

MONTANA TEACHERS' RETIREMENT SYSTEM



BENEFIT RECIPIENT'S RETIREMENT PLAN HANDBOOK

July 1, 2011

**1500 East Sixth Avenue
PO Box 200139
Helena, MT 59620-0139
406-444-3134
1-866-600-4045**

www.trs.mt.gov

TABLE OF CONTENTS

FOREWORD	4
DIRECTIONS TO THE TRS OFFICE	5
DEFINITIONS	7
ADMINISTRATION	9
THE TRS BOARD.....	9
ADMINISTRATIVE OFFICERS.....	9
RESPONSIBILITIES OF THE BOARD	10
MISSION STATEMENT	10
ADMINISTRATIVE REVIEW OF STAFF DETERMINATIONS – REQUIREMENT TO EXHAUST ADMINISTRATIVE REMEDIES	11
INVESTMENTS	11
YOUR RETIREMENT ACCOUNT	12
TAKE OWNERSHIP	12
RETIREE/BENEFIT RECIPIENT ACCOUNT.....	12
COMMUNICATING WITH THE TRS	12
24/7 ON-LINE RETIREMENT ACCOUNT ACCESS.....	15
RETIREE/BENEFIT RECIPIENT FORMS	18
FREQUENTLY ASKED QUESTIONS	19
POSTRETIREMENT INFORMATION	21
USE OF SOCIAL SECURITY NUMBERS	21
PAYMENT OF MONTHLY BENEFITS.....	21
GUARANTEED ANNUAL BENEFIT ADJUSTMENT	21
TAXATION OF MONTHLY BENEFITS	21
NON-TAXABLE PORTION (COST BASIS)	22
FEDERAL AND MONTANA STATE INCOME TAX WITHHOLDING.....	23
WITHHOLDING GROUP INSURANCE PREMIUMS	24
RELEASE OF INFORMATION	24
EMPLOYMENT AND EARNINGS AFTER RETIREMENT	25
INDEPENDENT CONTRACTOR	28
CHANGES AFTER RETIREMENT	28
DEATH BENEFIT.....	28

MINOR CHILD BENEFIT	29
DIVORCE	29
FAMILY LAW ORDER	29
EXEMPTION FROM LEGAL PROCESS	29
ADDITIONAL RESOURCE INFORMATION	30
MONTANA OFFICE OF PUBLIC INSTRUCTION.....	30
SOCIAL SECURITY INFORMATION.....	30
MEDICARE INFORMATION.....	30

FOREWORD

The Montana Teachers' Retirement System (TRS) was established by state law in 1937. The system has grown from its initial enrollment of 3,367 members to over 18,900 active members, and now has assets in excess of \$2.9 billion. Approximately 12,819 members and beneficiaries receive retirement, disability, survivor, or minor child benefits in excess of \$249 million each year.

The TRS is a 'Defined Benefit Plan' qualified under Internal Revenue Code (IRC) 401(a). As a 'Defined Benefit Plan' monthly benefits are calculated based on each member's total years of service credit and average final compensation, not their account balance or the performance of the financial markets. In addition, all benefits are paid pursuant to a contract as contained in the statutes governing TRS.

An actuarial valuation of the retirement system is performed annually, as of July 1 of each year. The purpose of the valuation is to determine the financial position of the fund, the normal cost, and the unfunded actuarial accrued liability based upon present and prospective assets and liabilities of the system.

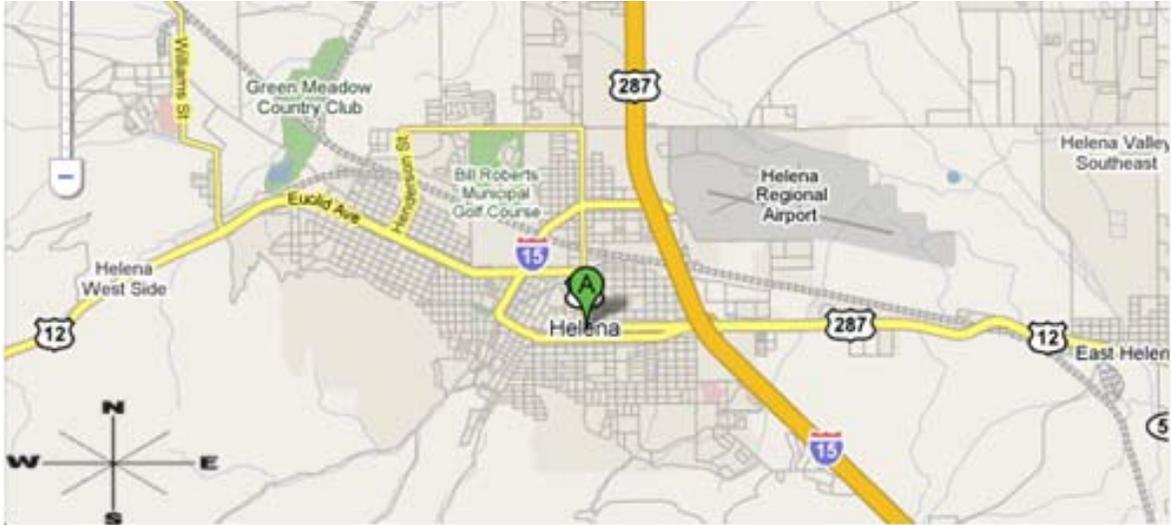
DETERMINATIONS TO BE MADE BY APPLICATION OF LAW AND POLICY

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 the TRS are not agents of the retirement system. The TRS is not responsible for erroneous information provided by employers.

IN COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT OF 1992, ALTERNATIVE ACCESSIBLE FORMATS OF THIS DOCUMENT WILL BE PROVIDED UPON REQUEST.

