Montana
Teachers' Retirement System

Benefit Recipient's Retirement Plan Handbook

Revised December 2015

Teachers' Retirement System
1500 East Sixth Ave
Helena, MT 59620-0139

(406) 444-3134
(866) 600-4045

trs.mt.gov

Montana TRS Account Information

Your Name: _____

My TRS On-Line Account Information

User Name: _____

Password: _____

Security Hints: _____

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 benefit recipient 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 Benefit Recipient:

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

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

- *How is TRS administered?*
- *How do I communicate with TRS staff?*
- *How do I create and access an online account?*
- *How are monthly benefits calculated and paid?*
- *How do I update my beneficiary?*
- *Can I work again after retirement?*
- *Will I receive an annual benefit increase?*

TRS staff members are available to help you with any questions you may have during your retirement years. 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 during your retirement years.

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 v
Administration 1
- TRS Board 1
- Responsibilities of the Board 1
- Investments 2
- Federal Compliance – Qualified Plans 2
- Administrative Officers 3
- Mission Statement 3
- Application of Law and Policy 4
- Administrative Review Of Staff Determinations 4
- Family Law Orders 5
- Exemption from Legal Process & Prohibition Against Assignment 6

Communicating with TRS 7
TRS Services 9
- 24/7 On-Line Information and Account Access 10
- Benefit Recipient Forms 10

Staff Directory 12
Your Retirement Account 14
- Take Ownership 14
- Member's Contribution Account 14
- Statement Of Account 15
- Beneficiary Designation 15
- Notification Requirements 16

Benefit Payments 19
- Monthly Benefit Payments 19
- Guaranteed Annual Benefit Adjustment (GABA) 19
- Tax Withholdings on Monthly Benefit 20
- Annual IRS Tax Forms 22
- Health Insurance Premiums 22
- Death Benefit 23
- Minor Child Benefit 24

Release of Information 25
Employment and Earnings After Retirement 26
- Termination of Employment 26

150-calendar-day Break in Service 26
Post-retirement Employment Limitations 28
Positions Reportable to TRS for Working Retirees 29
Positions Reportable to PERS for Working Retirees 30
Suspension of Retirement Benefits 30
Resumption of Retirement Benefits 31
Recovery of Overpaid Retirement Benefits & Unpaid Contributions 31
Accrual of a Second Benefit with Postretirement Employment 32
Post-retirement Employment Reporting Requirements 32
Independent Contractors 33
Return to Work After Disability Retirement 34
Frequently Asked Questions 35
Benefits 35
Family Law 35
Notifying TRS of Changes 36
TRS Website 37
Additional Resources 38
Glossary 39
Directions to TRS 42
Capitol Complex Map 43

FOREWARD

State law established TRS 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 service credit and average final compensation – not on the account balance or the performance of the financial markets.

An actuarial valuation of the retirement system is performed at the end of each fiscal year (July 1 – June 30). The purpose of the valuation is to determine the financial position of the fund – to determine whether the assets anticipated to be accrued over time will be sufficient to pay the benefits anticipated to be owed. If current employee and employer contribution rates and anticipated investment returns are sufficient to pay the future cost of benefits currently being accrued (called the "normal cost") and the current and future cost of benefits being paid to retirees and their beneficiaries, the retirement system is fully funded. If contributions at current rates and anticipated investment returns are not sufficient to pay all current and future liabilities, the retirement system has an unfunded liability. However, if the current contribution rates and anticipated investment returns are sufficient to pay the normal cost and to pay off (amortize) the unfunded liability in 30 years or less, the system is actuarially sound. If the retirement system is not actuarially sound, the TRS Board must make recommendations to the Legislature to correct the funding shortfall.

Current and previous Actuarial Valuation reports can be accessed on the TRS website on the Resources page.

ADMINISTRATION

TRS BOARD

The TRS Governing Board (the 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, October, 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.

Member / Email	Seat	Term Expires
Pending	Public Member	July 1, 2020
Janice Muller jmuller@mt.gov	Active Member Hamilton	July 1, 2016
Marilyn Ryan mryan2@mt.gov	Retired Member Missoula	July 1, 2016
Kari Peiffer, Chair kpeiffer@mt.gov	Active Member Kalispell	July 1, 2017
Scott Dubbs, Vice Chair sdubbs@mt.gov	Active Member Lewistown	July 1, 2018
Daniel Trost dtrost@mt.gov	Public Member Helena	July 1, 2019

RESPONSIBILITIES OF THE BOARD

The Board has the general authority and responsibility to administer the retirement system, including determining an individual's eligibility for membership and for benefits from TRS. The Board is required to employ an executive director and other qualified technical and administrative staff to conduct the day-to-day business of the

retirement system, and to employ or contract with individuals who are qualified to provide necessary, specialized advice and service to the retirement system, including actuarial advice and services.

Other responsibilities of the Board include:

- Keep a record of all its proceedings, which shall be open to public inspection;
- Publish an annual report by January of each year detailing the financial transactions of the retirement system for the fiscal year immediately preceding the report due date, the amount of accumulated cash and securities of TRS, and the last fiscal year balance sheet showing the assets and liabilities of TRS;
- Designate an actuary to assist the TRS Board with the preparation of an annual actuarial valuation of the system, including an analysis of how market performance is affecting the actuarial funding of the system;
- Establish actuarial assumptions and factors to be employed by the retirement system; and
- Perform other duties and functions as are required to properly administer and operate TRS.

