover/Transfer Form
- Transfer of Service–TRS and PERS

24/7 ONLINE INFORMATION AND ACCOUNT ACCESS

The TRS website, trs.mt.gov, includes news updates, the TRS newsletter, information about upcoming board meetings, contact information for TRS staff, and annual reports. The website also contains information specifically for active members, retired members, other benefit recipients, and employers, including links to the most recent handbook, forms, tutorials, and FAQs.

In addition, as a member, you may create an online account to view your personal TRS account information.

Create a Personal Account

1. Go to trs.mt.gov/trs-info/members.
2. Click on the TRS Account link.
3. Click the Create an Account button.
4. Sign up as a new user by entering information on the sign-up screen that allows you to identify yourself to TRS and confirm that you are a member.
5. Click on What's This? for a description of each field to be entered.
6. Fill in all the required fields and click on Create Account to create your new account. (You may be asked to fill in incomplete fields.)
7. Make sure your information is accurate.
8. Be sure to keep track of your security question and answer, user ID and password, hint question and answer.

Forgot Your User ID?

1. Go to trs.mt.gov/trs-info/members.
2. Click on the TRS Account link.
3. Click on the Forgot Your User ID? button.
4. Click on What's This? for a description of each field to be entered.
5. Fill in all the required fields and click on Show My User ID.

Forgot Your Password?

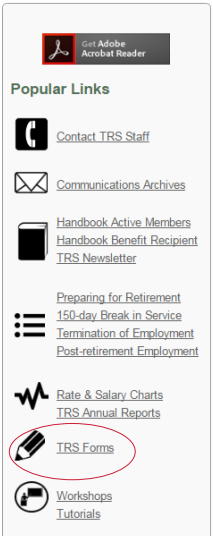
1. Go to trs.mt.gov/trs-info/members.
2. Click on the TRS Account link.
3. Click on the Forgot Your Password? button.
4. Fill in all the required fields and click on Reset Password.

If you are having trouble accessing your online account, please contact TRS Information Technology staff at 406-444-9293.

MEMBER FORMS

The TRS website provides many of the forms necessary to keep your personal information up-to-date, including authorization for release of personal information, change of address and name, beneficiary designation, and more.

The link to the Forms webpage can be found on the TRS website in the Popular Links section on the right hand menu bar:



Use the following protocol when submitting forms to TRS:

- Complete the appropriate form. (Note, the forms found on trs.mt.gov/trsinfo/forms can be filled out online and then printed.)
- Get all required signatures, and mail the original to TRS.
- Keep a copy for your own records.

Forms that are not posted on the TRS website are available by contacting the TRS office. TRS staff is available to help you with choosing or filling out the appropriate form.

If you do not have access to the Internet, please call TRS, and we will mail you the forms you need.

STAFF DIRECTORY

PENSION ADMINISTRATION

Name	Title	Phone
Shawn Graham	Executive Director	(406) 444-3134
Tammy Rau	Deputy Executive Director	(406) 444-3134
Denise Pizzini	Chief Legal Counsel	(406) 444-3134
Karin Janssen	Technical Writer/ Communication Specialist	(406) 444-0139
Cathy Page	Executive Secretary	(406) 444-3754
Shelby Connole	Administrative Assistant	(406) 444-1886

ACTIVE MEMBERS – RETIREMENT PREPARATION/COUNSELING

Name	Title	Phone
Johnelle Sedlock	Benefits Officer	(406) 444-4113
Brynn Dennehy	Benefits Officer	(406) 444-3324
Kristin Williams	Benefits Officer	(406) 444-3091
Marjorie O'Rourke	Benefits Specialist	(406) 444-3132
Sandra Donahue	Benefits Specialist	(406) 444-2465

RETIRED MEMBERS/BENEFIT RECIPIENTS

Name	Title	Phone
Karla Scharf	Retired Benefits Manager	(406) 444-3135
Natalie Chamberlain	Retired Benefits Specialist	(406) 444-3185
Chris Fish	Retired Benefits Technician	(406) 444-2441

ACCOUNTING – WITHDRAWALS/REFUNDS

Name	Title	Phone
Joyce Love	Accountant	(406) 444-3323
Nolan Brilz	Accounting and Fiscal Manager	(406) 444-3679

ACCOUNTING – ACTIVE MEMBER CONTRIBUTION ACCOUNTS

Name	Title	Phone
Joyce Love	Accountant	(406) 444-3323
Nolan Brilz	Accounting and Fiscal Manager	(406) 444-3679

EMPLOYER CONTRIBUTION REPORTING

Name	Title	Phone
Joyce Love	Accountant	(406) 444-3323
Nolan Brilz	Accounting and Fiscal Manager	(406) 444-3679
Kim Lloyd	Accounting Technician	(406) 444-2540

INFORMATION TECHNOLOGY

Name	Title	Phone
John Noble	Information Systems Manager	(406) 444-3395
Rex Merrick	Information System Administrator	(406) 444-9293
Jeanie Schmidt	Quality Control Technician	(406) 444-5227

YOUR RETIREMENT ACCOUNT

We encourage you to be an informed and active partner with TRS so we can provide fast, easy access to complete and accurate information.

TAKE OWNERSHIP OF YOUR RETIREMENT ACCOUNT

- Inform TRS of any significant event such as marriage, divorce, death of a beneficiary, or a change in name and/or mailing address.
- Read this handbook thoroughly and contact TRS with any questions you may have.
- Take advantage of tools and resources available on the TRS website including account information, forms, education and information libraries, and retirement education materials.
- Review publications provided by TRS (newsletter, website, and e-news) regarding legislative and other changes that may affect your retirement account.
- You can sign up to receive an electronic version of the newsletter rather than the print version and help us save on printing and postage. Email trsoutreach@mt.gov with your email address and we will add you to our electronic newsletter list.

MEMBER CONTRIBUTIONS

Member contributions represent only the contributions that have been withheld from the member's gross wages, plus the accumulated interest. Employer contributions are placed in the TRS pension trust fund for future retirement benefit funding. Once a member qualifies for retirement benefits, the benefit amount the member will receive is calculated using the TRS retirement benefit formula (see page 38).

STATEMENT OF ACCOUNT

In the fall of every year, TRS provides an Annual Statement of Account to each active and term-vested member. The statement presents the member's account balance as well as creditable service accrued through the end of the past fiscal year (ending June 30). In addition, if a member is eligible for normal or early retirement, the statement will provide the estimated monthly annuity payment the member could receive at retirement. TRS mails the Annual Statement of Account directly to a member's address on file with TRS. To ensure receipt of a statement, please notify TRS of any address changes. If a current mailing address is not available, TRS will mail the statement to the employer.

BENEFICIARY DESIGNATION

A TRS member is asked to complete a beneficiary designation form upon becoming an active member of TRS. It is very important that the member designate one or more beneficiaries and keep the beneficiary designation information up to date. In the event of the member's death, the beneficiary(ies) designated on the last effective beneficiary designation form on file with TRS will receive the survivor benefits owed by TRS on behalf of the member.
If a member who has not retired wishes to remove, add or replace a beneficiary, the member must complete a Beneficiary Designation for Active Members form, which is available on the TRS website. Once a TRS member has designated his/her spouse as a beneficiary, the member will not be allowed to remove the spouse (or ex-spouse) as a beneficiary without providing one of the following:

- notarized, written authorization of the spouse (or ex-spouse), or
- a court order expressly authorizing removal of the spouse (or ex- spouse) as beneficiary.

TRS presents the current designated primary and contingent beneficiary information on the member's annual statement of account. This information is also available when a member accesses the TRS website to view their account information. If the member is unsure of their primary and/or contingent beneficiary designation, they may check with TRS.

Death of Member or Beneficiary

Upon a member's death, notify TRS immediately to ensure their beneficiary receives their benefit in a timely manner.

Divorce of Member and Beneficiary

Information regarding Family Law Orders can be found on the TRS website at trs.mt.gov/trsinfo/FamLawOrders and in this handbook (see page 4). All TRS members, active or retired, involved in a divorce proceeding should contact TRS immediately.

Online Member Account Tutorial

For your convenience, a tutorial is available on the TRS website about Account Information. The information provided in the tutorial is for educational purposes only. It includes basic information about a member's beneficiary designation. Note, the tutorial does not provide accurate, detailed calculations of any specific member's account.

MEMBERSHIP

ACTIVE MEMBERSHIP

Unless an exception described in this section applies, you are eligible and required to be an active member of TRS if:

- you are the common law employee of a TRS employer,
- you are employed for at least 30 days (210 hours) in any fiscal year, and
- you are performing service in a position reportable to TRS.

Who Are TRS Employers?

A TRS employer is any agency, political subdivision, or instrumentality of the state of Montana that employs a person in a TRS-reportable position, including but not necessarily limited to:

- the state of Montana
- a public school district
- the office of public instruction
- the board of public education
- an education cooperative
- the Montana School for the Deaf and Blind
- the Montana Youth Challenge Program
- a state youth correctional facility
- the Montana University System
- a community college

What Are TRS-Reportable Positions?

It is the duties and functions actually performed in a position that determines whether the position is reportable to TRS. Section 19-20-302, MCA, identifies the types of positions that are reportable to TRS. In many cases, the job/position title will be conclusive. For example, if an individual's job title is "teacher," "instructor," "principal," "district superintendent," "county superintendent of schools," "curriculum coordinator," "paraprofessional," etc., the position is clearly reportable to TRS. (TRS assumes the employer has correctly titled the position based on the duties and functions performed.)

However, in other circumstances, a position/job title may not clearly establish that the position is reportable to TRS. For example, a position titled "technology education assistant" doesn't clearly establish whether the person in the position provides assistance in student instruction related to technology education (which is reportable to TRS), or maintains and sets up the computers or other equipment used for technology education classes, but never provides student instruction or

other educational/instructional services (which is not reportable to TRS). As well, the use of titles like "director" or "coordinator" don't necessarily represent duties and functions that are clearly reportable to TRS, and cannot be used by TRS, without additional information, to determine the reportability of the position. In addition, some positions reportable to TRS are identified by a more general reference to the duties and functions of the position, like "administrative officer," "educational or instructional duties," or "research staff."