DIRECTIONS TO THE TRS OFFICE



The Montana TRS building is located in Helena at 1500 East Sixth Avenue, in the capitol complex. The TRS building is a brown brick building on the northeast side of the street.

Driving into Helena on I-15 North:

- Turn **right** at I-15 Business/Prospect Avenue/US 12
- Turn **left** at Montana Avenue
- Turn **left** at Sixth Avenue
- Proceed two blocks to the corner of Sixth Avenue and Sanders Street

Driving into Helena on I-15 South:

- Turn **left** at I-15 Business/Prospect Avenue/US 12
- Turn **left** at Montana Avenue
- Turn **left** at Sixth Avenue
- Proceed two blocks to the corner of Sixth Avenue and Sanders Street

Driving into Helena on Hwy 12 East:

- Hwy 12 East will become Prospect Avenue
- Turn **left** at Montana Avenue
- Turn **left** at Sixth Avenue
- Proceed two blocks to the corner of Sixth Avenue and Sanders Street

Driving into Helena on Hwy 12 West:

- Hwy 12 will merge into Montana Avenue
- Turn **left** at Sixth Avenue
- Proceed two blocks to the corner of Sixth Avenue and Sanders Street

MAP OF THE CAPITOL COMPLEX



- | | | |
|--|---|--|
| <ol style="list-style-type: none"> 1. <u>Executive Residence</u>
2 Carson St 2. <u>Cogswell</u>
1401 E. Lockey Ave 3. <u>Walt Sullivan Bld</u>
1327 Lockey Ave 4. <u>Old Board of Health</u>
1301 E. Lockey Ave 5. <u>DPHHS Building</u>
111 N. Sanders St 6. <u>Mitchell</u>
125 N. Roberts St 7. <u>Old Livestock</u>
1310 E. Lockey Ave 8. <u>Capitol Annex</u>
118 N Roberts St 9. <u>Boiler Plant</u>
120 N Roberts St 10. <u>Capitol</u>
1301 E. 6th Ave 11. <u>Historical Society & Museum</u>
225 N. Roberts St | <ol style="list-style-type: none"> 12. <u>Justice Bld & State Library</u>
215 N Sanders St 13. <u>Metcalf</u>
1520 E 6th Ave 14. <u>Corrections</u>
1539 11th Ave 15. <u>Teacher's Retirement</u>
1500 E 6th Ave 16. <u>Fish, Wildlife & Parks</u>
1420 E. 6th Ave 17. <u>Public Instruction</u>
1300 11th Ave 18. <u>Natural Resources</u>
1424 9th Ave 19. <u>Maintenance Shop</u>
425 N. Roberts St 20. <u>Scott Hart</u>
302 N. Roberts St 21. <u>Sec. of State Annex</u>
1236 E. 6th Ave | <ol style="list-style-type: none"> 22. <u>Office Building</u>
1218 E. 6th Ave 23. <u>Office Building</u>
326 Washington Dr 24. <u>Office Building</u>
1225 8th Ave 25. <u>Office Building</u>
1219 8th Ave 26. <u>Office Building</u>
1215 8th Ave 27. <u>Tax Appeals Board</u>
1209 8th Ave 28. <u>Political Practices</u>
1205 8th Ave 29. <u>Fish, Wildlife & Parks</u>
1400 8th Ave 30. <u>Fish, Wildlife & Parks</u>
1404 8th Ave 31. <u>Office Building</u>
1410/1412 8th Ave 34. <u>Public Instruction</u>
1227 11th Ave |
|--|---|--|

DEFINITIONS

For the purpose of this handbook, the following definitions apply:

‘Administrative Officer’ means 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’ means a member’s highest average earned compensation in three consecutive years, determined pursuant to §19-20-805, MCA, on which contributions have been made.

‘Beneficiary’ means one or more persons formally designated by a member or retiree to receive a retirement benefit allowance or payment upon the member’s or retiree’s death, except for a joint annuitant.

‘Benefit Recipient’ means a retired member, joint annuitant, or a beneficiary who is receiving a retirement allowance from the TRS.

‘Board’ or **‘Retirement Board’** means the Teachers’ Retirement Board as provided for in §2-15-1010, MCA.

‘Cost-Basis’ or **‘Investment in Contract’** means the employee’s contribution in a member’s account on which taxes have already been paid.

‘Fiscal Year’ means July 1 through June 30.

‘Full-time service’ means 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’ means the one person that a retired member who has elected an optional allowance under §19-20-702, MCA, has designated to receive a retirement allowance upon the death of the retired member.

‘Membership service’ means 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.

'Part-time service' means service that is not full-time. Part-time service credit will be calculated based on the total number of hours, days, or months reported to the 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.

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

'Retirement allowance' or 'Retirement benefit' means a monthly payment due to a retired member who has qualified for service or disability retirement, or due to a joint annuitant or beneficiary.

'Service' means the performance of duties that would entitle the person to active membership in the retirement system under the provisions of §19-20-302, MCA.

'Termination' or 'terminate' 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 early retirement incentives and accrued sick and annual leave balances, have been paid to the member.

ADMINISTRATION

THE TRS BOARD

The TRS Board serves active and retired teachers, administrators and educators, and their beneficiaries. Its primary purpose is to administer the TRS, which includes but is not limited to enrollment of new members, collection of member and employer contributions, and payment of retirement benefits.

The TRS Board is composed of six members appointed by the Governor. Four members are appointed from the teaching profession, of which one must be a public school classroom teacher and one a retired teacher, and two members are appointed as representatives of the public. The Board employs administrative officers and a staff to conduct the business of the system. The Board typically meets in Helena on the first Friday following Labor Day, the third Friday in November and February, and the second Friday in May.

