



Montana
Teachers' Retirement System

READY ...SET ...RETIRE

The mission of the TRS Board is to promote long-term financial security for our members while maintaining the stability of the fund.

TRS Membership

Your Responsibilities

- Review your **Annual Statement of Account**:
 - Contributions
 - Accumulated interest
 - Creditable service
 - Estimated monthly payment (if eligible for retirement)
- Educate yourself before making retirement decisions: you can access your TRS account online as well as take advantage of many resources on the TRS website: trs.mt.gov.
- Include your family in your retirement planning.
- Inform TRS of significant events: marriage, divorce, death, birth or adoption of a child, changes in name or address.
- Beneficiaries.



** Note, the current interest rate for member accounts is 0.55%. This rate is set by the TRS Board each year.*

Eligibility for Retirement Benefit

Terminate all TRS related employment

- Multiple positions with one employer
- Multiple employers



Certify date of termination

All sick/annual leave balances paid

Effective Retirement Date

- First day of the month following your date of termination

Calculation of Retirement Benefits

Retirement Benefit Formula (Tier 1 & Tier 2):

$$\begin{aligned} &\text{Years Of Creditable Service} \\ &\quad \times \\ &\text{Average Final Compensation (AFC)} \\ &\quad \times \\ &1.6667\% \end{aligned}$$

Retirement Benefit Formula (Tier 2) - 30 years of service AND age 60:

$$\begin{aligned} &\text{Years Of Creditable Service} \\ &\quad \times \\ &\text{Average Final Compensation (AFC)} \\ &\quad \times \\ &1.85\% \end{aligned}$$

Tier 1 = highest 3 consecutive years

Tier 2 = highest 5 consecutive years

The result of these calculations is an annual benefit amount with benefits paid in 12 equal payments each year.

Termination Pay

Termination pay includes:

- vacation pay,
- sick leave,
- severance pay, and
- any retirement incentive or other payments contingent on the employee terminating employment and retiring.

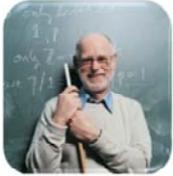
If at the time of termination **AND** retirement you receive termination pay, you must elect one of the following three options:

- OPTION 1** - Use the total termination pay in the calculation of your AFC. You and your employer must pay the actuarially required contributions to TRS as determined by the TRS Board to fund your monthly retirement benefit increase.
- OPTION 2** - Divide the termination pay by your total number of years of creditable service to determine a yearly amount.
- OPTION 3** - Exclude the termination pay from the calculation of your AFC.

Termination pay does not include amounts that are not wages and amounts that are payable to you from a plan for deferral of compensation under Section 457(f) of the IRC. If at the time of termination and retirement, you receive any termination pay, you must elect one of three options.

Call us with any questions!

Post-Retirement Employment



- > Terminate all TRS employment
- > Certify to TRS: no pre-arranged agreement
- > Receive at least one TRS retirement benefit payment
- > Wait 150 calendar days
- > Report any TRS employment to TRS (including volunteer and independent contractor work)
- > Earnings limited to the greater of 1/3 AFC or Median Salary

TRS members who terminate are required to have a 150 calendar day break in service before they are eligible to return to work.

Requirement applies only to employment in a position eligible to participate in TRS.

If break in service is violated:

- Member will be returned to active status
- Benefits will be terminated and must be repaid with interest
- Member and employer must pay TRS for all contributions during violated break in service

IMPORTANT! Retired members and employers are jointly and severally liable for repayment to the retirement system of retirement benefits paid to which the member was not entitled, plus interest.

OTHER CONSIDERATIONS

Last revised: 09/2016

TAXATION OF YOUR MONTHLY BENEFIT

The majority of retirement, disability, or survivor benefits will be subject to federal and/or Montana state income taxes. TRS recommends a benefit recipient contact an accountant, a local IRS office, or the Montana Department of Revenue for tax advice at 406-444-6900 or 1-800-221-8015.

WITHHOLDING YOUR GROUP INSURANCE PREMIUM

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 member's former employer. The member must sign an 'Authorization for Deduction of Health Insurance' form to authorize the payroll deduction for health insurance premiums. The annual tax Form 1099-R will note the total amount of the insurance premiums withheld for that year. All questions concerning group insurance coverage must be addressed to the member's former employer.

SECOND BENEFIT

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.

GUARANTEED ANNUAL BENEFIT ADJUSTMENT (GABA)

The Attorney General's (AG) Office, on behalf of the State and TRS, entered into a settlement agreement that upholds Judge Menahan's decision in *Byrne v. State of Montana*. This means that eligible Tier One members of TRS (hired prior to July 1, 2013) will continue to receive a 1.50% GABA on January 1 of each year. Eligible Tier Two members of TRS (hired on or after July 1, 2013) will receive a variable GABA ranging from a minimum of 0.50% to a maximum of 1.50% on January 1 of each year depending on the funded status of the plan.

INDEPENDENT CONTRACTOR

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. If there is any question regarding an individual's worker status, the individual must be reported to TRS. For more information about worker classification, please visit www.irs.gov.

SOCIAL SECURITY

Benefits provided by TRS are independent of, and in addition to, any Social Security benefits you may be entitled to receive. Upon request, the Social Security Administration will provide an earnings and benefit estimate statement, which includes estimates of future benefits. To receive a statement a member must request Form SSA-7004 from their local Social Security office or by calling 1-800-772-1213. Benefit information is also available on their website at www.ssa.gov.

MEDICARE

For general Medicare information, ordering Medicare booklets, and information about health plans, contact 1-800-MEDICARE (1-800-633-4227) 24 hours a day, 7 days a week for assistance. Benefit information is also available on their website at www.medicare.gov. For additional information, refer to the Active Members' Handbook found at trs.mt.gov.

Contacting TRS

Phone: 406-444-3134 or 866-600-4045

Fax: 406-444-2641

Email: trswebadmin@mt.gov

Address:

1500 East Sixth Ave
P.O. Box 200139
Helena, MT 59620-0139

Office Visits:

Call for appointment
9:00 am – 4:00 pm
Monday – Friday

Website: trs.mt.gov

- 24/7 online access
- Contact information for TRS staff members
- Newsletters and news updates
- Upcoming meetings and events
- Annual TRS reports
- Forms
- Online account access:
 - Account balances
 - Benefit estimator
 - Beneficiary designations
 - Service purchases

Facebook: facebook.com/MontanaTeachersRetirementSystem

Contacting TRS

Johnelle Sedlock – Benefits Officer

- (406) 444-4113
- jsedlock@mt.gov

Brynn Dennehy– Benefits Officer

- (406) 444-3324
- BDennehy2@mt.gov

Kristin Williams– Benefits Officer

- (406) 444-3091
- kristinwilliams@mt.gov

Notes:

Notes:

Thank You



Please take a few moments to complete the retirement seminar assessment form at the back of your handout.