The criteria set forth below are the criteria applied by TRS to determine whether a position is reportable to TRS.

Administrative Officers

An individual is an administrative officer of the Board of Public Education, a unit of the MUS, or a Community College reportable to TRS if the individual has primary administrative authority over the operation of the Board of Public Education, the MUS unit, or the Community College or over a specific educational/instructional division or a specific educational/instructional program of the Board of Public Education, the MUS unit, or the Community College, whether or not the administrator directly, personally provides services in an educational/instructional services capacity.

Providing Instructional or Educational Services

The terms "educational services" and "instructional services" have both been introduced and used in TRS law over the years, and while neither term has been expressly defined, they have both been consistently construed and applied to refer to services (duties and functions of a position) performed directly related to the educational mission of the employer. The following analysis is applied to determine if an individual is employed in a position reportable to TRS wherever the statutory requirement is for participation of an individual who:

- is providing "educational services";
- is providing "instructional services";
- is "educational staff";
- is "instructional staff"; or
- is otherwise described as acting in an educational or instructional capacity

Actual hands-on teaching or instruction of students is not a requirement for participation in TRS. Rather, a position is directly related to the educational mission of the employer, and the person in the position is reportable to TRS, if the person provides any of the following types of services/performs any of the

following types of duties and functions related to an educational program:

- directly teaches or instructs students in an educational/instructional program (for example, teacher's, teacher's aides, paraprofessionals, science lab monitors/assistants, coaches, etc.)
- provides educationally related professional services that assist students in participating in and/or receiving the full benefit of a program of education/instruction (for example, school counselors, advisors, social workers, school nurses, speech/language pathologists and aides, physical and occupational therapists and aides, paraprofessionals, etc.)
- evaluates the competencies of students and/or the proper placement of students within a program of education/instruction, determines or implements student-specific educational programs or education plans, and/or disciplines students (for example, teachers, principals, superintendents, advisors, coaches, individuals involved in testing and identifying students eligible for or in need of special services, etc.)
- determines the proper curriculum and/or educational standards applicable to any educational program, determines the appropriate educational/instructional methodologies to be applied in any educational program, selects/creates the educational/instructional materials or the content of those materials, and/or teaches/trains teachers or other staff responsible for implementing curriculum, standards, and methodology (for example, teachers/instructors, principals, superintendents, curriculum directors, professional development staff, teacher/curriculum coaches, etc.)
- directs, supervises, or oversees the work of other individuals employed in an educational/instructional services capacity (for example, teachers RE teachers' aides/paraprofessionals, principals RE teachers, superintendents RE principals and teachers, therapists RE therapy aides, deans of colleges RE college faculty, directors/administrators of educational programs RE faculty/instructors of program, OPI staff RE school districts, etc.)

Scientific Staff

An individual is a member of the Scientific Staff of a unit of the MUS or a Community College reportable to TRS if the individual does any of the following related to scientific research authorized by the MUS unit or Community College:

- designs scientific research protocols or performs or conducts any research activities;
- directs, supervises, or oversees scientific research or scientific researchers;

- or has primary administrative authority for a scientific research program or project

30-Day Requirement for Eligibility

In general, an individual must be employed in a TRS reportable position for at least 30 days (210 hours) in any one fiscal year to be eligible to participate in the retirement system. The 30-day requirement is not applied to determine eligibility each fiscal year. Rather, once an individual has met the threshold to participate in TRS in one fiscal year, the individual remains an active (or inactive) member of TRS thereafter until the member either withdraws from TRS or retires, even if the member is not employed in a TRS reportable position for at least 210 hours in any subsequent year.

The 30-day requirement is **not a waiting period**. If an individual who is not already an active or inactive member or a retiree of TRS is employed in a TRS reportable position and, at the time of employment, the employer expects that the individual will provide service in the position for at least 210 hours, the employer must report the individual to TRS from the first date of employment.

Except for substitute teachers and part-time teachers' aides/paraprofessionals, if an employer does not expect that an individual employed in a TRS reportable position will provide service in the position for at least 210 hours in a fiscal year, the employer should not begin reporting the individual to TRS until the individual has provided service in the position for 210 hours. If the individual becomes a vested member of TRS, the member will have the option of purchasing service credit for the period of time the member was employed in a TRS reportable position before meeting the 30-day requirement for eligibility.

30-Day Election Option for Substitute Teachers and Part-time Teachers' Aides/Paraprofessionals

An individual who is not already an active or inactive member or a retiree of TRS and who is employed as a substitute teacher or part-time teachers' aide or paraprofessional may elect to participate or not in TRS beginning with the first day of employment (rather than after providing 210 hours of service) by completing Form 106 Membership Election. A substitute teacher or part-time teachers' aide/paraprofessional who elects immediate participation in TRS will actually become a member of TRS only when service has actually been performed in the TRS reportable position and work time has been reported and contributions have been remitted to TRS by the employer.

Determining Hiring Status for TRS Eligibility—Common Law Employee or Independent Contractor?

For active membership, an individual is "employed" by a TRS employer if the individual is a common-law employee of the employer as determined by application of the IRS's 20-point test. Under the IRS test, an individual hired by an employer could be an employee, an independent contractor, a statutory employee, or a statutory non-employee. Because "statutory employee" and "statutory non-employee" both refer to specific jobs that aren't TRS reportable positions, the hiring status of an individual in a TRS-reportable position could only be either as an employee or as an independent contractor.

Caution Regarding Independent Contractors

The IRS test strongly presumes employee status of an individual hired by any employer. In order to validate a claim of independent contractor status, analysis under the 20-point test must establish, based on the facts and circumstances of the specific hiring, that the employer has the right to control only the result of the work. If the employer has the right to control and direct the individual who performs the services, not only as to the result, but also as to the details and means, the individual is an employee, even if the employer does not need to or chooses not to exercise the right of control. For example, a school district may not have a need (or even the expertise) to exercise significant control over the work processes of a physical therapist hired by the district to provide services to district students, but the physical therapist's substantial autonomy in doing his/her work does not in and of itself establish independent contractor status of the therapist.

In addition, the IRS has clearly established that public officials cannot be independent contractors. The fact that their positions and/or job duties are established by law and that they always work under the direction and control of their employers – the public or another public official - precludes their hiring as independent contractors. The public official standard applies to elected or appointed public officials, as well as to other public positions where the requirement for the position and/or the job duties and functions of the position are sufficiently mandated in law as to make the position clearly that of a public official.

Under the IRS 20-point test, TRS strongly believes most individuals hired in TRS-reportable positions could not establish sufficient independence or individual control to establish independent contractor status. For example, a County Superintendent of Schools, as an elected or appointed position with duties and functions mandated in law, must be an employee of the electors of

the county. Similarly, a school district superintendent, as a legally mandated position for most school districts and statutorily designated as working under the supervision and direction of the school district board or trustees, could not establish independent contractor status.

Under TRS law, an employer has the burden of establishing independent contractor status in order to except an individual from participation in TRS. While TRS may accept a Montana Department of Labor and Industry Independent Contractor Exemption Certificate as prima facie evidence (a presumption) of independent contractor status, it does not conclusively establish independent contractor status. TRS may require additional verification of independent contractor status of an individual hired in a TRS reportable position.

Employees of the Montana University System

Units of the Montana University System (MUS) employ individuals in positions that are TRS reportable positions determined by application of the above criteria. However, many of those individuals are not reportable to TRS. In 1987, the MUS implemented a new DC retirement plan (now called the Montana University System Retirement Plan, or MUSRP) for eligible employees and allowed those employees to make a one-time election to move from TRS to MUSRP. Through June 30, 1993, eligible new hires could make a one-time election to participate in TRS or MUS. Beginning July 1, 1993, eligible new hires who were not already active, inactive, or retired members of TRS could no longer elect to participate in TRS, but were required to participate in MUSRP. Various requirements or options for retirement plan participation remain for individuals who are TRS active, inactive, or retired members at the time of first hire by MUS.

Following are descriptions of the TRS reporting requirements for various MUS employees—faculty members, administrative officers, and research faculty/staff members—providing service in TRS reportable positions.

Not a TRS Member or Retiree at the Time of Hire by MUS:

An individual who is not a TRS member or retiree at the time of hire by MUS, is not eligible to participate as an active members of TRS, but must participate in MUSRP. While not eligible to participate in TRS, the employee must be monthly reported to TRS as an MUSRP participant.

A TRS Active Member at Time of Hire by MUS:

An individual who is a TRS active member at the time of hire by MUS (already working in a non-MUS TRS reportable position) must remain a member of TRS and may not elect to participate in MUSRP. MUS must monthly report the individual to TRS.

A TRS Inactive Member at Time of Hire by MUS:

An individual who is a TRS Inactive Member at the time of hire by MUS (has contributions on account with TRS but is not currently regularly employed in a non-MUS TRS reportable position) may elect to continue to participate in TRS for the employment with MUS, or may elect to participate in MUSRP. If the individual elects to participate in MUSRP, the individual may not retire with TRS while employed by MUS. The individual must make an irrevocable written election to participate in either TRS or MUSRP by completing the PERS Retirement Plan Choice – Irrevocable Election form (contact the Montana Public Employee Retirement Administration at 406-444-3154 to obtain this form), and MUS must monthly report the employee to TRS as either an active TRS member or an MUSRP participant in conformity with the employee's election as described in Section 3.