TRS BOARD MEMBERS	TERM EXPIRES
JAMES TURCOTTE, jturcotte@mt.gov Public Member, Helena	July 1, 2015
DARRELL LAYMAN, dlayman@mt.gov Retired Teacher, Glendive	July 1, 2016
JEFF GREENFIELD, jgreenfield@mt.gov Active Member, Shepherd	July 1, 2016
KARI PEIFFER, kpeiffer@mt.gov Active Classroom Teacher, Kalispell	July 1, 2012
SCOTT DUBBS, sdubbs@mt.gov Active Member, Lewistown	July 1, 2013
ROBERT PANCICH, bpancich@mt.gov Public Member, Great Falls	July 1, 2014

ADMINISTRATIVE OFFICERS

DAVID L. SENN	Executive Director
TAMMY RAU	Deputy Executive Director
DENISE PIZZINI	Chief Legal Counsel

RESPONSIBILITIES OF THE BOARD

The powers and duties of the retirement board are as follows:

- Employ an executive director and other technical and administrative employees who are necessary for the transaction of the business of the retirement system;
- Keep a record of all its proceedings, which shall be open to public inspection;
- Publish an annual report by January 1 of each year. This report provides, in detail, the fiscal transactions for the two fiscal years immediately preceding the report due date, the amount of accumulated cash and securities of the TRS, and the last fiscal year balance sheet showing the assets and liabilities of the TRS;
- Designate an actuary to assist the TRS Board with the technical actuarial aspects of the TRS, which includes establishing mortality and service tables and making an actuarial investigation at least once every four years into the mortality, service, and compensation experience of the members and beneficiaries of the TRS;
- Determine the eligibility of a person to become a member of the TRS;
- Grant retirement, disability, survivor, minor child, and other benefits; and
- Perform other duties and functions as are required to properly administer and operate the TRS.

MISSION STATEMENT

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

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

ADMINISTRATIVE REVIEW OF STAFF DETERMINATIONS – REQUIREMENT TO EXHAUST ADMINISTRATIVE REMEDIES

A benefit recipient who disagrees with a determination by TRS staff regarding the benefit recipient's rights, duties, obligations, or benefits under the retirement system may request review of the staff determination by the Executive Director. As well, 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/documentation, the benefit recipient 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 a decision in the matter by the Board of the TRS through the process of a contested case hearing. The Board may hear the contested case, or it may appoint a hearing examiner to hear 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, including that the benefit recipient will be entitled to be represented by legal counsel at the benefit recipient'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 these administrative remedies prior to seeking judicial review or other judicial determination of the matter.

INVESTMENTS



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

YOUR RETIREMENT ACCOUNT

TAKE OWNERSHIP



We hope this handbook is helpful in answering your questions about the TRS. It is also important that you, as a TRS benefit recipient, take steps to be an informed partner in TRS's goal to provide you with fast, easy access to complete and accurate information and service.

- **Educate yourself** before making important retirement decisions. Read this handbook thoroughly.
- **Inform the TRS of any significant life altering events** such as marriage, divorce, death of a retiree, joint annuitant or beneficiary, a change in name, and/or mailing address, bank account information, or of any updates to a TRS account.
- **Check stubs** are mailed and distributed only when changes occur in the monthly benefit amount for those benefit recipients electing electronic deposit. Please review and maintain for your records.
- **Take advantage of other tools and resources** available on the TRS website: benefit and beneficiary information, newsletters and other educational materials.
- **Review publications** provided by the TRS relative to legislative updates and other changes that may affect your retirement account.

RETIREE/BENEFIT RECIPIENT ACCOUNT



Your account balance represents the contributions withheld from gross wages and reported to the TRS on your behalf, plus the accumulated interest. The employer contributions are not reflected in your account balance. Employer contributions are placed and held in the pension trust fund and, together with investment earnings, provide funding for your TRS retirement benefits. Typically, you will receive benefits at least equal to your account balance within five to six years after retirement.

COMMUNICATING WITH THE TRS

TRS responds to all written requests and e-mails in the order received.

Important Note Regarding Your Privacy, Social Security Numbers, and Financial Account Information: TRS requires submission of many forms that must include full Social Security Numbers of members, retirees, joint annuitants and beneficiaries. TRS also requests information regarding bank and other financial account information, including account numbers, for purposes of direct deposit of benefits, rollover of account balances, etc. If you are submitting a form that requires a full Social Security or financial account number, please submit the form and any accompanying documentation via regular mail only. 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. When communicating with TRS via e-mail, voice mail, or fax, please do not provide full Social Security or financial account numbers, only your full name and the last four digits of your Social Security Number.

INTERNET



Website: www.trs.mt.gov
E-mail: trswebadmin@mt.gov

Information regarding the TRS may be obtained by logging on to the TRS website. This website contains information relative to active members, retired members, benefit recipients, school business officials, attorneys, and the public. You may also create your own personal logon ID and password to view information regarding your TRS benefits.

WRITING TO THE TRS (VIA REGULAR MAIL)



Include your full name, Social Security Number, home mailing address, and telephone number on your written request for information or action. Sign any request for information, changes, or action. Mail the request to the TRS office.

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

If reporting a death of a member, retiree, beneficiary or joint annuitant, please include the decedent's name and full Social Security Number.

VISITING THE TRS OFFICE



We request that a benefit recipient planning to visit the TRS office call ahead to schedule an appointment. This will enable the TRS staff time to review the benefit recipient's personal records and prepare for the visit.

Office Location: Teachers' Retirement System building. See the driving directions and a map of the Capitol complex, on Pages 5 and 6.

Appointment Hours: 9:00 a.m. to 4:00 p.m. Monday through Friday.

FAXING INFORMATION



Fax Line: 406-444-2641

When faxing information relative to a member's account, include the member's full name, the last four digits of the member's Social Security Number, and the member's telephone number. If you are not the member, please also provide your full name and telephone number.