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 benefit recipient who disagrees with a determination by TRS staff regarding the member's rights, duties, obligations, or benefits under the retirement system may request review of the staff determination by the Executive Director. In addition, at the direction of the Executive Director, TRS staff may investigate issues regarding a benefit recipient's rights, duties, obligations, or benefits under the retirement system.

Following review, the Executive Director will issue a written final staff determination. If the benefit recipient believes a final staff determination is based upon incorrect or incomplete information or documentation, the member may request reconsideration of the final staff determination and provide additional information and/or documentation to the Executive Director in support of the request for reconsideration.

A benefit recipient 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 benefit recipient 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 benefit recipient 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 benefit recipient 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 benefit recipient 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 or benefit recipient'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 Resources page of 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 & 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 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 (see page 12) to expedite handling of your request for information. 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 42 and page 43.

TRS SERVICES

The following is a description of duties handled by TRS staff that relates to Benefit Recipients:

ADMINISTRATIVE

- Administrative Rules
- Agency Administration
- Family Law Orders / Divorce
- Communications
- Legislative Issues
- Legal Issues
- Legislative Updates
- Member and Benefit Recipient Handbooks

BENEFIT RECIPIENTS

- Employment/Earnings After Retirement
  - Earnings Limitations
  - Returning to Full-Time Employment in TRS Reportable Position(s)
- General Requests
  - Forms: Beneficiary Designation/Change, Change of Address, Change of Name, Electronic Deposit Setup/Change, Guaranteed Annual Benefit Adjustments (GABA), Legislative Impacts on Benefits
- Insurance
  - Employer-Sponsored Insurance Premium Withholding
- Life Events
  - Death of a Beneficiary, Joint Annuitant or Benefit Recipient
  - Divorce
  - Marriage
- Taxes
  - Annual Tax Form 1099-R
  - Federal Income Tax Withholding
  - Montana State Income Tax Withholding
  - Tax free Information

INFORMATION TECHNOLOGY

- Online Account Access
- Website

24/7 ON-LINE INFORMATION AND ACCOUNT ACCESS

trs.mt.gov

The TRS website has been designed to make it easy for our benefit recipients to find the information they need – quickly and easily.

The website contains information specifically for benefit recipients including your personal account information, forms, information sheets on relevant topics, and an online version of this handbook.

General information available on the website includes annual financial reports, Board meetings and minutes, contact information for TRS staff, legislative and other news updates, and an archive of the TRS Horizons Newsletter.

At the time we are preparing this handbook, TRS is transitioning to a new Online Services system for benefit recipients to access their account information. The new system will be available in the spring of 2016.

Both the current and new systems allow you to create a personal online account to access your information. Instructions are available on the TRS website in the Benefit Recipient section. If you need assistance in setting up or accessing your online account, please contact TRS and ask to speak with the IT helpdesk.

BENEFIT RECIPIENT FORMS

The TRS website provides many of the forms necessary to maintain your personal information including authorization to deduct health insurance, authorization for release of personal information, certification to employ a retired member, change of address and name, electronic deposit form, federal and state income tax withholding, and notice of postretirement employment.

The link to the Forms page can be found on the TRS website in the Popular Links section on the right hand menu bar of the home page or on the Benefit Recipients page.

1. Click on Retiree and Benefit Recipient Forms.
2. Print out the appropriate form, fill it out completely (some are fillable forms).

3. Get all required signatures, and mail the original to TRS.
4. 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 and we will mail you the forms needed.

If you are unable to open TRS forms, you may need to install Adobe Reader. The TRS website provides a link to allow the installation of Adobe Reader to your computer. Click on the link to install the free Adobe Reader software.

STAFF DIRECTORY

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
Erin Montgomery	Administrative Assistant	(406) 444-3999

ACTIVE MEMBERS

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

REFUNDS

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

MEMBERSHIP

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 Admin	(406) 444-9293
Jeanie Schmidt	Quality Control Technician	(406) 444-5227

YOUR RETIREMENT ACCOUNT

We hope this handbook will answer most of your questions about your TRS defined benefit pension plan. 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

- Inform TRS of any significant event such as marriage, divorce, death of a joint annuitant or beneficiary, a change in name and/or mailing address, or direct deposit changes.
- 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'S CONTRIBUTION ACCOUNT

During your career as an active TRS member, your account balance represented only the contributions that were withheld from your gross wages, plus accumulated interest. Your individual account balance was not the basis of your benefits when you retired.

Employer contributions were also not reflected in your account balance. All employer contributions are placed in the pension trust fund and, together with investment earnings, provide funding for retirement benefits for all TRS benefit recipients. While active member contributions are also held in the pension trust fund, each member account is tracked individually.

STATEMENT OF ACCOUNT

In the fall of each year, TRS provides an Annual Statement of Account to each active member. Now that you are a retired member, you will no longer receive an Annual Statement of Account.

BENEFICIARY DESIGNATION

At the time of your retirement, you chose one of three types of Benefit Allowances:

1. Normal Form
2. Joint & Survivor Annuity
3. Period Certain & Life

If you chose the Normal Form allowance, you designated a beneficiary(ies) who would receive the remainder of your benefit only if you did not receive benefits equal to your member account balance at the time of retirement. You may name multiple beneficiaries or change beneficiaries at any time, except in the case of divorce (see section below on removing a spouse as beneficiary).