A TRS Retired Member at Time of Hire by MUS:

Regardless whether the individual is hired as an employee or an independent contractor, a TRS retired member hired by MUS is subject to all TRS requirements for termination of employment, including the 150 day break in service and the prohibition on prearranged agreements, and the retiree and MUS are required to complete and submit Form 146 Notice of Postretirement Employment for Retired Member and Employer with all required supporting documentation. It is imperative that a TRS retiree immediately, fully, and correctly report his or her employment to TRS. Failure to do so could result in retroactive termination of the retiree's TRS benefits and a requirement to repay overpaid benefits as well as unpaid member contributions. Additional information regarding postretirement employment is provided in this handbook under Employment and Earnings After Retirement (see page 50) and in Fact Sheet #1 Termination of Employment and Postretirement Employment found on the TRS website.

Fact sheets can be found on the TRS website at:
trs.mt.gov/trsinfo/factsheets

An individual who is a TRS retired member and eligible for postretirement employment at the time of hire by MUS may elect to continue to participate with TRS for the employment with the MUS, or may elect to participate in MUSRP. If the retiree elects to continue to participate with TRS, the retiree is subject to TRS's postretirement earnings limitations, including that the retiree must be returned to active member status if the retiree exceeds his or her earnings limitation. The retiree must make an irrevocable written election to continue to participate in TRS by completing the PERS Retirement Plan Choice – Irrevocable Election (contact the Montana Public Employee Retirement Administration at 406-444-3154 to obtain this form). MUS must monthly report the individual to TRS as a working retiree or as an active member, as appropriate.

If the TRS retiree elects to participate in MUSRP, his or her TRS retirement benefits will be suspended for as long as he or she remains employed with the MUS. The retiree must make an irrevocable written election to participate in MUSRP rather than TRS. MUS must monthly report the individual to TRS as an MUSRP participant.

MUSRP Active Member at Time of Hire by Other TRS Employer:

An individual who is employed by MUS and participating as an active member of MUSRP when the individual obtains secondary employment in a non-MUS TRS reportable position (so is concurrently employed by both MUS and another TRS employer) is not eligible to participate as an active member of TRS for the secondary employment.

Contributions

Employee Contribution Rate

Employee contributions are withheld from each member's gross pay and are not subject to state or federal income tax withholding until actually received in the form of a monthly benefit allowance or a withdrawal.

Tier	Normal Contribution Rate	Supplemental Contribution Rate	Total Contribution Rate
Tier One	7.15%	1.00%	8.15%
Tier Two	8.15%	0.0%	8.15%

Member/employee contributions must be picked up by the employer—withheld by the employer from the employee's earned compensation and remitted directly to TRS on a tax-deferred basis.

A member may elect to have additional amounts picked up by the employer and remitted as member contributions for service purchases. The IRS has established specific rules to follow before these elections are valid. Refer to Fact Sheet #8 Service Purchase found on the TRS website for a detailed explanation of the service purchase options available and the rules governing these elections.

Employer Contributions

Employer contributions to TRS are based on total earned compensation reported to the retirement system by an employer for all employees/members. These are not matching contributions allocated to individual members' accounts, but are contributions to the pension trust fund, which together with investment earnings, provide funding for all TRS retirement benefits, disability benefits, death benefits, administrative costs, and amortization of the unfunded liability.

Earned Compensation

Earned compensation means remuneration, exclusive of maintenance, allowance, and expenses paid for services by a member out of funds controlled by an employer before any pre-tax deductions allowed under the Internal Revenue Code are deducted from the member's compensation.

Earned compensation does not include:

- Direct employer premium payments on behalf of members for health or dependent care expense accounts or any employer contribution for health, medical, pharmaceutical, disability, life, vision, dental, or any other insurance, including the imputed value of non-cash benefits provided by the employer;
- Any employer payment or reimbursement for professional membership dues, maintenance, housing, day care, automobile, travel, lodging, entertaining expenses, or any similar payment for any form of maintenance, allowance, or expenses;
- Income from work as a ticket-taker, bus driver, playground aide, swimming monitor, or concession worker, etc.;
- Adding an employer-paid or non-cash benefit to an employee's contract or subtracting the same or like amount as a pre-tax deduction;
- Lump sum or monthly payments for unused accumulated sick or annual leave, excess leave balance payments, and any sort of early retirement incentive severance payment contingent upon the employee terminating employment, or incentives or bonuses paid to a member that are not part of a series of annual payments.

The above is not an exhaustive list, please contact TRS if you have questions regarding what is considered earned compensation.

Average Final Compensation

Average Final Compensation (AFC) is the average of a member's earned compensation actually reported to TRS during consecutive years of full-time service yielding the highest average and on which contributions have been made. The AFC for Tier One members is based on the highest three consecutive years. For Tier Two members, the AFC is based on the highest five consecutive years. The AFC for a Tier One member employed on a part-time basis with less than three consecutive years of full-time service during the five years preceding retirement is the compensation that the member would have earned in the final three years had the member's part-time service been full-time service. To determine the compensation that the member would have earned, the part-time compensation reported must be divided by the part-time service credited to the member's account each year.

Limitation on Compensation Increases

It is the intent of the Legislature to provide equitable retirement benefits to all members of TRS based on their normal service and salary and to limit the effect on the retirement system of isolated increases received for promotion or one time salary enhancements during their last years of employment. The amount of each year's earned compensation used in calculating average final compensation may not exceed the member's earned compensation for the preceding year by more than 10% .

The only exemption under statue from the 10% statutory cap increase is the result of movement on the employers adopted salary matrix. For consideration of an exemption to the 10% statutory cap, your employer must provide TRS with a copy of the adopted salary matrix. If you have compensation in addition to your base contract, TRS will also need copies of the extra duty contracts.

Interest Credit and Charges

Interest is credited monthly to a member's account at the rate set annually by the TRS Board effective July 1 of each fiscal year, and and is based on the short term interest rate as determined by the Board of Investments. The current interest rate is available on the TRS website at www.trs.mt.gov/help/ratetables.asp.

Inactive Non-Vested Member's Account

An inactive TRS member who is not vested may leave the account balance on deposit with TRS for a period of seven years. After seven years, the account will be deemed dormant and removed from the active member database until claimed by the member. Therefore, TRS encourages the withdrawal of the account.

Release of Information

Some of the information TRS gathers, generates, and maintains from and about members and benefit recipients is confidential and will generally only be released to the member or benefit recipient.
TRS receives many requests for information from banks, accountants, attorneys, spouses, and other interested parties. Even though most requests are made on behalf of the member or benefit recipient, state law prohibits the release of any confidential information unless the member authorizes the release in writing, or we are otherwise legally authorized to release the information. A member or benefit recipient may authorize TRS to release information to another individual by completing, signing, and submitting Form 136 Authorization for Release of Information, which is available on the TRS website.

Use of Social Security Numbers

TRS requires that you provide us with your Social Security number (SSN). This ensures that any amounts disbursed under your account are properly reported to the Internal Revenue Service (IRS). We also use it as a reference number for tracking all data with regard to your retirement account.

IRC Sections 6041(A), and 6109 authorize TRS to solicit your SSN. TRS will not disclose your SSN to any party, unless required by law.

CREDITABLE SERVICE AND SERVICE PURCHASES

The following information provides a general overview of creditable service and service purchase. For detailed information on creditable service processes and limitations, how service purchase contributions are paid to TRS, and the terms and conditions of the types of service available to purchase by TRS members, please review Fact Sheet #8 Service Purchase found on the TRS website.

Fact sheets can be found on the TRS website at:
trs.mt.gov/trsinfo/factsheets

Since retirement allowance is based in part on the amount of service credit posted to a member's account at the time of retirement, it may be beneficial for a member to purchase additional service credit if the member is eligible to do so.

CREDITABLE SERVICE DEFINED

Creditable service is defined as a number, expressed as whole and partial years, that represents the aggregate amount of time for which a member is entitled to receive a retirement benefit and upon which the member's retirement benefit will be calculated. The accrual of creditable service is of vital importance to a member for vesting and for the calculation of retirement benefits.

Vesting

Vesting is the first threshold a member must attain to be eligible for retirement, disability, or death/survivor benefits from the retirement system. A member is vested when she or he has accrued five full years of membership service or five full years of a combination of membership service and other creditable service counted toward vesting. Membership service is defined as creditable service awarded for time a member is employed in a position reportable to TRS. In addition to membership service, a member may receive creditable service counted toward vesting in TRS benefits for time employed in a capacity other than in a position reportable to TRS, but which by law must be counted toward vesting in TRS benefits, including:

a. service credit transferred from the Montana Public Employees' Retirement System (PERS) if the member dies before vesting in TRS, and
b. creditable service awarded for uniformed service under Uniformed Services Employment and Reemployment Rights Act (USERRA) Military Service/Montana Military Service Employment Rights Act (MMSERA).

Creditable service awarded under (a) or (b) does not count toward vesting in the retirement system for any purpose other than eligibility for benefits. For example, it does not count toward vesting as required to be eligible to purchase creditable service.

Calculation of Retirement Benefits

A member's total number of years of accrued creditable service is a factor in calculating her or his retirement, disability, or death/survivor benefits. The more years of creditable service a member has accrued (and not withdrawn) at the time a benefit is calculated, the higher the benefit amount will be.

HOW CREDITABLE SERVICE IS EARNED AND ACCRUED

Employment/Service for Which Creditable Service is Earned

An active member accrues membership service for each month the member is employed in a position reportable to TRS. The active member's employer is required to report each month the time worked by the member and the gross earned compensation paid to the member and to remit the required employer and picked-up employee contributions based on the gross earned compensation paid to the member.

A member may also receive creditable service that is not membership service but counts toward vesting in TRS retirement benefits for:

- service transferred from PERS if the member died before vesting;
- uniformed service the member purchases pursuant to USERRA and MMSERA;
- periods of employment in TRS reportable positions while the member was not yet an active member or was on leave, and for certain employment in positions not reportable to TRS.