CALLING THE TRS



Main Line: 406-444-3134
Retired Payroll: 406-444-3185
Toll Free: 1-866-600-4045

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

When calling the TRS office, ask for the retired payroll section to expedite handling your request for information. Please have your Social Security Number available.

Retired Payroll Section

General Requests

- Change of Mailing Address
- Beneficiary Designation
- Direct Deposit Setups/Change
- Guaranteed Annual Benefit Adjustment (GABA)
- Legislative Changes Affecting Benefit Recipients
- Name Change

Insurance

- Withholding Of Employer-Sponsored Insurance Premiums

Life Altering Events

- Death
 - Change of Beneficiary
 - Death of a Benefit Recipient
 - Minor Child Benefit
 - Survivor Benefit

- Divorce

Employment and Earnings After Retirement

- Wage Limits
- Returning To Full-Time TRS Covered Employment

Taxes

- Annual Tax Form 1099-R
- Federal Income Tax Withholding
- Montana State Income Tax Withholding
- Tax Excludable Information

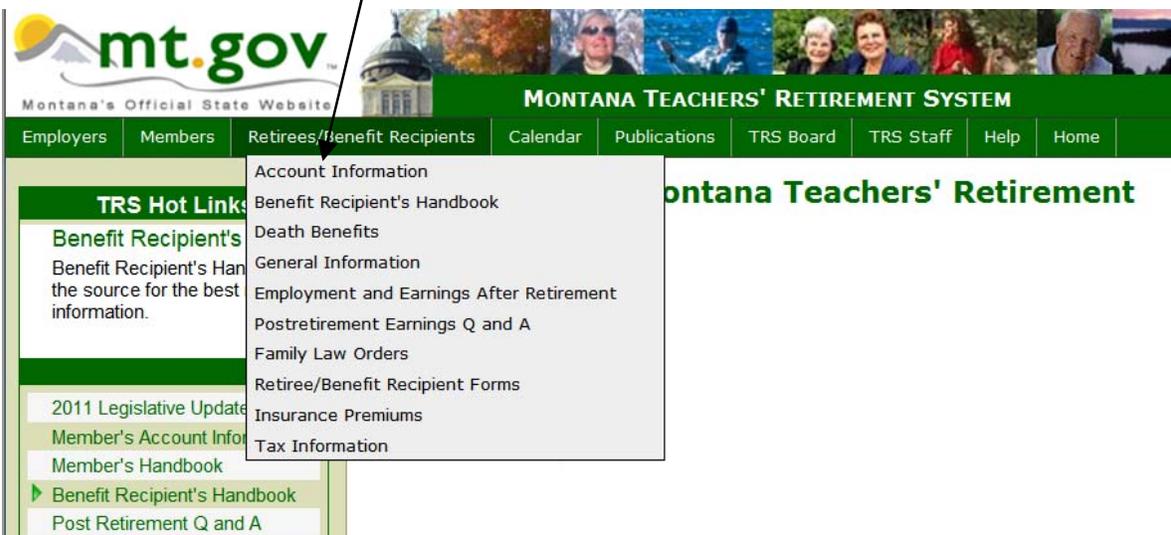
24/7 ON-LINE RETIREMENT ACCOUNT ACCESS

The TRS website is available at www.trs.mt.gov. The website contains many useful links.

To create a personal account that will enable you to log-on to the TRS website, click on 'Retirees/Benefit Recipients' link.



Click on 'Account Information'



To begin, click the 'Create an Account' button.

A screenshot of the login and account creation interface. It shows a form with two input fields: 'User ID' and 'Password'. Below these fields is a 'Login' button. A horizontal line separates the login section from the account creation section. Below the line are three buttons: 'Forgot Your User ID?', 'Forgot Your Password?', and 'Create an Account'. A 'Help?' link is located below the 'Create an Account' button. An arrow points from the text above to the 'Create an Account' button.

Create an Account

Sign up as a new user by entering information on the sign-up screen that allows you to identify yourself to the TRS and for the TRS to identify that you are a retiree/benefit recipient.

Click on What's This? for a description of each field to be entered.

mt.gov
Montana's Official State Website

MONTANA TEACHERS' RETIREMENT SYSTEM

Employers | Members | Retirees/Benefit Recipients | Calendar | Publications | TRS Board | TRS Staff | Help | Home

New User Sign-up

Employee ID [What's This?](#)

Date of Birth MM DD YYYY

Choose a Security Question

Security Answer

User ID

Password

Verify Password

Choose Your Hint Question

Hint Answer

Because of the ubiquitous nature of web access and powerful password crackers, the TRS requires strong passwords for your protection. Your **User ID** needs to be between **6 and 12 characters**. Your **password** needs to be between **8 and 12 characters** and composed of at least **one number**, one **upper case letter**, and one **lower case letter**. Special characters can be used like: ~!#\$%^&*()-_+{}[]:"'<>.,?/\. Passwords expire after 60 days. [Click here for more password help.](#)

[Help?](#)

Privacy & Security | Accessibility | Contact TRS | Search

Populate the required fields and click on **Create Account** to create a new account, given the correct above information.

Forgot Your User ID?

Answer the questions correctly in order to have your user ID displayed on the screen.

The screenshot shows the 'Forgot Your User ID' form on the Montana Teachers' Retirement System website. The form includes the following fields and options:

- Employee ID: Text input field.
- Date of Birth: MM, DD, and YYYY dropdown menus.
- Choose a Security Question: Dropdown menu.
- Security Answer: Text input field.
- Choose Your Hint Question: Dropdown menu.
- Hint Answer: Text input field.