If you chose the Joint & Survivor Annuity, you designated a joint annuitant who would receive your benefit after your death. In this situation, you cannot change the joint annuitant except in the case of the death of the joint annuitant or – under certain conditions – divorce. You must contact TRS as soon as possible in either of these situations.

If you chose the Period Certain & Life allowance, you designated a beneficiary who would receive your benefit for the remainder of the chosen time period (10 or 20 years). You may name multiple beneficiaries or change beneficiaries at any time, except in the case of divorce (see section below on removing a spouse as beneficiary).

Regardless of the benefit allowance selected at the time of retirement, the designated beneficiary or joint annuitant of a retired member is entitled to receive a one-time $500.00 death benefit. If you have multiple primary beneficiaries on file, the $500.00 will be divided equally among them. This benefit is in addition to any retirement benefit allowance payable to the designated beneficiary or joint annuitant.

Removing a Spouse as Beneficiary

Due to a recent decision of the Montana Supreme Court, once a TRS member has designated their 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:

- a notarized, written authorization of the spouse (or ex-spouse)
- a decree of divorce/dissolution of the marriage of the member and the beneficiary that does not provide for distribution of any portion of the member's retirement benefits to the ex-spouse
- a family law order providing for distribution of some portion of the member's retirement benefits to the ex-spouse
- a court order expressly authorizing removal of the spouse (or ex-spouse) as beneficiary

NOTIFICATION REQUIREMENTS

TRS does not allow the U.S. Post Office to forward mail generated by our office. Therefore, it is imperative that TRS be notified in writing of all changes to your home mailing address. Having your current address on file ensures prompt delivery of notices and other correspondence about your benefits, along with year-end tax statements.

Significant Life Events

All changes for benefit recipients relating to a:

- change of address,
- change in electronic deposit information (e.g. new bank or bank account),
- change of name, or
- change in tax withholding amounts – federal or Montana

must be submitted to TRS in writing and signed by the benefit recipient or their legally appointed representative. If the change is received before the 15th of the month, it will be reflected during that month. Otherwise, the change will be reflected in the following month.

Returning to Work

You must notify TRS of any postretirement employment in a TRS or PERS reportable position by filing a Notice of Postretirement Employment for Retired Member and Employer (Form 146). If you decide to return to work in a TRS reportable position, please review the Employment and Earnings After Retirement Section of this handbook, as well as the Termination of Employment and Postretirement Employment Fact Sheet on the TRS website, to be sure you understand all the requirements and limitations.

Death of Benefit Recipient

Upon a retiree, joint annuitant, beneficiary or benefit recipient's death, TRS should be notified immediately. TRS will either

- ensure the retiree, joint annuitant, beneficiary or benefit recipient receives appropriate benefits in a timely manner, or
- stop or adjust the retiree's, joint annuitant, beneficiary or benefit recipient's monthly benefit. Any amount overpaid, due to a death must be repaid to TRS.

Death of Beneficiary or Joint Annuitant

If you elected either a Normal Form or a Period Certain and Life allowance, you should have designated at least one beneficiary to receive any benefits that remain payable by TRS upon your death. If your beneficiary predeceases you, you should review your remaining beneficiary designations, if any, and submit a new beneficiary designation form, if necessary, to ensure you have at least one beneficiary designated and that your current beneficiary choices are accurately reflected.

If you elected a Joint and Survivor Annuity allowance (Option A, B, C, D, or E), you designated a joint annuitant—a single beneficiary that may not be changed generally—to receive the survivor annuity benefits payable by TRS upon your death. If your joint annuitant predeceases you, you may be entitled to have your retirement allowance "pop-up" to the Normal Form allowance, and you may be entitled to make a new joint and survivor annuity election and designate a new joint annuitant, but you must do so within 18 months of your original joint annuitant's date of death. You should contact TRS immediately upon the

death of your joint annuitant in order to preserve these rights.

Divorce From Your Beneficiary or Joint Annuitant

If you elected either a Normal Form or a Period Certain and Life allowance, you should have designated at least one beneficiary to receive any benefits that remain payable by TRS upon your death. If you are divorced from your beneficiary, it is imperative that you review your beneficiary designations and remove your ex-spouse as your beneficiary if you no longer want your ex-spouse to receive benefits upon your death. Your divorce from your beneficiary does not extinguish your ex-spouse's beneficiary interest in your TRS benefits even if your divorce decree or property settlement agreement contains language that seems to remove your ex-spouse as your beneficiary. The only way to remove your ex-spouse as your TRS beneficiary is to submit a new beneficiary designation form to TRS.

If you elected a Joint and Survivor Annuity allowance (Option A, B, C, D or E), you designated a joint annuitant—a single beneficiary that may not be changed generally—to receive the survivor annuity benefits payable by TRS upon your death. If you are divorced from your joint annuitant and the terms of your divorce decree terminate your ex-spouse's right to receive any portion of your TRS benefits, you may be entitled to have your retirement allowance "pop-up" to the Normal Form allowance, and you may be entitled to make a new joint and survivor annuity election and designate a new joint annuitant, but you must do so within 18 months of your date of divorce. If you are divorcing or divorced from your joint annuitant, you should contact TRS immediately in order to fully understand and preserve these rights.