Plan Year/Fiscal Year

A member accrues creditable service with TRS on the basis of TRS's plan year/fiscal year—from July 1st through June 30th—regardless of the member's/employer's employment year, fiscal year, or contract term.

Full-Time Service and Part-Time Service

TRS is a pension plan that serves the public education community. Therefore, many TRS members work for fewer than 12 months each year or for fewer than eight hours each day and are still considered full-time employees in the education

field. Therefore, a member earns creditable service based on employment service as follows:

- A workday of seven hours or more will constitute a full-time day.
- Full-time service is service that is
  - at least 180 days in a fiscal year,
  - at least 140 hours a month in at least nine months in a fiscal year, or
  - full-time under an alternative school calendar adopted by a school board that is less than 180 days, but meets the minimum accreditation requirements of 1,080 hours.
- Part-time service is service that is less than full-time. Part-time service will be credited based on the number of hours, days, or months reported to TRS for a member in a fiscal year, divided by the number of hours, days, or months that constitutes full-time service.

Creditable Service Posted on a Monthly Basis

Creditable service is posted to the member's account each month and the member may view her or his total accrued creditable service at any time through the member's online account.

CORRECTING ERRORS IN REPORTED CREDITABLE SERVICE

While uncommon, an employer may fail to fully and correctly report membership service to TRS on behalf of a member. Service that should have been reported to TRS but was not must be corrected when discovered. The full required employer and member contributions must be remitted to TRS prior to creditable service being awarded. The amounts owed to TRS for unpaid (or catch-up) employer and member contributions will be subject to compounding interest at TRS's actuarially assumed rate of return.

In all cases, the employer will be responsible to pay all unpaid employer contributions, with interest. In addition, the employer will generally be responsible to pay all unpaid member contributions, with interest, if the service not reported to TRS was performed by the member on or after July 1, 2015. For service performed on or before June 30, 2015, the member will be required to purchase the unreported service by paying the required member contributions and interest.

TYPES OF CREDITABLE SERVICE AVAILABLE TO PURCHASE

Following this chart is a list of detailed descriptions of the terms and conditions for each type of service purchase.

SERVICE TYPE	PURCHASE LIMIT	COUNTS TOWARD VESTING
Re-Purchase of Withdrawn Membership Service	No	Yes
Correction of Service Not Reported to TRS	No	Yes
Correction of Service Reported in Error to PERS	No	Yes
Purchase of Service for First 30 Days (210 Hours) of Service	Yes	Yes
Transfer of Service from PERS - Defined Benefit	No	Yes
Transfer of Service from PERS - Defined Contribution	No	No
Legislative Service	No	Yes
Non-TRS Reportable Teaching Service in Schools Located in the U.S. (State or Federal Public, and Private Schools)	Yes	No
Teaching Service in Schools Located Outside the United States (U.S. Federal or Other Public, and Private Schools)	Yes	No
Service Under the Montana University System Retirement Program (MUSRP)	Yes	No
Montana Cooperative Extension Service	Yes	No
Purchase of Leave Time	Yes	No
Uniformed Services Employment and Reemployment Rights Act (USERRA) Military Service / Montana Military Service Employment Rights Act (MMSERA)	Yes	Yes
Non-USERRA/MMSERA Military Service/ Service in the Red Cross or Merchant Marines	Yes	No
Uniformed Service During Conflicts in Korea or Vietnam	Yes	No
Leave for Employment-Related Injury	Yes	Yes

* Member must have one full year of membership service following the period for which service is being purchased.

MEMBER STATUS REQUIRED FOR PURCHASE	EMPLOYEE COST	EMPLOYER COST
Active/Inactive Member	Yes	No
Acitve/Inactive Member	Maybe	Yes
Active/Inactive Member	Maybe	Yes
Active Member	Yes	Maybe
Active Member	No	No
Active Member - Vested - One Full Year Service in TRS*	Yes	No
Active/Inactive Member	Yes	Yes
Active Member - Vested - One Full Year Service in TRS*	Yes	No
Active Member - Vested - One Full Year Service in TRS*	Yes	No
Active Member - Vested - One Full Year Service in TRS*	Yes	No
Vested	Yes	No
Active Member - Vested - One Full Year Service in TRS*	Yes	No
Active Member - Vested - Pre-Military-Leave Employer	Yes	Yes
Active Member - Vested - One Full Year Service in TRS*	Yes	No
Active Member - Vested - One Full Year Service in TRS*	No	No
Active Member	Yes	Yes

SERVICE PURCHASES

General Limitations on Creditable Service Purchases

The following limitations apply to service purchases:

- There is an aggregate five-year limit on service purchases (or award of creditable service at no cost) for out-of-state teaching service, in-service leave, non-USERRA military service leave, service in the Red Cross and Merchant Marines, private school teaching service, extension service, and Montana University System Retirement Program (MUSRP) service.
- Creditable service may not be purchased for any period of time for which the member is receiving or will receive a retirement benefit from any other retirement plan or system. Creditable service may not be purchased for any service or leave in any period of time during which the member was receiving a retirement benefit from TRS.
- Creditable service may not be purchased after retirement benefits to the member have started, even if the member returns to active member status.
- A service purchase must be complete before TRS processes the member's application for retirement benefits. If a service purchase is not complete prior to TRS processing the member's application for retirement, the service purchase will be terminated and creditable service will be credited only for the portion of the service for which all required contributions and interest have been paid.

General Considerations for Eligibility and Cost of Service Purchases

Keep the following considerations in mind when deciding whether to purchase service:

- A member's vesting status and membership status, work/compensation history, dates of employment/service for which creditable service will be purchased, and/or the actuarial value of the TRS benefit enhancement resulting from the service purchase will determine the types of service a member may be eligible to purchase and the cost of purchase.
- The actuarial value of the benefit enhancement and, therefore, the cost of a service purchase usually increase as the member's annual compensation increases and the member gets closer to retirement eligibility.
- To determine eligibility to purchase service and obtain a cost estimate, a member should contact TRS at his or her earliest opportunity.

RETIREMENT

RETIREMENT ELIGIBILITY

Terminating Employment

To be eligible for monthly retirement benefits or withdrawal of the account balance, members must terminate employment in all positions reportable to TRS and have a bona fide separation from service. A TRS member who:

- has not attained normal retirement age of 60, and
- has a pre-arranged agreement to return to work for a pre-retirement employer has not had a bona fide separation from service and is not eligible for retirement benefits.

A pre-arranged agreement is an oral or written agreement made between the member and the employer before the member attains retired member status for the member to provide service or perform work on behalf of the employer at any time in the future. This includes employment in any capacity, including as an employee of the employer or of a third-party, as an independent contractor, as a volunteer, or even in a position reportable to the PERS.

Termination means that the member has severed the employment relationship with each employer and that all, if any, payments due upon termination of employment, including but not limited to accrued sick and annual leave balances, have been paid. The member has not terminated if they provide any service or work in any capacity, including working as an employee of a third party, as an independent contractor or as a volunteer, on behalf of their employer prior to attaining retired member status (i.e. receiving first benefit payment).

Members employed by a K-12 employer who leaves that employment for a position in the University System and elect to participate in MUS-RP, in lieu of participating in TRS, will be considered an inactive member and will not be eligible to receive a TRS retirement benefit until they terminate their position in the University System.

TYPES OF RETIREMENT

Service retirement is based on the standard formula:

Years of Service x Average Final Compensation x 1.6667%

Professional retirement is offered to Tier Two members only with a modified formula:

Years of Service x Average Final Compensation x 1.85%

Early retirement is a reduced service retirement benefit based on the number of months the member is short of the required number of years of creditable service or retirement age, for a full retirement benefit.

Examples of reduced benefits for early retirement:

- A tier one member who retires at age 50 with 23 years of service would have an early retirement benefit reduction of 17%.
- A tier one member who retires at age 50 with 10 years of service would realize a reduction of 59%.

Retirement Benefit Eligibility by Tiers

	Retirement Age		Creditable Service
Tier One			
Service Retirement	60	*and*	5 full years
	Any age	*and*	25+ years
Early Retirement	50	*and*	5 full years

Tier Two			
Service Retirement	60	*and*	5 full years
	55	*and*	30+ years
Professional Option	60	*and*	30+
Early Retirement	55	*and*	5 full years

RETIREMENT PROCEDURE

Retirement is a process, not just a moment in time; planning should begin three to five years before you anticipate your actual retirement date. We discuss the entire process in Countdown to Retirement (see page 46); however, these are the TRS milestones you will want to keep in mind as you plan:

1. Request a final estimate of benefits 6-9 months before your anticipated

retirement date.

2. Consider whether you will include termination pay in the calculation of your monthly retirement benefits. Submit Form 112 Termination Pay – Irrevocable Election form **at least 90 calendar days before your termination date** if you choose to have termination pay considered and want your member contributions to be picked up by your employer on a pre-tax basis.
3. Decide on your final day of work, complete a Retirement Application Packet, and submit it to TRS.
4. Terminate all employment in TRS-reportable positions.
5. Receive your first benefit payment.
6. You are now a retired member!

For more information on termination pay, see the Termination Pay section in this handbook (see page 39) and review Fact Sheet #1 Termination of Employment and Postretirement Employment found on the TRS website.

For your convenience, a Retirement Education tutorial is available on the TRS website. You can also call TRS to schedule a personal appointment for assistance with retirement planning.

NOTE: A delay in the payment of your benefit may occur if the proper documentation is not submitted at the time of application.

RETIREMENT BENEFIT ALLOWANCE ELECTIONS

The amount of your monthly benefit will depend upon the benefit allowance elected at the time your Retirement Application is filed with TRS. Once a retirement benefit allowance is elected and you receive your first monthly benefit, that allowance is irrevocable, except in death or divorce.

It is important to carefully study your future financial commitments prior to retirement. TRS staff is available to provide information regarding each benefit option, but may not advise you regarding the option that is most beneficial to you. Please consult your financial advisor if you have questions regarding the impact of the various benefit options in your overall post-retirement financial plan.

