



HOW TO SURVIVE TEACHER RETIREMENT

PRESENTED BY:

TERESA CORNELL, HARLEM SCHOOLS

SHANNA FLORES, HAVRE SCHOOLS

JANE KNUDSEN, MALTA SCHOOLS

Retiree Checklist

Initial Meeting: information for teachers and forms the Clerk needs to sign...

- _____ 1. Form 129: Termination Pay - Irrevocable Election Form (on file)
- _____ 2. Ask for Resignation letter
- _____ 3. Form 144: Member & Employer Certification of Termination of Employment
- _____ 4. Form 117: Authorization for Deduction of Health Insurance form
- _____ 5. Form 113: Retirement Termination Pay (aka term pay calculator)
- _____ 6. Inform teacher of possible out-of-pocket contribution, depending on the option they choose on Form 113

Forms in Retirement File (date received):

- _____ 1. Copy of letter from TRS – in receipt of Form 129: Term Pay – Irrevocable Election Form
- _____ 2. Irrevocable Resignation Form from District (retirement incentive)
- _____ 3. Copy of Resignation Letter
- _____ 4. Copy of Signed Form 144: Member & Employer Certification of Termination of Employment
- _____ 5. Copy of Signed Form 117: Authorization for Deduction of Health Insurance form
- _____ 6. Copy of Payroll change form from TRS Insurance Deductions
- _____ 7. Copy of Signed Form 129: Termination Pay – Irrevocable Election Form
- _____ 8. Letter from TRS that the teacher may have to pay termination pay difference
- _____ 9. Copy of Termination Pay calculation spreadsheet sent to TRS (optional)
- _____ 10. Term Pay Calculator from TRS website
- _____ 11. Copy of Form 113: Retirement Termination Pay with Term Pay Calculator on back
- _____ 12. Copy of District checks made payable to teacher and any checks from the teacher
- _____ 13. Copy of letter/documents to teacher informing them of any out of pocket expense



Montana Teachers' Retirement System

1500 East Sixth Avenue
P.O. Box 200139
Helena, MT 59620-0139
406-444-3134 866-600-4045
trs.mt.gov

TRS Office Use Only

FORM 129: TERMINATION PAY – IRREVOCABLE ELECTION FORM

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

MEMBER INFORMATION

Full Name: First _____ Middle _____ Last _____ Suffix _____

Maiden or Other Name Previously Reported to TRS _____

_____ X X X - X X - _____
Social Security Number

_____ () _____
Telephone Number

Mailing Address - City, State, ZIP+4 (if unknown, use 5-digit ZIP code) _____

Certification and Member's Signature – must be signed in the presence of a notary public

By my signature, I certify that I have read, understand, and will comply with the information and requirements provided on the back of this form.

I elect to use termination pay in the calculation of my benefits under Termination Pay Option 1 Option 2, and I hereby direct my employer, at the time of my termination of employment and retirement, to report the total amount of my termination pay to the Montana Teachers' Retirement System (TRS). I further direct my employer, if the effective date of this Termination Pay Irrevocable Election Form is at least 90 calendar days prior to the date of my termination of employment, to pick up and remit employee contributions on the total termination pay amount to TRS on a tax-deferred basis to the extent the contributions can be withheld from my termination pay. I will remit employee contributions in excess of the amount picked up by my employer to TRS by personal check. I understand that I may not revoke this election regarding the use of termination pay in the calculation of my retirement benefits.

Member's Signature _____ Date _____

TO BE COMPLETED BY THE NOTARY PUBLIC:

This instrument was signed before me by _____ on the _____ day of _____, 20____.

Signature of Notary Public: _____

Typed/Printed Name of Notary: _____

Residing at: _____

My commission expires: _____

EMPLOYER INFORMATION / ACKNOWLEDGEMENT

Employer's Printed Name _____ TRS Employer Number _____

Mailing Address - City, State, ZIP+4 (if unknown, use 5-digit ZIP code) _____ () _____
Telephone Number

By signing this form, the employer acknowledges the TRS member's (employee's) election to use termination pay in the calculation of his/her retirement benefits, and the employer's obligations to provide information and to remit employer and employee contributions to TRS in conformity with the information and requirements provided on the back of this form, and as otherwise directed by TRS.