BENEFIT PAYMENTS

MONTHLY BENEFIT PAYMENTS

Monthly benefits are paid either by electronic deposit directly into your designated bank account or by check via U.S. mail.

- If you are interested in switching from receiving a check to electronic deposit, please submit an Electronic Deposit Application (Form 114), available on the TRS website or by calling the TRS office.

Under the statutes governing TRS monthly benefits are payable on the last day of each month. However, benefits are mailed or electronically deposited on the last business day of each month.

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.

> Example: If your first benefit payment was received on July 1, 2014, you will begin receiving a benefit adjustment on January 1, 2018; the January 1 after 36 months of benefit payments.

The GABA rate for members hired on or before July 1, 2013 (Tier One members) is 1.50% per year. For member's hired on or after July 1, 2013 (Tier Two members), the TRS Board now sets the rate in the autumn of each year. The GABA rate for Tier Two members is based on a formula set in statue that uses both the annual actuarial valuations and the current funding status of the retirement system.

Minimum GABA	0.5%
Maximum GABA	1.5%

Actuarial Valuations and minutes from the TRS Board meetings can be found on the TRS website.

If you are eligible for a GABA increase with your monthly benefit payment, TRS will notify you of the amount by check stub advice.

TAX WITHHOLDINGS ON MONTHLY BENEFIT

TRS offers benefit recipients the opportunity to have their federal and/or Montana state income tax withheld from their monthly benefit payments.

The method that you choose to pay your federal and Montana state income tax liability is strictly a personal decision. While TRS staff will assist our retirees in any way possible, we are not qualified to make recommendations or decisions for them. Any decisions regarding withholding must be made by you and/or your tax consultant. We strongly recommend you seek professional advice. Remember, penalties may be imposed by the IRS or the Montana Department of Revenue for not paying enough taxes during the year, either through withholding or estimated tax payments.

The majority of retirement, disability, or survivor benefits will be subject to federal and/or Montana state income taxes. For tax advice, TRS recommends contacting:

- an accountant,
- your local IRS office, or
- the Montana Department of Revenue at (406) 444-6900 or (866) 859-2254.

Non-Taxable Portion (Cost Basis)

The non-taxable portion of a monthly benefit payment is based on the following two IRS tables and calculated by dividing the portion of the retiree's account on which taxes have been paid by the fixed number of anticipated payments.

<u>Example:</u>

$7,800.78	/	260	=	$30.00
(cost basis)		mos.		tax-free amount

The following table is used for Normal Form and Term Certain & Life allowances, based on payments paid over a single lifetime:

Recipient's Age on Retirement Effective Date	Number of Anticipated Payments
Not more than 55	360
More than 55, not more than 60	310
More than 60, not more than 65	260
More than 65, not more than 70	210
More than 70, not more than 99	160

The following table is used for Joint & Survivor allowances, based on payments paid over more than one lifetime.

Combine Ages of Recipients on Retirement Effective Date	Number of Anticipated Payments
Not more than 110	410
More than 110, not more than 120	360
More than 120, not more than 130	310
More than 130, not more than 140	260
More than 140, not more than 199	210

The non-taxable portion remains constant even if the amount of a benefit recipient's monthly benefit increases (for example – GABA). After the taxed contributions are recovered through monthly exclusions, the full amount of the monthly benefit will become taxable.

Federal Income Tax

Federal law requires TRS to automatically withhold federal income tax as if you were married with three dependents unless you make one of the following elections:

- Elect no withholding by filing a signed Withholding Certificate IRS Form W-4P with TRS and pay taxes directly to the IRS. In this case, you should contact the IRS regarding filing requirements and deadlines, or
- Submit IRS Form W-4P to TRS and specify

- your marital status,
- withholding allowance(s), and
- (optional) any additional amount you would like withheld.

You may change your federal withholding election at any time by submitting an Federal Income Tax Withholding (IRS Form W-4P). IRS Form W-4P is available on the Forms page of the TRS website or on the IRS website (irs.gov).

Montana State Income Tax

Benefit recipients who are residents of Montana are also subject to Montana state income tax laws. If you choose to have TRS withhold your Montana state income taxes from your monthly benefit payment, you must file a Montana State Income Tax Withholding (Form 115) with TRS. You may change your state income tax withholding option at any time by submitting a new Montana State Income Tax Withholding Form 115 to TRS.

For more information, consult the State of Montana Department of Revenue at

- (406) 444-6900
- (866) 859-2254
- revenue.mt.gov

Note: TRS cannot withhold state income taxes on behalf of a benefit recipient residing in any state other than Montana.

ANNUAL IRS TAX FORMS

IRS tax Form 1099-R will be mailed to all benefit recipients on or before January 31st each calendar year. This annual tax form will also include the total amount of federal and/or Montana state income tax withheld, along with any insurance premiums withheld by TRS for that calendar year.

HEALTH INSURANCE PREMIUMS

TRS does not offer group health insurance plans.