At the bottom of the form, there are two buttons: 'Show my User ID' and 'Back to Login Page'. A red arrow points to the 'Show my User ID' button. There is also a 'What's This?' link and a 'Help?' link.

Populate the required fields and click on **Show my User ID** to display your user ID.

Forgot Your Password?

Answer the questions correctly in order to have your password reset.

The screenshot shows the 'Reset Password' form on the Montana Teachers' Retirement System website. The form includes the following fields and options:

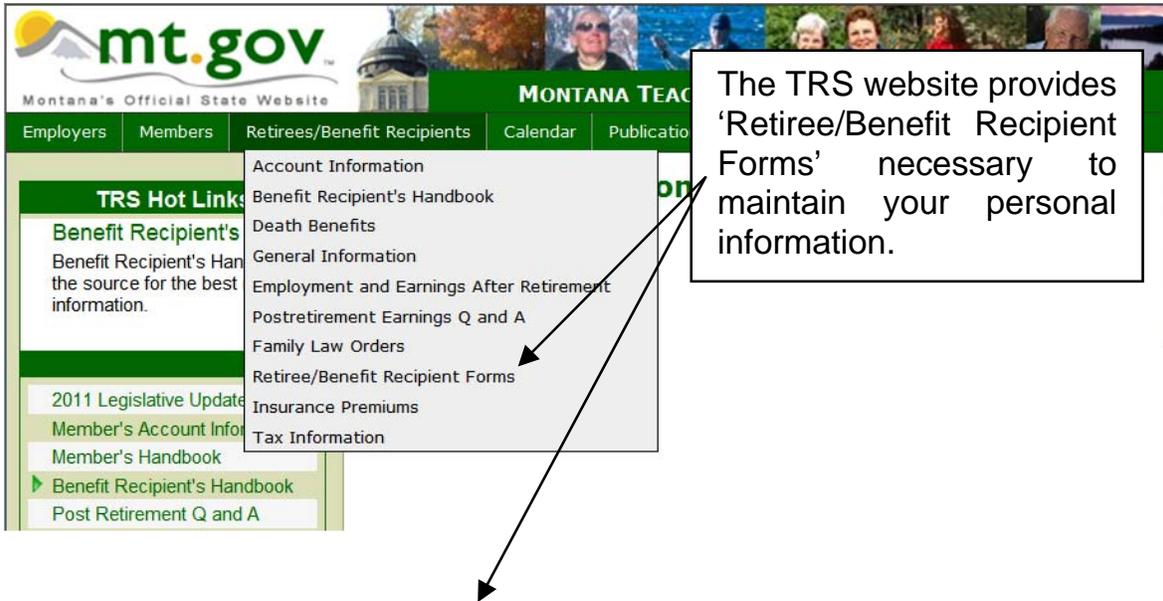
- User ID: Text input field.
- Date of Birth: MM, DD, and YYYY dropdown menus.
- Choose a Security Question: Dropdown menu.
- Security Answer: Text input field.
- Choose Your Hint Question: Dropdown menu.
- Hint Answer: Text input field.
- New Password: Text input field.
- Verify Password: Text input field.

Below the form, there is a paragraph of text explaining password requirements: "Because of the ubiquitous nature of web access and powerful password crackers, the TRS requires strong passwords for your protection. Your **User ID** needs to be between **6 and 12 characters**. Your **password** needs to be between **8 and 12 characters** and composed of at least **one number**, one **upper case letter**, and one **lower case letter**. Special characters can be used like: ~!#\$%^&*()-_+{}[]:"'<>,.?/\. Passwords expire after 60 days. [Click here for more password help.](#)"

At the bottom of the form, there are three buttons: 'Reset Password', 'Cancel', and 'Help?'.

Populate the required fields and click on **Reset Password** to reset the password to the one chosen.

RETIREE/BENEFIT RECIPIENT FORMS



The TRS website provides 'Retiree/Benefit Recipient Forms' necessary to maintain your personal information.

Account Information
Benefit Recipient's Handbook
Death Benefits
General Information
Employment and Earnings After Retirement
Postretirement Earnings Q and A
Family Law Orders
Retiree/Benefit Recipient Forms
Insurance Premiums
Tax Information

Retiree/Benefit Recipient Forms [Back](#)

[Change of Mailing Address \(Form 116\)](#)
[Electronic Deposit \(Form 114\)](#)
[Federal Income Tax Withholding \(IRS Form W-4P\)](#)
[Montana State Income Tax Withholding \(Form 115\)](#)
[Authorization for Deduction of Health Insurance \(Form 117\)](#)
[Member/Benefit Recipient Name Change \(Form 29\)](#)
[Authorization for Release of Information \(Form 136\)](#)
[Retired Member's and Employer's Notice of Postretirement Employment \(Form 146\)](#)

TRS forms are published in the Adobe PDF format. You will need to have installed a version of the Adobe reader to view our forms. Occasionally, you may need to upgrade your Adobe reader to latest version for compatibility reasons. If your computer is slow down-loading the reader, please contact us and we will print and mail the forms to you. To install adobe reader click on the "Get Adobe Reader" button below.

To update personal information with the TRS, print, complete, sign, and mail the appropriate form to the TRS office.



If you are unable to open the TRS forms, you will 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 software.

FREQUENTLY ASKED QUESTIONS

ADMINISTRATIVE

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

A: A TRS benefit recipient's monthly retirement benefit allowance may be subject to garnishment pursuant to a federal or state tax lien or pursuant to a child support order. As well, a portion of a member's TRS benefit may be ordered to be made payable to a former spouse, pursuant to a Family Law Order (FLO). Refer to 'Family Law Order', on Page 29 and 'Exemption from the Legal Process', on Page 29. A member's TRS benefit is not otherwise generally subject to garnishment or legal process.