Employer Representative's Name and Title _____

Employer Representative's Signature _____ Date _____

FORM 129 – Termination Pay – Irrevocable Election Form

Certification and Member's Signature – must be signed in the presence of a notary public

By my signature, I certify that I have read, understand, and will comply with the information and requirements provided on the back of this form.

I elect to use termination pay in the calculation of my benefits under Termination Pay Option 1 Option 2, and I hereby direct my employer, at the time of my termination of employment and retirement, to report the total amount of my termination pay to the Montana Teachers' Retirement System (TRS). I further direct my employer, if the effective date of this Termination Pay Irrevocable Election Form is at least 90 calendar days prior to the date of my termination of employment, to pick up and remit employee contributions on the total termination pay amount to TRS on a tax-deferred basis to the extent the contributions can be withheld from my termination pay. I will remit employee contributions in excess of the amount picked up by my employer to TRS by personal check. I understand that I may not revoke this election regarding the use of termination pay in the calculation of my retirement benefits.

Member's Signature _____

Date _____

TO BE COMPLETED BY THE NOTARY PUBLIC:

This instrument was signed before me by _____ on the _____ day of _____, 20_____.

Signature of Notary Public: _____

Typed/Printed Name of Notary: _____

Residing at: _____

My commission expires: _____

THE EMPLOYEE MAKES CHOICE – NOT YOU!

- Termination pay **OPTION 1**—the total amount of the termination pay received by the member must be used in calculating the member's retirement benefit by **ADDING** the total termination pay to the compensation used to calculate the member's average final compensation (AFC). This option provides the largest monthly benefit increase and will have the highest cost for both the member and the employer. The required employer and employee contributions will be actuarially determined. In many cases, the member's required contributions on the termination pay will be greater than the termination pay amount.
- Termination pay **OPTION 2**—the total amount of the termination pay received by the member must be used in calculating the member's retirement benefit by **DIVIDING** the total amount of termination pay by the member's total number of years of creditable service to determine an annual amount of termination pay. The annual amount of termination pay is added to each year of compensation used to calculate the member's AFC. This option provides a smaller monthly benefit increase than option 1. Employer and employee contributions will be calculated based on the total statutory employer (including state supplemental) and member contribution rates then in effect.

TERMINATION PAY IRREVOCABLE ELECTION FORM

- TRS recommends that prior to signing an election form, the employee requests an estimate of benefits or utilizes the 'on-line benefit estimator' located on the TRS website.
- Termination pay is restricted to payments made at the time of termination and retirement.
- May elect to have employee contributions deducted from termination.
- Pay as a tax-deferred contribution.
- This election form must be signed by employee and employer at least 90 **calendar days** prior to the last pupil instruction day, pupil instruction related day, or termination date.
- Signing the election form is **NOT** a commitment to retire on a specific date.

TP-IEF (continued)

- Your employer is required to withhold and remit TRS contributions, tax deferred.
- The election is effective on the date the form is signed by you and your employer.
- The election is only valid with your current employer.
- If you have more than one employer reporting wages, you must sign an irrevocable election with each employer.



TERMINATION PAY DEFINITION

CHECK YOUR COLLECTIVE BARGAINING AGREEMENT

- VACATION PAY
- SICK LEAVE
- PERSONAL LEAVE
- SEVERANCE PAY
- EARLY TERMINATION INCENTIVE PLAN (REQUEST TRS REVIEW/DETERMINATION)
- OTHER PAYMENTS CONTINGENT ON TERMINATING EMPLOYMENT



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FORM 144: MEMBER AND EMPLOYER CERTIFICATION OF TERMINATION OF EMPLOYMENT

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

PLEASE TYPE OR PRINT LEGIBLY IN DARK INK

MEMBER INFORMATION

Full Name: First Middle Last Suffix

Birth Date (mm/dd/yyyy)

Mailing Address - City, State, ZIP+4 (if unknown, use 5-digit ZIP code)

XXX - XX -

Social Security Number

()

Telephone Number

EMPLOYER INFORMATION

Employer's Name

()

Telephone Number

Employer's Mailing Address - City, State, ZIP+4 (if unknown, use 5-digit ZIP code)

TRS Employer Number

Position Member Terminating

REQUIREMENTS FOR TERMINATION OF EMPLOYMENT

When applying for a retirement allowance, a TRS member and each of his/her employers is required to complete this certification form to certify the member's termination of employment for each position reportable to TRS in which the member has been employed in the twelve months preceding the last certified date of termination. The certification obligation of the member and employer is ongoing and the information provided on this form must be immediately updated at any time the information provided is discovered to have been in error or is no longer accurate due to changed circumstances. A separate certification must also be completed for employment in a position on behalf of one employer but for which another employer reported the member to TRS (for example, if an agent school district has reported an employee's service on behalf of an education cooperative, CSPD, etc.).