Normal Form

The Normal Form allowance is the largest monthly benefit amount; it is payable only for the member's lifetime. Upon the member's death, if they have not received benefits equal to their member account balance at retirement, the remainder will be payable to the designated beneficiary. Under the Normal Form,

members may name multiple beneficiaries and/or change beneficiaries at any time, except in the case of divorce.

More information on divorce and family law orders can be found on the TRS website at: trs.mt.gov/trsinfo/famlaworders

Joint and Survivor Annuity Options

A retiring member may elect a Joint and Survivor allowance to provide an ongoing benefit for another person (the "joint annuitant") upon the member's death. The Joint and Survivor benefit is less than the Normal Form and is payable for the lifetimes of both the member and the joint annuitant. The member may designate only one joint annuitant. This designation cannot be changed except as described below.

Option A: Joint and Full to the Joint Annuitant:

Upon the member's death, the joint annuitant, if living, will continue to receive the same benefit amount during the remainder of their lifetime.

Option B: Joint and One-Half to the Joint Annuitant:

Upon the member's death, the joint annuitant, if living, will receive one-half (1/2) of the benefit amount during the remainder of their lifetime.

Option C: Joint and Two-Thirds to the Joint Annuitant:

Upon the member's death, the joint annuitant, if living, will receive two-thirds (2/3) of the benefit amount during the remainder of their lifetime.

Option for Reversion to Normal Form Benefit in Case of Death or Divorce

Death

If the joint annuitant designated at the time of retirement precedes the retiree in death, the retirement benefit allowance payable to the retiree may revert to the full Normal Form amount plus any GABA increases the retiree received. The effective date of the change is the first of the month following the joint annuitant's date of death; however, the benefit cannot commence until TRS has received a certified copy of the death certificate.

The retired member may, within the 18 months following the joint annuitant's date of death, file a written application to name a new joint annuitant and select a new Option A, B, or C.

Divorce

If the retiree is divorced from the joint annuitant designated at the time of retirement, and the divorce decree/property settlement does not grant the ex-spouse any ongoing or future right to receive any portion of the retiree's retirement benefit, the retired member may elect to have his/her retirement benefit revert to the Normal Form amount by submitting Form 131 (DI) Application to Convert Normal Form Retirement Allowance Following Divorce From Joint Annuitant and all required supporting documentation. The effective date of the reversion will be the first day of the month following TRS's receipt of the application and supporting documentation. The retired member may also, within the 18 months following divorce from the original joint annuitant, file a written application to name a new joint annuitant and select a new Option A, B, or C.

Period Certain and Life Allowance

This election pays for a guaranteed period (10 or 20 years) or for the retiree's lifetime, whichever is greater.

10-year Certain and Life

If the member dies within the 10-year period from the effective retirement date, the benefit will continue to be paid to the designated beneficiary for the remainder of the 10-year period. To select the 10-Year Certain and Life allowance, the member must be age 75 or less.

20-year Certain and Life

If the member dies within the 20-year period from the effective retirement date, the benefit will continue to be paid to the designated beneficiary for the remainder of the 20-year period. To select the 20-Year Certain and Life allowance, the member must be age 65 or less.

Under Period Certain and Life, members may name multiple beneficiaries and/or change beneficiaries at any time, except in the case of divorce.

More information on divorce and family law orders can be found on the TRS website at: trs.mt.gov/trsinfo/famlaworders

Withdrawal of the Member Account Balance

In lieu of a monthly retirement benefit, a member who is no longer employed in a position eligible to participate in TRS may request a withdrawal of the member's contribution account balance: member's personal contributions plus interest earned on those contributions. Partial withdrawals are not permitted. Termination of a contract does not automatically qualify a member for a withdrawal. If the member leaves one school district for employment in another district or with the University System, they are not eligible for a withdrawal.

The Application for Withdrawal of Member's Deposit of Contributions and Interest form must be requested from TRS. A withdrawal request will not be processed until all contributions have been received from the member's employer. Employers are required to submit reports and member contributions to TRS by the 15th of the month following the month the wages were earned. After receipt of the member's properly completed application for withdrawal and the employer's report, the withdrawal will be processed with the next regularly scheduled refund cycle.

Payment of a withdrawal may be made in two ways:

- as a direct rollover of the pre-tax contributions to another qualified retirement plan IRA or a Roth IRA, with the balance paid to the member, or
- the entire account paid directly to the member.

CAUTION! Requesting a withdrawal of your TRS contributions and interest cancels all membership privileges, beneficiary designation, service credit, and rights to monthly retirement benefits and disability benefits.

RETIREMENT BENEFIT FORMULA

Unlike a retirement savings account (such as a 401(k), 403(b) or an IRA), your TRS retirement benefits are not based on the amount in your member account. Instead, a formula is used to calculate your monthly benefits, which are paid to you for your lifetime:

Years of Credible Service x Average Final Compensation x 1.6667%

The outcome is divided by 12 and is the basis of your monthly benefit payment. The AFC for Tier One and Tier Two members is calculated differently:

- Tier One members use the highest **three** consecutive highest salaries
- Tier Two members use the highest **five** consecutive salaries

The following is a sample calculation based on 30 years of service and age 55:

	Tier One	Tier Two
Salary Used for Average Final Compensation		$52,000.00
		$53,560.00
	$55,170.00	$55,170.00
	$56,825.00	$56,825.00
	$58,539.00	$58,539.00
Total:	**$170,534.00**	**$276,094.00**
Average:	**$56,844.67**	**$55,218.80**
Monthly Benefit:	**$2,368.53**	**$2,300.78**

TERMINATION PAY

Termination pay is a lump sum payment received at the time of termination of employment and retirement, which generally includes:

- vacation pay,
- sick leave,
- severance pay, and/or
- amounts provided under an early retirement incentive plan or other payments contingent on a member terminating employment, and are being paid at the time of termination and retirement.

A member may elect to use termination pay in the calculation of the member's retirement benefit. The member and his or her employer are required to pay additional contributions to TRS in order to fund the benefit increase the member will receive by including termination pay in the calculation of their average final compensation.

Members have three choices regarding termination pay. The option selected will determine employee and employer contributions due.

Option 1

Add the total termination pay amount to the calculation of the member's AFC. This option has the greatest impact in enhancing the member's benefit, so has the

highest cost. Both the member and employer must pay the actuarially required contributions as determined by the TRS Board to adequately compensate the system for the additional retirement benefit the member will receive. The contributions must be made at the time of termination and submitted to TRS by the 15th of the month following the month in which the member terminates employment.

EXAMPLE: A tier one member at age 60 with 30 years of service receiving $5,000.00 in termination pay could increase their benefit $69.44 per month under Option 1.

	Termination Pay		Rate		Years of Service		Cost
Employee	$5,000	x	3.36%	x	30	=	$5,040
Employer	$5,000	x	3.51%	x	30	=	$5,265

Option 2

Divide the total termination pay by the member's total years of creditable service and add this amount to each year's salary used in calculation of the AFC. This option results in a lesser increase in the retirement benefit. Both the member and employer must pay the regular contribution rate on the termination pay. The contributions must be made at the time of termination and submitted to TRS by the 15th of the month following the month in which the member terminates employment.

EXAMPLE: A tier one member who has $5,000.00 in termination pay and 30 years of creditable service could increase their monthly benefit by $6.94 under Option 2. This calculation is determined by adding $166.67 to each of the three salaries used in the calculation of the member's AFC ($5,000.00 ÷ 30.00 = $166.67).

	Termination Pay		Rate		Cost
Employee	$5,000	x	8.15%	=	$407.50
Employer	$5,000	x	10.85%	=	$557.50

Option 3

Exclude the termination pay from the calculation of the member's AFC. No contribution is required of either the retiree or the employer. TRS will return any contributions reported in error to the employer.

TERMINATION PAY – IRREVOCABLE ELECTION

If a member makes an irrevocable election to include termination pay in the calculation of AFC under Option 1 or Option 2, employee contributions will be deducted from termination pay on a tax-deferred basis. Before a member would be eligible to have employee contributions due on termination pay paid with tax-deferred dollars, the member and the employer must sign the Termination Pay – Irrevocable Election form at least 90 calendar days prior to the member's date of termination (i.e., the last day the member performs services in a TRS reportable position). Please visit the TRS website for the form and instructions. Signing Form 129 Termination Pay – Irrevocable Election form is not a commitment of retirement on a specific date.

A member who has not executed a Form 129 Termination Pay – Irrevocable Election must remit the employee contributions on termination pay with taxed dollars. The member must send TRS a personal check for the total amount due. Contributions are due by the 15th of the month following the member's date of termination. Please contact TRS regarding any limits that may apply to the amount of contributions that a member may make with after-tax dollars.

For your convenience, a tutorial is available on the TRS website on Termination Pay that provides basic information about the calculation of employee and employer contributions due on termination pay.

MONTHLY BENEFIT PAYMENTS

Monthly benefits are payable on the last day of each month. If the last day of the month falls on Saturday or Sunday, the monthly benefit will be mailed or electronically deposited on Friday.

GUARANTEED ANNUAL BENEFIT ADJUSTMENT (GABA)

A benefit recipient who has been receiving monthly benefit payments for at least 36 months prior to January 1 of each year will receive a GABA with payment of the January benefit.

The GABA increase for Tier One members is 1.5%. The GABA increase for Tier Two members will be a variable rate of between 0.5% and 1.5% as determined by the TRS Board based on the funding status of the retirement system.

If you are eligible for a GABA increase with your monthly benefit payment, you will receive written notification from TRS of the amount.