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

A: A court with jurisdiction of a divorce action **may** issue an order that grants an ex-spouse a right to some portion of a benefit recipient's monthly retirement benefit allowance. The court must issue a FLO, in compliance with the statutes and administrative rules pertaining to a FLO for TRS purposes. Refer to 'Family Law Order', on Page 29 and 'Exemption from the Legal Process', on Page 29. If you have additional questions, contact the TRS.

INFORMATION TECHNOLOGY

Q: How can a Benefit Recipient open the forms on the TRS website?



A: To open forms, the TRS website provides an Adobe Reader link to allow a member to download the software. Refer to 'Retiree/Benefit Recipient Forms', on Page 18.

BENEFIT RECIPIENTS

Q: When is a monthly retirement benefit payable?

A: Monthly benefits are payable on the last day of each month. However, benefits are mailed or deposited on the last business day of each month. Refer to 'Payment of Monthly Benefits', on Page 21.

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

A: Yes. The increase is made in the form of a 1.5% Guaranteed Annual Benefit Adjustment (GABA). Refer to 'Guaranteed Annual Benefit Adjustment', on Page 21.

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

A: The retired member's former employer will answer all questions concerning insurance coverage. Refer to 'Withholding Group Insurance Premiums', on Page 24.

Q: Is a retired member limited in the amount they can earn, without affecting receipt of their monthly retirement benefit?

A: Yes. Refer to 'Employment and Earnings After Retirement', on Page 25.

Q: Should a benefit recipient notify the TRS of changes in writing?

A: Yes. For audit purposes and to prevent identify theft the TRS must be notified, in writing, of all address changes, name changes, bank changes, and income tax withholding changes. All such requests must be signed by the benefit recipient. Refer to 'Changes After Retirement', on Page 28.

Q: Once I retire, can I work as an independent contractor?

A: You may work as an independent contractor; however, if you are an independent contractor working in a position reportable to the TRS, any earnings from that position will be counted against your earnings limitation. If you do not meet applicable criteria to be an independent contractor, and are working in a TRS reportable position in excess of the applicable earnings limitation, you will be required to be an active member of the TRS. Refer to 'Independent Contractor', on Page 28.

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

A: Yes, it is required that the TRS be notified immediately upon the death of a retiree. Refer to 'Death Benefit', on Page 28.

Q: Does the TRS pay a death benefit?

A: Yes. Refer to 'Death Benefit', on Page 28.

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

A: Yes. It is required that the TRS be notified immediately upon the death of a joint annuitant or beneficiary. Refer to 'Death Benefit', on Page 28.

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

A: Yes, the TRS must be notified immediately of the divorce. Refer to 'Divorce', on Page 29 and 'Family Law Order', on Page 29.

POSTRETIREMENT INFORMATION

USE OF SOCIAL SECURITY NUMBERS



The TRS requires that a benefit recipient provide their Social Security Number to ensure that any amounts disbursed under their account are properly reported to the Internal Revenue Service (IRS) and as a reference number for tracking all data with regard to the member's retirement account.

- IRC Sections 6041 (A), and 6109 authorize the TRS to solicit a benefit recipient's Social Security Number.
- The TRS will not disclose the benefit recipient's Social Security Number to any party, unless required by law.

PAYMENT OF MONTHLY BENEFITS

Under the statutes governing the 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.

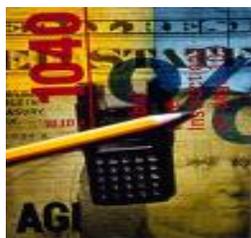
The TRS does offer the convenience of electronically depositing monthly benefits. Utilizing the electronic deposit option, monthly benefits are directly deposited on the last business day of each month.

GUARANTEED ANNUAL BENEFIT ADJUSTMENT



A benefit recipient who has been receiving a benefit for at least 36 months prior to January 1 of each year will receive a GABA of 1.5%, with payment of the January benefit.

TAXATION OF MONTHLY BENEFITS



The majority of retirement, disability, or survivor benefits will be subject to federal and/or Montana state income taxes. The 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.

NON-TAXABLE PORTION (COST BASIS)



The non-taxable portion of a monthly benefit payment is based on the following IRS tables and calculated by dividing the portion of the member's account on which taxes have been paid (cost basis or investment in contract) by the fixed number of anticipated payments.

Retirement benefit allowance **Normal Form** or **Term Certain**, 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, but not more than 60	310
More than 60, but not more than 65	260
More than 65, but not more than 70	210
More than 70	160

Retirement benefit allowance **A**, **B**, or **C**, representing a joint and survivor allowance, based on payments paid over more than one lifetime.

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

The tax-free portion remains constant even if the amount of a benefit recipient's monthly benefit increases due to GABA. After the taxed contributions are recovered, by way of monthly exclusions, the full amount of the benefit recipient's monthly benefit will become taxable.

FEDERAL AND MONTANA STATE INCOME TAX WITHHOLDING



The TRS offers the withholding of federal and Montana state income tax as a service to a benefit recipient.

Federal Income Tax

A benefit recipient may choose whether to have federal income tax withheld from their monthly TRS benefit by submitting Form W-4P. The following three withholding options are available:

1. Elect no withholding and pay their taxes directly to the IRS. In that case, the benefit recipient should contact the IRS about filing requirements and deadlines;
2. Specify their marital status and withholding allowance(s); or
3. Specify their marital status and withholding allowance(s) plus have an additional amount withheld.

In the event a benefit recipient fails to provide the TRS with Form W-4P, either electing no withholding or a different number of allowances, marital status, or an additional amount to be withheld, the TRS is required under the IRS rules to withhold from each monthly benefit payment as if the benefit recipient is married claiming three withholding allowances.

