



Montana Teachers'
Retirement System
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Horizons

Montana Teachers' Retirement System
Newsletter

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Message from the Executive Director

Each year, TRS contracts with Cavanaugh Macdonald, an independent consulting actuary and a member of the American Academy of Actuaries, to perform a valuation of the retirement system and provide a summary of its funded status.

A valuation uses current financial data and information regarding past trends, as well as economic and demographic data, to estimate future liabilities of the retirement fund. Valuations analyze future trends in terms of decades rather than taking a short-term view of the daily ups and downs of the market.

The Montana Constitution requires TRS to be funded on an actuarially sound basis, which means the unfunded liability must be amortized in 30 years or less. Based on the July 1, 2017 valuation, TRS is 70.5% funded and will be fully amortized within 22 years (100% funded in the year 2039).

2017 TRS actuarial valuation provides positive news for current and future retirees

This year’s results continue to follow the trend of increasing funded status and decreasing amortization period that began with pension reform measures enacted by the 2013 Legislature. This is good news, as it indicates your current and future TRS retirement benefits are funded on an actuarially sound basis.

Cavanaugh Macdonald’s 2017 actuarial valuation report is available for review on our website: trs.mt.gov/TrsInfo/NewsAnnualReports.

Congratulations to all 2017 TRS Retirees

More than 650 dedicated education professionals received their first Montana TRS retirement check in fiscal year 2017. One of those retirees deserves special mention.

Anaconda educator achieves impressive TRS milestone

Madalen Sugrue, a beloved Anaconda special education teacher, retired September 1 with more than 65 years’ service credit with TRS – a record for the retirement system! Congratulations, Madalen.

TRS wraps up Fall 2017 “Ready-Set-Retire” presentations

Each fall, TRS staff participate in preretirement workshops in several locations across the state. These events, hosted by MEA-MFT, allow both TRS and PERS members in the public school system to gain a better understanding of their retirement system.

TRS delivered its retirement preparation program, called Ready-Set-Retire, to over 300 attendees in Great Falls, Kalispell, Lewistown, Billings, and Bozeman and to approximately 100 members at the MEA-MFT Educator’s Conference in Missoula in October.

In November, TRS hosted a “webinar” for TRS members in several small school districts across the state. This format enabled TRS staff to deliver the Ready-Set-Retire presentation remotely while still allowing audience members to ask questions by phone or via online chat during the event. More webinars may be scheduled in the future.

In the meantime, TRS members are always welcome to schedule an appointment with a TRS Benefit Officer to review their retirement options. Call us toll free: (866) 600-4045.

Are you subject to IRS Required Minimum Distributions?

Federal tax law requires retirement plan members to begin receiving distributions after reaching age 70 1/2 if they are no longer working. These are called *required minimum distributions* (RMD).

If you meet **all** of these criteria, please call TRS as soon as possible:

1. You have money on account with TRS,
2. You are no longer working in a TRS-reportable position,
3. You have reached – or soon will reach – age 70 1/2, **and**
4. You have not yet applied for TRS retirement benefits.

The pessimist complains about the wind; the optimist expects it to change; the realist adjusts the sails.
– WILLIAM ARTHUR WARD

Under IRS rules, retirement plan members who meet these criteria must begin receiving a monthly distribution or must receive a refund of their member contributions *no later than April 1 of the year following the calendar year in which they attain age 70 1/2*. Failure to do so results in a significant tax penalty of 50% of the RMD amount they should have received.

For more details, see the TRS fact sheet titled “Required Minimum Distributions” on our website (trs.mt.gov/trsinfo/factsheets).

Family Law Orders now must be submitted on TRS-provided forms

A family law order, or FLO, is a court order that specifies how TRS benefits are to be divided between a TRS member and his or her ex-spouse after a divorce.

As of July 1, 2017, a FLO must be submitted to TRS on a form provided by the system. Other forms are no longer accepted. The correct FLO forms are available in fillable PDF format and include instructions to help the member, the alternate payee (the ex-spouse) and each party’s attorney to complete them correctly. For guidance, see the TRS “Family Law Orders” fact sheet on our website (trs.mt.gov/trsinfo/factsheets).

The FLO must be signed by the divorce court and a certified copy of the final court order must be submitted to TRS. Once received, the FLO does not actually take effect until TRS has reviewed and approved it. If you have questions, call us toll free: (866) 600-4045.

Removing your spouse as your beneficiary

A beneficiary is a person formally designated by the TRS member to receive a payment upon the member’s death. Every TRS member must name at least one beneficiary. Typically, a married member designates his or her spouse.

Does a divorce negate the ex-spouse’s designation as a beneficiary? No. If you divorce and you wish to remove your ex-spouse, you must submit a formal request to TRS to do so. The specific requirements and the documentation required by TRS will vary, depending on your status as a TRS member and whether the divorce is final.

If you are *either* –

- an active TRS member (i.e., you do not yet receive TRS retirement benefits) *or*
 - a retiree who elected either a “normal form” or a “period certain and life” allowance
- you can remove your spouse as a beneficiary at any time, ***unless a divorce is pending.***

MORE...

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CHANGES

BENEFICIARIES – *Continued from Page 3*

If a divorce is pending: TRS requires either the spouse’s written, notarized authorization or an order from a divorce court to remove the spouse as a designated beneficiary.

A TRS retiree who elected a “joint and survivor annuity” benefit option has a special kind of beneficiary called a **joint annuitant**. This arrangement can be modified only when the joint annuitant has died or the retiree and the joint annuitant have divorced. The retiree must notify TRS right away, as there are strict rules and time limitations for naming a new joint annuitant.

TRS has prepared a “Beneficiary Designations” fact sheet to answer all the questions you may have about beneficiaries. The fact sheet can be found on our website: trs.mt.gov/trsinfo/factsheets.

Tip: *You can confirm your current beneficiary designations using My TRS, the online account system. Questions? Call us!*

TRS Staff and Board Updates

JoLynn Genzlinger joined TRS as an Imaging/Quality Control Technician in September 2017.

The TRS Retired Payroll team welcomed two new staff members in the second half of 2017: **Sherry Smith** (August) and **Jessica Stevens** (November).

Kari Peiffer, an active TRS member and educator from Kalispell, has been reappointed by Governor Bullock to the TRS board and will continue serving as board chair through June 2022. For more information about current TRS board members, meeting dates, agenda items, or minutes from prior meetings, please visit our website: trs.mt.gov/trs-info/board.

Notify TRS anytime your mailing address changes

Be sure to keep TRS informed if your mailing address has changed temporarily or permanently.

If you receive a monthly benefit payment from TRS: You must notify us **in writing** anytime your mail delivery address has changed. This ensures your IRS 1099-R forms, checks, and other financial documents can reach you. For security reasons, we do not allow USPS to forward those items to you.

You can print *Form 116 Change of Mailing Address* from our website (trs.mt.gov); look for the “Forms” link on the right side of the screen. Or, you can request a form by calling us toll free: (866) 600-4045.

If you are a TRS member who does not yet receive a monthly benefit: You may update your own address using My TRS, the online account system. Visit trs.mt.gov, then click *Active Members* and follow instructions under “Online Account Access.”

You can also print *Form 116 Change of Mailing Address* from our website, or call us at the number above to have a form mailed to you.