SAMPLE ESTIMATE OF SERVICE RETIREMENT BENEFITS - TIER ONE MEMBER*

Name: Jordan Montana

SSN: 123-45-6789

Retirement Date: July 1, 2017

Retirement Type: Regular

Factors Used to Calculate This Monthly Benefit

Member's Date of Birth: 02/06/1955

Beneficiary's Date of Birth: 06/13/1949

Creditable Service Years: 30.00

Highest 3 Years Salary:

- Fiscal Year 2007-08: $38,000.00
- Fiscal Year 2008-09: $39,000.00
- Fiscal Year 2009-10: $40,000.00

Termination Pay: $5,000.00

Average Final Compensation - Option 1: $ 40,666.67 | Option 2: $39,166.67 | Option 3: $39,000.00

Estimated Retirement Benefits Allowances and Options

Retirement Income Options	Termination Pay Options		
	Option 1	Option 2	Option 3
Normal - Payable for Member Only	$ 1,694.44	$ 1,631.94	$ 1,625.00
A: Joint & Full to Beneficiary	$ 1,517.03	$ 1,461.08	$ 1,454.86
B: Joint & 1/2 to Beneficiary	$ 1,600.91	$ 1,541.86	$ 1,535.30
C: Joint & 2/3 to Beneficiary	$ 1,571.93	$ 1,513.95	$ 1,507.51
Period Certain and Life			
10-year Term	$ 1,676.14	$ 1,614.32	$ 1,607.45
20-year Term	$ 1,632.25	$ 1,572.05	$ 1,565.36

Termination Pay Cost Calculation

Employee Cost of This Option	$ 5,040.00	$ 407.50	N/A
Employer Cost of This Option	$ 5,265.00	$ 557.50	N/A
Increase Over Normal Benefit	$ 69.44	$ 6.94	N/A

**Tier Two members will not be eligible for retirement benefits before July 1, 2018. Examples of Tier Two benefits will be available in the 2017 member handbook.*

DISABILITY RETIREMENT

Eligibility for Disability Retirement Benefits

If an active and contributing member becomes physically or mentally incapacitated, the disability is likely to be permanent, and the member cannot continue to perform the primary duties of their position covered under TRS, they may be eligible for a disability benefit, provided:

- The member is vested in TRS;
- The TRS Board has approved the member's application for a disability benefit.

The effective date of the member's disability benefit will be the first of the month following the date the member terminated employment.

The minimum disability benefit will be the greater of

- one-fourth (1/4) of a member's AFC; or
- the benefit earned to date based on the following formula:

Years of Service x Average Final Compensation x 1.6667%

The result is an Annual Benefit, paid over 12 equal payments.

PROCEDURE TO APPLY FOR DISABILITY RETIREMENT

Either the member, or the employer acting on the member's behalf, must contact TRS to request the Disability Retirement Application Packet. The packet should be completed and sent to TRS at least 60 days prior to the date of termination.

The application packet will include an employer's report to the TRS Board. This report allows the employer to submit a written statement of the difficulties observed in the performance of assigned job duties and to describe any accommodation(s) made by the employer.

In addition, an applicant's physician statement must be completed and returned, along with any physician's notes that would assist the TRS Board or its representative in its assessment of the disability.

The TRS Board meets in Helena once each quarter, generally in February, May, September, and December. All application materials should be submitted to TRS upon completion, but at least 30 days prior to the next scheduled Board

meeting. Board meeting dates are posted on the TRS website. The member will be contacted by TRS staff and advised of the outcome and, if the TRS Board decision is adverse, with information about the appeals process.

Medical Examination

A disability retiree is required to submit a current Physician's Certification of Continued Disability:

- once each year during the first five years following disability retirement and
- once in every three-year period thereafter, until the member attains the age of 60.

Earnings After Disability Retirement

A disabled retiree may return to employment, including self-employment, provided the combined disability benefit and earnings do not exceed the greater of their AFC or the median AFC of those members retired during the preceding fiscal year.

Should the earnings and disability benefit exceed the maximum allowable under the law, the disability benefit will be reduced so that the combination of earnings and the disability benefit do not exceed the maximum they are eligible to earn.

The disability retiree is also required to submit an earnings statement annually until age 60 or longer as long as they continue to remain gainfully employed.

Cancellation of a Disability Benefit

The TRS Board may cancel a disability retirement for several reasons:

- The board determines that a disabled retiree is no longer incapacitated from the performance of the essential elements of the position they held when they retired.
- A disabled retiree fails to submit a current physician's certification of continued disability statement, as requested by the TRS Board.
- A disabled retiree fails to submit an annual gross earnings statement as required by the TRS Board.
- A disabled retiree is employed (public or private employment) full-time in a capacity that would otherwise meet the eligibility requirements of active membership in TRS, the retiree's retirement allowance must cease. A retiree employed full-time in a position covered under TRS shall again become an active member of TRS.

NOTE: A retiree whose disability retirement benefit is canceled because the TRS Board has determined that they are no longer incapacitated, must be given preference by the former employer for the position held at the time of retirement or for a comparable position that becomes available within one year of cancellation of the retiree's disability retirement.

SURVIVOR BENEFITS

Survivor Benefit

If a member dies before retiring, the designated beneficiary may elect to receive:

- a lump sum withdrawal of the member's personal contribution account, or
- if the deceased member was vested in TRS at the time of their death, a monthly survivor benefit in lieu of the lump sum withdrawal.

The effective date of a monthly survivor benefit will be the first of the month following the member's date of death. This benefit will be payable during the beneficiary's lifetime and cease only upon the beneficiary's death.

The designated beneficiary is also entitled to receive a one-time $500.00 death benefit in addition to any other benefit payable, if the deceased member

- is a vested member of TRS, and
- was employed within one year prior to death.

Minor Child Benefit

In addition to the benefits outlined above, any minor children are entitled to receive a minor child benefit of $200.00 per month in the case of

- the death of a vested member who was an active member within one year of the date of death, or
- the death of a retired member.

A minor child benefit will be paid through the month in which the minor child attains age 18.

Upon the member's death, notify TRS as soon as possible and we will send the proper forms for applying for the survivor benefit to the designated beneficiary.

More information on survivor benefits can be found in Fact Sheet #6 Survivor Benefits found on the TRS website.

RETIREMENT EDUCATION

Retirement planning requires an understanding of the retirement system and plan options. Take time to become informed regarding all of the choices to be made before formally applying for your monthly retirement benefit.

ESTIMATING BENEFITS

Use the following methods to obtain an estimate of your benefits:

- Full time members: use the online benefit estimator when you sign on to your account on the TRS website. The benefit estimator will enable you to begin retirement planning prior to your anticipated retirement date in the privacy of your home or office.
- Any member may contact TRS to request an Estimate of Benefits. Part-time and hourly members must write or call for this information.
- Write: access the TRS website to print the Request for An Estimate of Benefits form. Mail the properly completed form to TRS and we will send an Estimate of Benefits to the member's home mailing address.
- Phone: TRS staff will request specific information in order to provide the most accurate estimate possible.
- Each of these methods for retirement planning will provide valuable information relative to your retirement decisions. At the time of the decision to terminate employment and apply for a monthly retirement benefit, a member must contact the TRS office to request a Retirement Application Packet.

For your convenience, a tutorial is available on the TRS website on how to use the benefit estimator. The tutorial provides basic information about the calculation of a retirement benefit as well as the use of the Online Benefit Calculator.

COUNTDOWN TO RETIREMENT

TRS encourages you to take ownership of your retirement account. For your convenience, tutorials are available on the TRS website. The tutorials are intended for educational purposes only, providing basic information about retirement accounts and retirement planning. They should not be used for accurate, detailed calculations of any specific member's account or retirement benefit.

TRS also encourages you to begin planning for retirement three to five years prior to your anticipated termination and retirement date. In the fall of each year, you will receive an Annual Statement of Account providing the contributions,

accumulated interest and total amount in your account as well as your accumulated creditable service for the fiscal year ending June 30. Upon receipt of the statement of account, we encourage you to review and compare the creditable service to your work history. If the service credit presented on the statement of account does not agree with the work history, contact TRS to request a review of the account.

PURCHASE OF SERVICE

If you are eligible and planning to purchase service (see page 27), you should contact the TRS office as early in your career as possible. The purchase of service must be completed before TRS processes your application for retirement. Please allow adequate time to plan for retirement, including time to consider the payment options for purchasing service. Service may not be purchased after retirement. The following are some things to think about as the countdown to retirement begins.

RETIREMENT TIMELINE

The following timeline will assist you with the steps you will take during your retirement process. If you need further assistance, please contact TRS to schedule an appointment with a Benefits Officer.

24 Months to Retirement

- Contact your employer for an estimated dollar amount of termination pay to be used on the Online Benefit Estimator.
- Use the Online Benefit Estimator on the TRS website to estimate a retirement benefit and explore the various allowances. You can also request an estimate from TRS.
- Become familiar with the use of termination pay in the calculation of a monthly retirement benefit.
- Become familiar with the resources provided on the TRS website.
- Begin studying the benefit allowances available.
- Review the collective bargaining master agreement, if applicable, for clarification of your employer's expectation for notification of the intention to terminate employment.

12 Months to Retirement

- Contact your employer for an updated estimate of anticipated termination pay to be used on the On-Line Benefit Estimator to estimate your retirement benefit and explore the various allowances. You can also request an estimate from TRS.
- Become familiar with the use of termination pay in the calculation of a monthly retirement benefit, and the associated costs.
- Contact TRS about the tax-deferred option available on termination pay. Request Form 129 Termination Pay – Irrevocable Election Form.
- Watch for updates on the TRS website.
- Become familiar with any health insurance programs offered through your employer; TRS does not offer a health insurance program for retirees.

6 Months to Retirement

- Request a Retirement Application Packet from TRS.
- Carefully review the benefit allowances and decide which one best meets your needs.
- Submit the completed Retirement Application Packet to TRS, including any supporting documents requested by TRS.
- Submit the Pre-Arranged Re-Employment Certification form to your employer.
- Submit the Retirement Termination Pay form to your employer.
- A pre-arranged agreement to return to work with the same employer (in any position) may affect eligibility for a retirement benefit and/or taxation of your pension.
- Understand the impact postretirement earnings could have on your monthly retirement benefit if you plan to work after retirement.