A benefit recipient may change their federal withholding option at any time by submitting a new Form W-4P to the TRS, which is available on the TRS website. For more information contact the IRS at 1-800-829-1040, or visit a local IRS office.

Montana State Income Tax

If the benefit recipient is a resident of Montana, their benefit is also subject to Montana state income tax laws. Montana state income tax may be withheld by submitting a 'Montana State Withholding Certificate'. A benefit recipient may change their Montana state income withholding option at any time by submitting a new 'Montana State Withholding Certificate' to the TRS, available on the TRS website. For more information, consult the State of Montana Department of Revenue at 406-444-6900 or 1-800-221-8015.

The TRS cannot withhold state income taxes on behalf of a benefit recipient for any state other than Montana.

NOTE: The method a benefit recipient elects to utilize in paying their federal or Montana state income tax liability is strictly a personal decision. While the Montana TRS tries to assist in any way possible, we are not qualified to make decisions. Remember, there may be penalties for not paying enough taxes during the year, either through withholding or estimated tax payments.

WITHHOLDING GROUP INSURANCE PREMIUMS



A benefit recipient who is a participant in a TRS employer-sponsored group insurance plan may elect to have the monthly premium withheld from their retirement benefit by contacting the payroll clerk at the place of the member's former employment. This provision does not include an individual insurance policy.

If a benefit recipient has the TRS withholding their monthly insurance premium and the premium amount needs to be adjusted, please contact the member's former employer. All premium amount changes must be submitted by the member's former employer prior to the 15th of the month in which the change should occur.

The 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 annual tax Form 1099-R will note the total amount of the insurance premium withheld for that year.

NOTE: All questions concerning group insurance coverage must be addressed to the member's former employer.

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, which is available on the TRS website.

EMPLOYMENT AND EARNINGS AFTER RETIREMENT



Under the statutes governing the TRS, a retired member (a TRS member who has terminated employment in all positions reportable to the TRS and has received at least one monthly benefit) may be employed in a position reportable to the TRS, including a position with the University System, without adjustment or suspension of retirement benefits, as long as the retired member earns no more, on a fiscal year basis, than:

1. One-third (1/3) of their Average Final Compensation (AFC), plus annual increases equal to the increase in the Consumer Price Index; or
2. One-third (1/3) of the median AFC for members retired during the preceding fiscal year as determined by the TRS Board.

The maximum compensation that a retired member may earn includes **all** amounts paid to or on behalf of the retired member and the value of all benefits provided to or on behalf of the retired member by the employer including any amounts deferred for payment to a later year, except:

1. The amount of health insurance premiums paid directly by the employer on the retired member's behalf for coverage provided concurrent with the term of employment;
2. The value of housing provided by the employer to the retired member;
3. The amount of employment-related travel expenses reimbursed to the retired member by the employer;
4. *De minimis* fringe benefits, as defined in 26 USC 132(e), paid by the employer to or on behalf of the retired member; and
5. Payroll taxes paid by the employer on behalf of the retired member.



The TRS retired payroll staff will determine the maximum amount a retired member may earn without affecting their monthly benefit. The retired member and their employer **must** contact the TRS to verify this information, at 406-444-3185 or 406-444-3135.

A "position reportable to the retirement system" 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 position would make the individual eligible to participate in the retirement system pursuant to 19-20-302, MCA. This includes employment through a professional employer arrangement, employee leasing arrangement, as a temporary service contractor, or as an independent contractor. A position is reportable to the retirement system regardless of the full-time equivalency of the position, or the job title ascribed to the position, and whether or not the employer compensates you for your services. In other words, if you agree to volunteer in a position reportable to TRS, your service in that position must still be reported to TRS.

Your earnings limitation in postretirement employment will be applied to the aggregate of all amounts paid to you or on your behalf in all positions reportable to the TRS, including multiple employers. If you retired after July 1, 2011, and you are employed in a TRS reportable position and you are also employed by the same employer in a position that is reportable to the Public Employees' Retirement System, the compensation earned by you in both positions will be counted against your TRS earnings limitation.

If your aggregate compensation exceeds your earnings limitation, your monthly retirement benefit will be suspended as of the earlier of your first date of employment under one or more agreements or at the time the compensation reported for you exceeds the earning limitation, as appropriate.

If your monthly benefit is suspended, you will be returned to active member status with respect to those positions in which you are eligible to participate in the TRS (TRS-reportable positions in which you are an employee of the employer rather than an employee of a third-party or an independent contractor). Your benefit will not resume until you again terminate employment in all positions reportable to TRS and apply for resumption of your monthly retirement benefit. Contributions will be required on earned compensation paid to you in all positions for which you are returned to active member status.

If you are employed in a position that is reportable to the TRS, it is **required** that you and your employer(s) 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, using the 'Retired Member's and Employer's Notice of Postretirement Employment' form available on the TRS website at www.trs.mt.gov. The employer is required to verify the terms of postretirement employment and 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. It is also **required** that any earnings and hours worked be reported monthly to the TRS, even though contributions may not be required to be withheld. Please advise your employer's payroll department that you are a retired member of the TRS.

The statutes governing the TRS also provide that if a retired member is reemployed as an active member for a minimum of three years of full-time service, the member is entitled to resume receiving the suspended monthly benefit in accordance with the retirement benefit allowance and beneficiary previously selected, plus an additional amount based upon the new creditable service and compensation earned. The additional amount will be paid under the same retirement benefit allowance with the same joint annuitant previously selected. If the retired member is reemployed as an active member for less than three years of full-time service, the member does not qualify for the additional amount and will receive a refund of the employee contributions plus interest.

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

Any overpaid retirement benefits you receive while employed in postretirement employment for time in which your benefit is/was required to be adjusted or suspended, must be repaid to the TRS. In addition, any unpaid employer and employee contributions owed on earned compensation paid to you for postretirement employment in a position reportable to the TRS for time in which you are/were required to be returned to active member status must be repaid to the TRS. 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.