For those retired member's (or their surviving joint annuitant) who

participate in a group insurance plan via their former employer, TRS offers the opportunity to have monthly insurance premiums withheld from their benefit payments. This is only available to those who have an insurance plan through their former TRS employer.
The payroll department of your former employer can assist you with the process of signing up for withholding your insurance premiums from your monthly benefit payments. You must complete an Authorization for Deduction of Health Insurance (Form 117) to authorize TRS to withhold the funds and submit them each month to your employer. The form can be downloaded from the TRS website or mailed to you by calling or emailing the TRS office.

If you want to adjust the amount being withheld, you must contact the payroll department of your former employer. TRS cannot assist you with this. The adjustment must be submitted by your former employer prior to the 15th of the month in which the change should occur.

TRS has no connection with group insurance plans, but offers the withholding of monthly insurance premiums as a service to our benefit recipients and the retiree's former employer.

All questions concerning group insurance coverage must be addressed to your former employer.

DEATH BENEFIT

The TRS must be notified immediately of the death of a retired member, joint annuitant, beneficiary or benefit recipient, since it may be necessary to stop or adjust the monthly benefit that is payable in accordance with the retirement benefit allowance the retiree elected at the time of retirement. Any amounts overpaid due to a death must be returned to TRS.
For members who retired after October 1, 1993: If you elected one of the optional retirement benefit allowances (A, B or C), and your joint annuitant precedes you in death, the benefit must revert to the Normal Form retirement benefit allowance effective the first of the month following the death of your joint annuitant. Additionally, within 18 months immediately following the date of death of your joint annuitant, the retired member may also change their beneficiary and/or elect one of the optional retirement benefit allowances A, B, or C.

The designated beneficiary or joint annuitant of a retired member is

entitled to receive a one-time $500.00 death benefit. This benefit is in addition to any retirement benefit allowance payable to the designated beneficiary or joint annuitant.

If you elected either the Normal Form or the Period Certain & Life allowances and TRS does not have a valid beneficiary from on file at the time of your death, the death benefit will be paid to your estate.

MINOR CHILD BENEFIT

Each minor child of a deceased retired member will receive $200.00 a month. This benefit will be paid through the month the child reaches 18 years of age.

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.

The 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 required to release the information. A member or benefit recipient may authorize the TRS to release information to another individual by completing, signing, and submitting an Authorization for Release of Information (Form 136), which is available on the TRS website.

EMPLOYMENT AND EARNINGS AFTER RETIREMENT

If a retired TRS member is considering returning to work in a TRS reportable position, it is imperative that they understand and comply with TRS requirements for retirement eligibility and limitations on postretirement earnings. In addition to this section of the manual, TRS has prepared an extensive Fact Sheet on these topics, available on the Benefit Recipient page of the TRS website or by calling the TRS office.

In order to return to work in any position reportable to TRS, you must:

1. Achieve retired member status, which means you have
    - terminated all employment in all TRS reportable positions and
    - received at least one monthly benefit payment.

    AND

2. Complete a 150-calendar-day break in service.

TERMINATION OF EMPLOYMENT

You have terminated employment in a position reportable to TRS when

1. you are no longer performing any work or providing any service on behalf of any TRS employer in any capacity, and
2. your employer has paid all amounts owed to you.

You are required to terminate all positions with all TRS employers to attain retired member status.

150-CALENDAR-DAY BREAK IN SERVICE

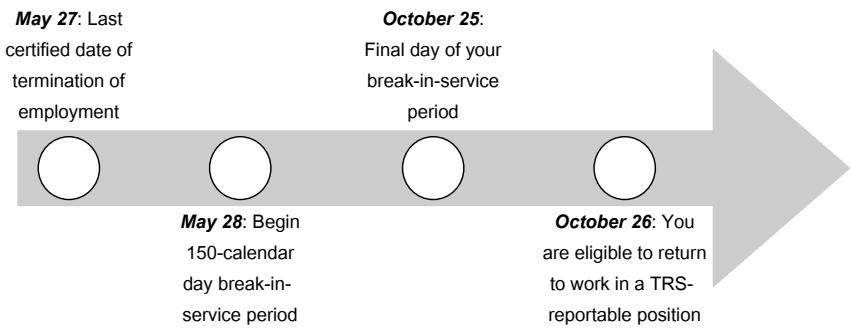
As required by Montana statute, beginning on the day after your last certified date of termination of employment you must cease all activities in TRS reportable positions for 150 calendar days. If you choose, you may return to work in a position reportable to TRS on the 151st day with earning limitations.

Exception

All of the following must be satisfied for the exception to apply:

1. Achieve retired member status, which means you have
    - terminated all employment in all TRS reportable positions, and
    - received at least one monthly benefit payment.
2. Be employed as a substitute teacher to carry on the duties of a regular, licensed teacher who is temporarily absent.
3. Not exceed 45 days of service as a substitute teacher during the 150-day break in service.

Example of a 150-day break in service:



The break in service requirement applies to **all TRS members** who terminate employment on or after January 1, 2014, whether they are applying for retirement benefits for the first time, applying for a recalculation of benefits, or reinstatement of benefits.
During the break in service, you may not provide any type of service that is reportable to TRS for any TRS employer. This applies to

- employees of a TRS employer
- employees of a third party (e.g. staffing agency)
- independent contractors (see page 33)
- volunteers

Violation of the Break in Service Requirement

If break in service is violated

- the member will be returned to active status,
- the benefits will be terminated and must be repaid with interest, and
- the member and employer must pay TRS for all contributions during violated break in service.