3 Months to Retirement

- Submit the retirement application packet and any other forms to TRS and include any supporting documents requested by TRS. There is still time!
- Verify all service credit purchases are complete before terminating employment.
- Review the health insurance plans offered by your employer. Sign and submit the Authorization for Deduction of Health Insurance form provided in the Retirement Application Packet to your employer if you choose to authorize a deduction of employer-sponsored health insurance premiums from your monthly benefit.

Retired At Last!

- TRS will confirm, in writing, your gross monthly benefit amount.
- TRS will provide a Benefit Recipient's Retirement Plan Handbook.
- Your monthly benefit is payable the last day of each month.
- TRS will perform a final audit of your account after the employer reports all contributions. This audit is usually complete within 90 days of your effective retirement date.
- If the final audit results in a need to adjust your benefit amount, TRS will adjust the monthly benefit retroactive to your effective retirement date and confirm, in writing, your actual gross monthly benefit amount.
- As of January 1 of each year, all benefit recipients who have been receiving a benefit for at least 36 months will receive a Guaranteed Annual Benefit Adjustment (GABA) with payment of the January benefit each year.

Retired Member Status

TRS members are considered retired once they have:

- terminated all employment in all positions reportable to TRS, and
- received at least one monthly benefit payment (see see Countdown to Retirement on page 46).

EMPLOYMENT AND EARNINGS AFTER RETIREMENT

While TRS encourages our members to retire only when they are truly prepared to stop working entirely, we are aware that this is not always possible. Once you attain retired member status, these are a few things to consider:

150 Calendar Day Break in Service

TRS members must attain Retired Member status—i.e., must have received at least one monthly benefit payment—to be eligible to return to work in a TRS-reportable position. Members must also have a 150 calendar day break in service following the date of termination before they may return to work.

Postretirement Employment Limitations

As a retired member, you may earn – without loss of monthly retirement benefits – an amount not to exceed the greater of: (a) one-third of your AFC, plus annual increases equal to the increase in the Consumer Price Index; or (b) one-third of the median AFC for all members who retired during the preceding fiscal year (as determined by the TRS Board). These earnings are determined on a fiscal year basis, July 1 through June 30.

If you exceed your earnings limitation in a fiscal year, your retirement benefit will be reduced dollar-for-dollar for the amount over your earnings limitation until you have exceeded your earning limitation by an amount equal to your monthly benefit amount. If you exceed your earnings limitation by an amount equal to your monthly benefit amount, you will be returned to active member status with TRS and your retirement benefit will be suspended. You will be immediately returned to active member status with your retirement benefit suspended if you enter into one or more contracts for total compensation in excess of your earnings limitation. Once you are returned to active member status, you remain an active member of TRS until you again terminate all TRS reportable employment and apply for reinstatement of your retirement benefit. If you are employed in a TRS reportable position following your retirement, you must contact TRS for your earnings limitation prior to entering into any contract for post-retirement employment. As well, you and your postretirement employer must complete and submit to TRS Form 146 Notice of Postretirement Employment for Retired Member and Employer.

Positions reportable to TRS for working retirees include work performed as an employee of a third party (through a professional employer arrangement, employee-leasing arrangement, or with a temporary service contractor) or as

an independent contractor. Retirees employed in such positions are reportable to TRS regardless of the full-time equivalency of the position, or the job title ascribed to the position.

Independent Contractors

As a general rule, independent contractors are ineligible for membership in TRS. However, any amounts paid to a retired TRS member working as an independent contractor in a TRS-reportable position must be reported to TRS and will be counted against the retired member's earnings limitation.

Accrual of Second Benefit Following Reinstatement to Active Membership

If following retirement you are reinstated as an active member of TRS, upon termination of employment in all TRS-reportable positions, you will resume receiving your suspended benefit in accordance with the retirement benefit allowance and joint annuitant you previously selected. In addition, if you have been reinstated as an active member of TRS for at least three years of full-time service, you will receive an additional benefit amount based upon the new creditable service and compensation earned during the period of reinstatement. The additional benefit amount will also be paid in accordance with the retirement benefit allowance and joint annuitant you previously selected.

If you are reemployed as an active member for less than three years of full-time service, you do not qualify for the additional amount. Instead, you will receive a refund of your employee contributions made following reinstatement, plus interest.

FREQUENTLY ASKED QUESTIONS

ACTIVE MEMBERSHIP

Q: Are members required to designate a beneficiary for their account?

A: Yes (see page 14).

Q: Should a beneficiary notify TRS of the death of an active member?

A: Yes (see page 14).

Q: If a member is working on a part-time basis before retirement, how is average final compensation calculated?

A: Part-time service credit is calculated based on the total number of hours, days, or months reported to TRS, divided by the number of hours, days, or months of equivalent full-time service. Seven hours per day is considered a full-time day (see page 25).

Q: If a member is not vested and has terminated their employment in a TRS covered position or has not contributed to their TRS account for several years, what happens to their retirement account?

A: Contact TRS to request information relative to the options available on your account. See Vesting (see page 27), Inactive Non-vested Member's Account (see page 26) , and Withdrawal of the Account Balance (see page 38).

Q: What is the maximum amount of service with which a member can receive credit?

A: There is no maximum number of years of service that can be credited to a member's account. A member cannot earn more than one year of creditable service in one year (see page 27).

Q: When a member terminates employment in a TRS covered position, what are the options on their retirement account?

A: Vested members (see page 27) are eligible for a monthly retirement benefit (see page 33) or lump sum withdrawal of their contributions, plus interest.

Q: What advantage is there in taking immediate steps to obtain credit for all service to which a member may be entitled?

A: Retirement benefits are calculated based upon the member's average final compensation and the total service credited to their account. As service increases, the benefit will increase proportionally (see page 38).

Q: Can additional contributions paid to the retirement system for the purchase of service be tax deferred like the mandatory contributions?

A: Yes, if an employer has adopted a resolution allowing the pick-up of tax deferred additional contributions (see page 23) and a member has signed an irrevocable election form. In addition, a member may purchase service credit through a rollover (see page 27).

Q: Can a member receive credit for active military service?

A: Yes, vested members can receive free service credit of up to four years for active military duty during the Korean and Vietnam Conflicts and can purchase service credit for other active military service (see page 27).

Q: When should a TRS member begin retirement planning?

A: Notify TRS three to five years before your anticipated retirement to request an estimate of benefits. Countdown To Retirement outlines the process for you (see page 46).

Q: Is a monthly retirement benefit payment automatic when a member becomes eligible?

A: No. You must contact TRS to request a Retirement Application Packet (see page 33).

Q: Does TRS pay a death benefit upon the death of an active member?

A: Yes (see page 45).

FAMILY LAW

Q: If a TRS retired member gets divorced, will an ex-spouse have a right to any part of the retiree's retirement benefit from TRS?

A: Only if a court – with jurisdiction of a divorce action – issues an order that

grants an ex-spouse a right to some portion of a retiree's TRS retirement benefit. The court must issue a Family Law Order in compliance with the statutes and administrative rules for TRS purposes (see page 4).

Q: Can a TRS benefit recipient's benefit be reduced through garnishment or other legal process?

A: Yes, in limited circumstances:

- A benefit recipient's TRS benefit may be subject to garnishment if there is a federal or state tax lien or a child support order.
- A portion of a retiree's benefit may also be ordered to be made payable to a former spouse, pursuant to a Family Law Order (see page 4).

A benefit recipient's TRS benefit is not otherwise generally subject to garnishment or legal process.

TRS WEBSITE

Q: What if I forget my User ID and/or password?

A: Instructions are available on the TRS Online Account Access web page, which you will access via the Active Membr section of our website. If you need assistance in setting up or accessing your online account, please contact TRS and ask to speak with the IT helpdesk.

Q: How do I open the forms available on the TRS website?

A: You must have Adobe Acrobat Reader—free, downloadable software—on your computer to open forms. The TRS website provides a link for installing Adobe Acrobat Reader.

WITHDRAWAL OF ACCOUNT

Q: How do I request a withdrawal of my account?

A: Contact the TRS office to request a withdrawal form (see page 6).

Q: Can members borrow funds from their TRS account?

A: No, the retirement law has no provision for personal loans.

Q: Is any part of a member's withdrawal subject to federal income tax?

A: Yes.

Q: If I withdraw my account as a Tier One member and subsequently return to active TRS membership, will I be a Tier One or Tier Two member?

A: Once you terminate all TRS employment, withdraw and close your member account, you will lose your status as a Tier One member. If you return to active member status, you will be considered a new TRS Tier Two member—even if you repurchase your original service.

ADDITIONAL RESOURCES

Montana Office of Public Instruction (OPI)

OPI has a wide variety of resources available to teaching professionals in Montana. You can contact OPI at

Website: www.opi.mt.gov
Toll Free Phone: (888) 231-9393
Local Phone: (406) 444-3095

Social Security Information

Most public school teachers in Montana have Social Security coverage. The retirement benefits provided by TRS are independent of, and in addition to, any Social Security benefit a member may be entitled to receive. You can contact the Social Security Administration at

Website: www.ssa.gov
Phone: (800) 772-1213
TTY: (800) 325-0778

Medicare Information

Medicare is the federal health insurance program for people who are 65 or older. You can contact Medicare at

Website: www.medicare.gov
Phone: (800) 633-4227
TTY: (877) 486-2048

GLOSSARY

For the purpose of this handbook, the following definitions apply. For more detailed information, please see §19-20-101, MCA.

150-Day Break in Service: a statutorily required period of 150 calendar days during which all TRS members who retire—based on a termination date on or after January 1, 2014—must cease all work in positions reportable to TRS before they may return to work in a TRS reportable position.