DISABILITY

A retired member who is disabled may return to part-time TRS-related employment or any other gainful employment that is not TRS-related, including self-employment, or as an independent contractor, provided their combined disability benefit and annual employment earnings do not exceed the greater of their average final compensation or the median salary of those members retired during the preceding fiscal year. Should your annual employment earnings and disability benefits exceed the above, your disability benefit will be reduced so that your annual earnings and disability benefits do not exceed the greater of your average final compensation or the median salary of those members retired during the preceding fiscal year. These earnings are determined on a calendar year basis, January 1 through December 31.

You will be deemed to be no longer disabled 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 the employment is performed. Your retirement benefit will be terminated and any retirement benefits you have received since returning to employment must be repaid to the system, plus interest.

You should notify the TRS immediately if you are or plan to be re-employed in any capacity following retirement so appropriate benefit eligibility determinations can be made, and the benefit can be reduced or terminated if required.

For additional postretirement employment information regarding your rights, duties, obligations and benefits, please contact the TRS.

INDEPENDENT CONTRACTOR



In general, an independent contractor is ineligible for membership in the TRS. However, a retired member working as an independent contractor in a TRS-reportable position must be reported to the TRS. All amounts paid to or on behalf of a retired member/independent contractor with a retirement effective date of August 1, 2011, or later, in a TRS-reportable position will be counted against the retired member's earnings limitation, though the retired member will not be returned to active member status for employment in a TRS-reportable position.

The TRS Board will accept a certification from the Montana Department of Labor and Industry (DLI) as *prima facie* evidence of independent contractor status. If DLI certification has not been obtained, the retired member must be shown to meet the criteria of Administrative Rules of Montana (ARM) 2.44.308. The burden of proof of independent contractor status of a TRS retiree is on the employer. If the retired member's status as an independent contractor is in question, they will be treated as any other working retiree, including that they will be returned to active member status as appropriate.

CHANGES AFTER RETIREMENT



Future changes to a benefit recipient's home mailing address, federal and/or Montana state income tax withholding amounts, as well as electronic deposit changes, **must** be submitted to the TRS, **in writing and signed by the benefit recipient**, prior to the 15th of the month in which the benefit recipient wishes the change to be implemented. The home mailing address must be current with the TRS to allow the benefit recipient to receive important information and individual tax forms annually. Contact the TRS for the necessary forms, or visit the TRS website.

DEATH BENEFIT

The TRS must be notified immediately of the death of a retired member, or their joint annuitant or beneficiary, since it may be necessary to stop the monthly benefit or adjust the monthly benefit that is payable in accordance with the retirement benefit allowance the retired member elected at the time of retirement. Any amounts over-paid due to a death must be returned to the 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 the joint annuitant. Additionally, within 18 months immediately following the date of death of the 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 beneficiary or joint annuitant of a retired member is entitled to receive a one-time \$500.00 death benefit. This is in addition to any monthly retirement benefit allowance payable to the beneficiary or joint annuitant. If the TRS does not have a valid beneficiary form on file at the time of the retiree's death, this benefit will be paid to the retiree's estate.

MINOR CHILD BENEFIT

Upon the death of a retired member, any minor children will be entitled to receive a benefit of \$200.00 per month. A minor child benefit will be paid through the month in which the child attains age 18.

DIVORCE



The TRS must be notified immediately of the divorce. The retired member may within 18 months immediately following the date of divorce have the option to change their beneficiary and retirement benefit allowance, if the terms of the divorce decree and/or property settlement do not prohibit such changes.

FAMILY LAW ORDER

The TRS may be directed by a court to distribute a portion of a member's TRS benefits to an ex-spouse in recognition of the ex-spouse's marital property or spousal maintenance rights by issuance of a Family Law Order (FLO). 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. A FLO must be approved by the TRS. For additional information regarding FLOs, please visit the TRS website at www.trs.mt.gov.

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

EXEMPTION FROM LEGAL PROCESS

A benefit recipient's monthly retirement allowance, or any benefits accrued or accruing to any person under the provisions of the TRS and the accumulated contributions, cash, and securities in the various funds of the retirement system are **not** subject to execution, garnishment, attachment by trustee process or otherwise, in law or equity, or any other process. These funds are unassignable except by means of an IRS or state tax lien, under the limited provisions of a FLO, or pursuant to a child support order.

ADDITIONAL RESOURCE INFORMATION

MONTANA OFFICE OF PUBLIC INSTRUCTION

Teaching Certification

406-444-3150

Montana Teacher Placement website:

www.metnet.mt.gov

SOCIAL SECURITY INFORMATION



Most public school teachers in Montana have Social Security coverage. A benefit provided by the TRS is independent of, and in addition to, any Social Security benefit a member may be entitled to receive.

Upon request, the Social Security Administration will provide a concise, easy-to-read personal record of the earnings on which you have paid Social Security taxes during working years and a summary of the estimated benefits you and your family may receive as a result of those earnings. To receive a statement a member must request Form SSA-7004 from a local Social Security office or request the form by calling 1-800-772-1213. Benefit information is also available on-line at www.ssa.gov.

Because the Social Security figures are only estimates based on a 'best guess' of future earnings, verify the reported earnings and other important information such as your name and date of birth are correct. Periodic review of the earnings reported will insure the accuracy of Social Security records.

MEDICARE INFORMATION



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.

HUMANA | Medicare
Guidance when you need it most

Telephone number:

1-800-486-2620

8:00 a.m. to 8:00 p.m., Monday – Friday

Web Address:

www.humana-medicare.com

Corporate office address: Humana Inc.

500 West Main Street
Louisville, KY 40202