In addition, you and your employer will be required to pay all contributions that should have been paid during the time you were violating the break in service requirement, plus interest.

POST-RETIREMENT EMPLOYMENT LIMITATIONS

If you return to work for a TRS employer in a TRS reportable position, as a retired member, you may earn – without loss of monthly retirement benefits – an amount not to exceed the greater of:

- one-third (1/3) of your Average Final Compensation (AFC), plus annual increases equal to the increase in the Consumer Price Index; or
- one-third (1/3) of the median AFC for all members who retired during the preceding fiscal year. The median AFC is determined annually by the TRS Board based on a fiscal year basis, July 1 through June 30.

The maximum compensation that you may earn includes:

- All amounts paid to you or on your behalf, and
- the value of all benefits provided to you (or on your behalf) by your employer(s), including any amounts deferred for payment to a later year.

The following are exceptions to this limitation:

- The amount of health insurance premiums paid directly by the employer on your behalf for coverage provided concurrent with the term of your employment.
- The value of housing provided by the employer to you.
- The amount of employment-related travel expenses reimbursed to you by the employer.
- De minimis fringe benefits [26 USC. 132(e)], paid by the em-

ployer to you or on your behalf.

- Payroll taxes paid by the employer on your behalf.

The TRS retired payroll staff will determine the maximum amount you may earn without affecting your monthly benefits. You and your employer **must contact TRS to verify this information**, at (406) 444-3185 or (406) 444-3135.

Note: your earnings limitation in postretirement employment will be applied to the **aggregate** of all amounts paid to you, or on your behalf.

- The aggregate amount will include employment by multiple TRS employers and/or in multiple TRS positions for one employer.
- If you are concurrently employed in a TRS and PERS position by a TRS employer, your income from the PERS position will also count against your TRS aggregate limitation.

If you return to work in a TRS reportable position following your retirement, please advise your employer's payroll department that you are a retired member of TRS. Any earnings and hours worked must be reported to TRS by your employer each month.

POSITIONS REPORTABLE TO TRS FOR WORKING RETIREES

A position reportable to TRS means a position in which, without consideration for the employment status or retirement status of the individual in the position, performance of the duties and functions of the positon would make the individual eligible to participate in TRS (§ 19-20-302, MCA).

Service reportable to TRS for working retirees include

- employees of a TRS employer,
- employees of a third party (e.g. staffing agency),
- independent contractors (see page 33), and
- volunteers.

Service reportable to TRS must be reported regardless of the

- full-time equivalency of the position,

- job title ascribed to the position, or
- whether or not you are compensated.

In other words, if you agree to **volunteer** in a position reportable to TRS, your service must still be reported to TRS.

POSITIONS REPORTABLE TO PERS FOR WORKING RETIREES

If you are employed in a TRS reportable position and you are also employed by the same employer in a position that is reportable to PERS, your employment in the PERS position must be reported to TRS and the compensation earned by you in both positions will be counted against your TRS earnings limitation. More information can be found in the Termination of Employment and Postretirement Employment Fact Sheet on our website.

SUSPENSION OF RETIREMENT BENEFITS

Exceeding Earnings Limitation

Situation 1: If you enter into an agreement – or multiple agreements – in which you are aware that the aggregate of the amounts to be earned will exceed your postretirement earnings limitation,

- your monthly retirement benefit payments will be suspended **as of your first date of employment** under one or more of those agreements.

Situation 2: If you are employed in one or more positions reportable to TRS where the aggregate of the amounts anticipated to be earned by you do not exceed your postretirement earnings limitation, but subsequently your earnings do exceed your limitation,

- at that time, your monthly retirement benefit will be temporarily reduced by $1 for each dollar earned over your limitation, and
- if/when the amounts earned by you exceed your post-retirement earnings limitation plus one month's gross benefit, your benefit will be suspended.

Employed by a TRS Employer

If your monthly benefit is suspended while employed by a TRS em-

ployer, you will be returned to active member status. You will once again accrue creditable service and after termination, you will be eligible for a second benefit (see section Accural of a Second Benefit With Postretirement Employment for more information).

Both employee and employer contributions will be required on earned compensation paid to you in all positions for which you are returned to active member status.

Employed as an Independent Contractor/Employee of a Third Party

If your monthly benefit is suspended while working as an independent contractor or as an employee of a third party, the TRS employer will continue to report your service to TRS, but you cannot be returned to active member status, will not accrue creditable service, and will not be eligible for a second benefit.

Participation in MUSRP

Your benefit will also be suspended if you are employed by the Montana University System and you elect to participate in the Montana University System Retirement Plan (MUSRP). Upon termination of your position covered under the MUSRP, your monthly TRS benefit will be reinstated at the amount you were receiving at the time the benefit was suspended, under the same retirement benefit allowance and with the same joint annuitant elected at the time of your retirement.

RESUMPTION OF RETIREMENT BENEFITS

Your benefit will not resume until you:

- terminate employment in all positions reportable to TRS, and
- apply for resumption of your monthly retirement benefit.

RECOVERY OF OVERPAID RETIREMENT BENEFITS & UNPAID CONTRIBUTIONS

You must repay to TRS any retirement benefits you received while employed in postretirement employment for which time your retirement benefit was required to be adjusted or suspended.