Accumulated Contributions: the sum of a member's contributions on deposit with the retirement system together with interest.

Administrative Officer: an administrative officer of the Board of Public Education, a unit of the MUS, or a Community College reportable to TRS with primary administrative authority over the operation of the entity or over a specific educational/instructional division or a specific educational/instructional program of the entity, whether or not the administrator directly, personally provides services in an educational/instructional services capacity.

Average Final Compensation (***AFC)***: a member's highest average earned compensation on which all required contributions have been made. AFC for Tier One members is calculated based on the three consecutive fiscal years of full time service and for Tier Two members, AFC is calculated based on the five consecutive fiscal years of full-time service that yields the highest average. (§19-20-805, MCA)

Beneficiary: one or more persons formally designated by a member or retiree to receive a retirement benefit allowance or payment upon the member or retiree's death. This does not include a joint annuitant.

Benefit Recipient: a retired member, joint annuitant, or beneficiary who is receiving a retirement allowance from TRS.

Board or ***Retirement Board***: the Teachers' Retirement Board. (§2-15-1010, MCA).

Creditable Service: a number, expressed as whole and partial years, that represents the aggregate amount of time for which a member is entitled to receive a retirement benefit and upon which the member's retirement benefit will be calculated.

Earned Compensation: compensation paid for the service of a member out of funds controlled by an employer, before any pre-tax deductions allowed under

the IRC. Elective deferrals made under a bona fide cafeteria plan are considered earned compensation but only to the extent IRS regulations would allow the amounts to be included in gross income. (*IRC Section 125*(*a*)).

Effective Retirement Date: the first of the month following termination for retirement.

Fiscal Year: July 1 through June 30.

Full-time Service: service, which is at least 180 days in a fiscal year; or at least 140 hours a month during at least nine months in a fiscal year; or, at least 1080 hours in a fiscal year under an alternative school calendar adopted by a school board and reported to the Office of Public Instruction as required by §20-1-302, MCA. The standard for full-time service for a school district operating under an alternative school calendar must be applied uniformly to all employees of the school district required to be reported to the retirement system.

Joint Annuitant: the *one* person designated to receive a retirement allowance upon the death of the retired member in the case of a retired member who has elected an optional allowance. (§19-20-702, MCA).

Membership Service: service performed by an active member in a position reportable to the retirement system and for which creditable service is awarded to the member, but generally does not include creditable service awarded or purchased for periods of time not actually worked by the member.

Normal Form or ***Normal Form Benefit***: a monthly retirement allowance payable only during the lifetime of a retired member.

Normal Retirement Age: an age no earlier than 60 years of age.

Part-time service: service that is not full-time (seven hours/day). Part-time service credit is calculated based on the proportion that the actual time worked compares to full-time service.

Part-time Teacher's Aide/Paraprofessional: an individual who works less than seven hours per day assisting a certified teacher in a classroom.

Pre-arranged Agreement: an oral or written agreement for the member to provide service or perform work at any time in the future made between the member and the employer before the member attains retired member status. This includes employment in any capacity including: an employee of the employer, employee of a third party, an independent contractor, a volunteer, and a position reportable to PERS.

Position reportable to TRS: a position in which an individual performs duties that would entitle the person to active membership in the retirement system.

Retired, ***Retired Member*** or ***Retiree***: a person who has (a) terminated all employment that qualifies the person for membership under TRS and (b) has received at least one monthly retirement benefit.

Service: the performance of duties in a position that would entitle the person to active membership in the retirement system. (§19-20-302, MCA).

Termination or ***Terminate***: the member has (a) fully and completely severed the employment relationship with each employer and (b) received all, if any, payments due upon termination of employment, including but not limited to early retirement incentives, accrued sick and annual leave balances.

Termination Date: the last date on which you performed service in a position reportable to TRS, including positions in which the member was contracted to perform services in a position reportable to TRS. Service includes, but is not limited to, any pupil instruction related days, teacher preparation days, and days spent preparing materials for and/or training your replacement. The termination date is certified by both member and employer.

Termination Pay: any form of bona fide vacation and/or sick leave, severance pay, amounts provided under a window or early retirement incentive plan, or other payments paid at the time of retirement and termination of employment.

Tier One Member: a person who (a) became a member before July 1, 2013 and (b) has not withdrawn the members account balance.

Tier Two Member: a person (a) who became a member on or after July 1, 2013 or (b) who, after withdrawing their member account balance, became a member *again* on or after July 1, 2013.

DIRECTIONS TO TRS

The TRS building is located in Helena at 1500 East Sixth Avenue, in the Montana Capitol Complex. The TRS building is a small, brick building on the northeast corner of Sixth Avenue and Sanders Street.

Driving into Helena from the north on I-15

1. Turn right at I-15 Business/Prospect Avenue/US 12
2. Turn left at Montana Avenue
3. Turn left at Sixth Avenue
4. Proceed two blocks to the corner of Sixth & Sanders

Driving into Helena from the south on I-15

1. Turn left at I-15 Business/Prospect Avenue/US 12
2. Turn left at Montana Avenue
3. Turn left at Sixth Avenue
4. Proceed two blocks to the corner of Sixth & Sanders

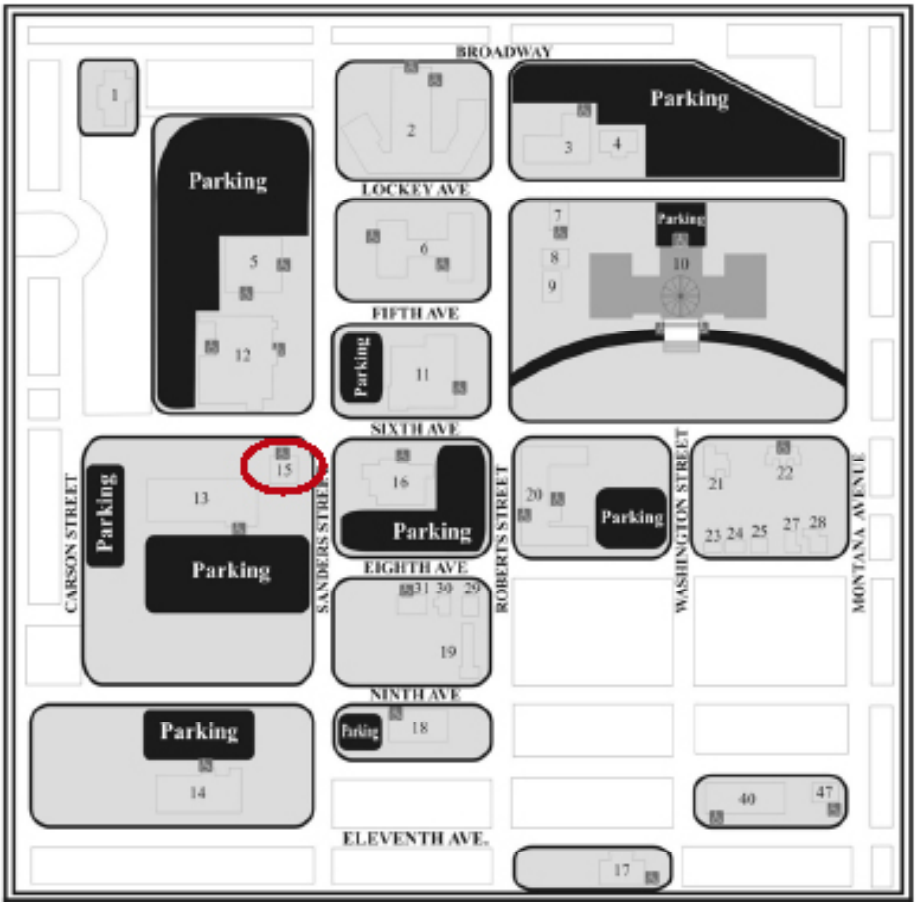
Driving into Helena from the east on Hwy 12

1. Hwy 12 East will become Prospect Avenue
2. Turn left at Montana Avenue
3. Turn left at Sixth Avenue
4. Proceed two blocks to the corner of Sixth & Sanders

Driving into Helena from the west on Hwy 12

1. Hwy 12 will merge into Montana Avenue
2. Turn left at Sixth Avenue
3. Proceed two blocks to the corner of Sixth & Sanders

CAPITOL COMPLEX MAP



Montana State Capitol Complex

1. Executive Residence
2. Cogswell Building (DPHHS)
3. Walt Sullivan Building (L&I)
4. Old Board of Health Building (L&I)
5. 111 Sanders (DPHHS)
6. Mitchell Building (Revenue/Admin)
7. Old Livestock Building
8. Capitol Annex
9. Boiler Plant (Shop)
10. State Capitol
11. Museum
12. Justice Building & State Library
13. Metcalf Building (DEQ)
14. Corrections
15. Teachers' Retirement Building
16. Fish Wildlife & Parks Building
17. 1300 11th Ave (OPI)
18. 1424 9th Avenue (DNR)
19. 425 N. Roberts
20. Scott Hart Building
21. 1236 E 6th Ave
22. 1218 E 6th Ave
23. 326 Washington St
24. 1225 8th Ave
25. 1219 8th Ave
27. 1209 8th Ave (Tax Appeal Board)
28. 1205 8th Ave (Political Practices)
29. 1400 8th Ave (FWP)
30. 1404 8th Ave (FWP)
31. 1410 -1410½ 8th Ave (Historical Preservation)
34. 1412½ 8th Ave (Board of Visitors)
40. 1227 11th Ave (OPI)
47. 1201 11th Ave (OPI)

Handicapped accessibility entrance, parking is in close proximity

This TRS Active Member Retirement Plan Handbook was revised in July of 2016. More recent changes to the content of this handbook can be found on the TRS website or by contacting the TRS office.

(406) 444-3134 / (866) 600-4045
www.trs.mt.gov

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