In addition, you and your employer must pay any unpaid employer and employee contributions owed on earned compensation paid to you for post-retirement employment for the period of time for which you should have been returned to active member status.

All overpaid benefits and unpaid contributions will accrue interest at the actuarially assumed rate (currently 7.75%) from the date of overpayment, or nonpayment, until paid in full.

ACCRUAL OF A SECOND BENEFIT WITH POSTRETIREMENT EMPLOYMENT

If you were 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.

Three or More Years of Full-time Service

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 elected.

Less Than Three Years of Full-time Service

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 plus interest.

POST-RETIREMENT EMPLOYMENT REPORTING REQUIREMENTS

If you are employed postretirement in a position reportable to TRS or PERS, whether for a pre-retirement employer or a new employer, you and your employer are required to notify TRS

- within 30 days of the date of execution of an employment/service contract, or
- the first date on which you provide service in the position,

whichever is earlier.

You and your employer must notify TRS via the Notice of Postretirement Employment for Retired Member and Employer (Form 146), available on the TRS website or by calling TRS.

- Your employer is required to verify the terms of postretirement employment.
- You are required to provide supporting documentation, including all contracts, service agreements, salary or payment agreements, position or job description, or other written documentation evidencing the terms of employment, the duties and functions of the position, and all amounts/compensation to be earned.

Note: the supporting documentation may be provided by the employer.

INDEPENDENT CONTRACTORS

An individual working as an independent contractor is not eligible to participate as an active member of TRS. As such, it is important to understand the distinction between "employee" and "independent contractor" worker status. For any TRS reportable position, worker status is determined solely by application of the IRS worker classification control factors. It is the employer's responsibility to accurately determine an individual's worker status by reviewing and applying the IRS control factors. Note, the issuance of an independent contractor exemption certificate by the Montana Department of Labor and Industry does not ensure that the IRS control factors are met. For more information about worker classification, please visit www.irs.gov.

A retired TRS member must be reported to TRS if their worker status is determined to be that of an independent contractor for any position reportable to TRS. All amounts paid to, or on behalf of, a retired member/independent contractor in a TRS-reportable position with a retirement effective date on or after August 1, 2011, are subject to the retired member's earnings limitation, although the retired member will not be returned to active member status for employment in a TRS reportable position as an independent contractor.

If there is any question regarding an individual's worker status, the individual must be reported to TRS. If the retired member's status as an independent contractor is in question, he or she will be treated as any other working retiree. This includes any earnings limitations that

would return the retired member to active member status as appropriate.

RETURN TO WORK AFTER DISABILITY RETIREMENT

A disabled retiree may return to employment provided the combined disability benefit and earnings do not exceed the greater of their AFC or the median salary. This includes employment in positions reportable to TRS or any other gainful employment in positions that are not reportable to TRS, including self-employment or as an independent contractor.

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 earnings limitation.

If you are employed full-time by a public or private educational institution in any position that would otherwise qualify as TRS reportable employment – regardless of the state in which employment is performed – you will no longer be considered disabled. In that case, your retirement benefits will be terminated and any retirement benefits you have received since returning to employment must be repaid to TRS, plus interest.

Notify TRS immediately if you are, or plan to be, re-employed in any capacity following your disability retirement so that we can determine your benefit eligibility and reduce or terminate your benefits, if necessary.

Please contact TRS for additional information on post-retirement employment and your benefits, rights, duties, and obligations. Under statute, both the retiree and their employer are jointly and severally liable for any contributions due TRS and/or any overpaid retirement benefits, plus interest.

FREQUENTLY ASKED QUESTIONS

BENEFITS

Q: When are monthly benefits sent out?

Monthly benefits are electronically deposited or mailed on the last business day of each month (see page 19).

Q: Will I receive check stubs with my electronic benefit payments?

Not as a rule. If you elect to receive electronic deposits, check stubs are mailed and distributed only when changes occur in the monthly benefit amount.

Q: Will a benefit recipient receive an increase in their gross monthly benefit?

Yes, 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 (see page 19).

Q: Does TRS pay a death benefit?

Yes (see page 23).

Q: Who should a benefit recipient contact regarding health insurance?

TRS staff cannot answer any questions regarding your insurance coverage. Only the retired member's former employer can assist you with questions concerning insurance coverage (see page 22).

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?

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 com-

pliance with the statutes and administrative rules for TRS purposes (see page 5).

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

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 5).

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

NOTIFYING TRS OF CHANGES

Q: How should I notify TRS of important changes?

All significant changes should be in writing and signed by the benefit recipient or legal representative (see page 16).

Q: Should a beneficiary or joint annuitant notify TRS of a retired member's death?

Yes, you must notify TRS as soon as possible upon the death of a retiree (see page 17).

Q: Should a retired member notify TRS of a joint annuitant or beneficiary's death?

Yes, you must notify TRS as soon as possible upon the death of a joint annuitant or beneficiary (see page 17).

Q: Should a retired member notify TRS upon the divorce from their joint annuitant?

Yes, you must notify TRS as soon as possible of the divorce (see page 18).

TRS WEBSITE

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

Instructions are available on the TRS Online Account Access web page, which you will access via the Benefit Recipient 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?

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.

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.

Administrative Officer: an employee who has a significant degree of executive or policy-making authority and whose appointments are based on required training or experience in the field of education.

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).

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.

"Cost-Basis" or "Investment in Contract": the employee's contribution in a member's account on which taxes have already been paid.

Creditable Service: each year of service for which contributions to TRS were deducted from a member's compensation. Creditable service is awarded only for funds that are not withdrawn unless repurchased.

In addition, creditable service includes any service that has been purchased and paid in total by the member. Service purchase types include: part-time service, substitute teaching, paraprofessional, or part-time teacher's aide, previous TRS service, time on leave, time on workers

compensation, transfer of service from PERS to TRS, Montana University System Retirement Plan, Private School, out-of-state teaching, and military service.

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 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.

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 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 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.

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

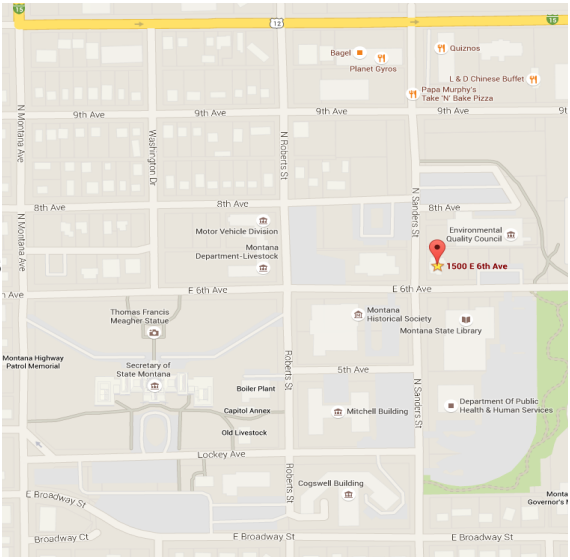
The TRS building is located in Helena at 1500 East Sixth Avenue, in the Montana Capitol Complex. The TRS building is a small, brick building on the northeast corner of Sixth Avenue and Sanders Street.

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



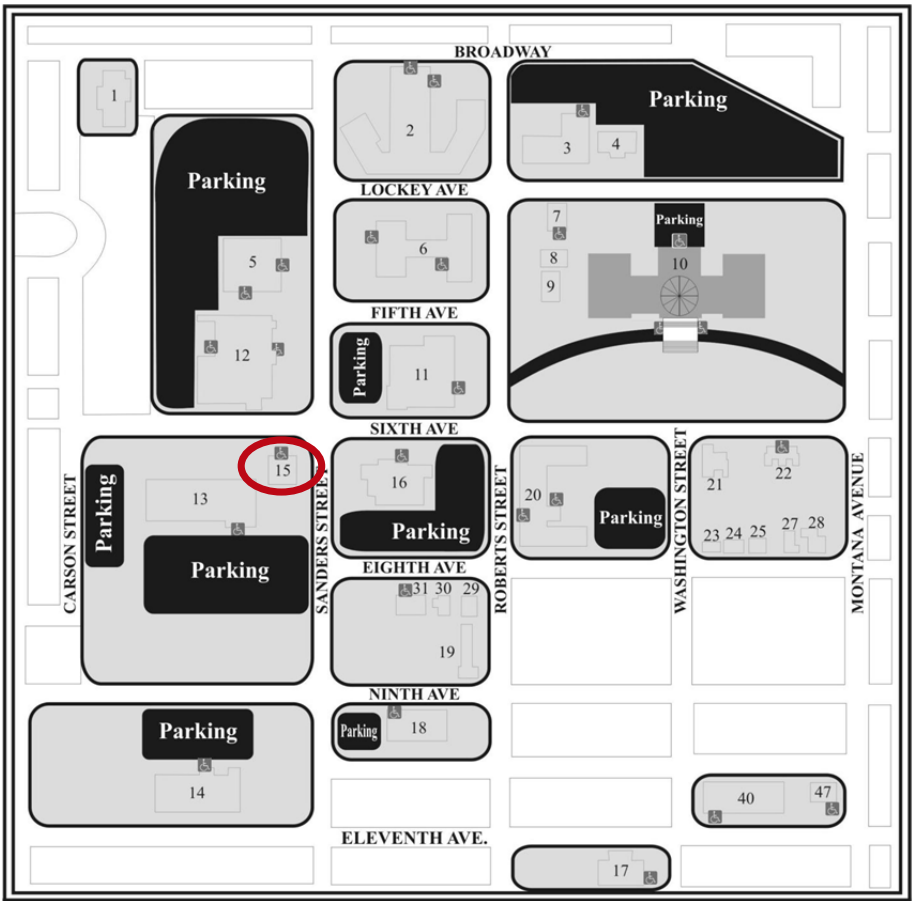
Driving into Helena from the east on Hwy 12

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

The TRS 2015 Benefit recipient Handbook was originally published in December 2015. Changes to this handbook and updated materials will be found on the TRS website or by contacting the TRS office.

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

Promoting Long-Term Financial Security
For Public Education Professionals
Since 1937

Teachers' Retirement System
P.O. Box 200139
Helena, MT 59620

trsoutreach@mt.gov
(406) 444-3134
(866) 600-4045
trs.mt.gov

PRESORTED
FIRST-CLASS MAIL
U.S. POSTAGE PAID
HELENA, MT
PERMIT NO. 89