TRS law requires that, in order to be eligible for retirement benefits, a member must terminate employment in all positions reportable to TRS and must attain retired member status before again performing work or providing service in any position reportable to TRS, in any capacity, including as a working retiree under the provisions of 19-20-731, MCA. TRS members who terminate employment on or after January 1, 2014, must have a break in service (not work in a TRS-reportable position) of 150 days. Failure to fulfill any of these requirements will result in the member being returned to status as an active member of TRS retroactive to the member's previously identified date of termination or effective date of retirement; the member and/or employer will be required to repay to TRS any retirement benefits received by the member and all employer and employee contributions owed on compensation paid to the member while the member was ineligible to receive retirement benefits, with interest.

What Positions Are Reportable to TRS?

Prior to retirement, a person is employed in "a position reportable to TRS," and must be an active member of TRS if:

- the person is an employee of the state of Montana; a public school district; the office of public instruction; the board of public education; an education cooperative; the Montana school for the deaf and blind; the Montana youth challenge program; a state youth correctional facility; the Montana University System; a community college; or any other agency, political subdivision, or instrumentality of the state; and
- the duties performed in the position entitle the person to active membership in TRS under 19-20-302, MCA.

FORM 144 — Member and Employer Certification of Termination of Employment

FORM 144 CERTIFICATION OF TERMINATION OF EMPLOYMENT (aka prearranged employment agreement)

EMPLOYER CERTIFICATION

By my signature below, I certify that:

1. I am an employee, director, officer, trustee or other representative of the employer duly authorized to sign contracts on behalf of the employer.
2. I am required to provide the employee's date of termination. The employee's date of termination with the employer was/will be (mm/dd/yyyy) _____, after which date the employee has not/will not perform(ed) any work or provide(d) any service, in any capacity, on behalf of the employer prior to attaining retired member status, and then fulfilling the 150-day break in service requirement except as a substitute teacher as expressly set forth herein.
3. There is not a pre-arranged agreement for post-retirement employment between the employer and employee;
OR
 There is a pre-arranged agreement for post-retirement employment between the employer and employee, and a description of the pre-arranged agreement and any written documentation of the pre-arranged agreement is submitted with this certification form.
4. I or another representative of the employer will immediately notify TRS if additional information becomes known or circumstances change, at any time in the future, such that the information provided on this form is no longer correct.

Certifying Officer's Name

Certifying Officer's Title

Certifying Officer's Signature

Date



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FORM 117: AUTHORIZATION FOR DEDUCTION OF HEALTH INSURANCE

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

PLEASE TYPE OR PRINT LEGIBLY IN DARK INK

SECTION 1: BENEFIT RECIPIENT INFORMATION

Full Name: First Middle Last Suffix

XXX-XX-____
Social Security Number

Mailing Address - City, State, ZIP+4 (if unknown, use 5-digit ZIP code)

()
Telephone Number

Birth Date (mm/dd/yyyy)

AUTHORIZATION: I hereby authorize deduction of the monthly premium for the insurance coverage I have selected through the employing agency from my monthly Montana Teachers' Retirement System (TRS) retirement allowance. Such deduction is to remain in effect until the employing agency cancels or changes my insurance coverage amount. I also authorize future increases or decreases in the cost of the plan I selected to be automatically deducted without further authorization from me.

Benefit Recipient's Signature

Date

SECTION 2: EMPLOYER INFORMATION

NOTICE TO EMPLOYER: The benefit recipient and you are required to complete and submit this original form to TRS. A staff member will then update the TRS payroll system allowing you, the employer, to commence withholding an insurance premium on behalf of the benefit recipient.

As the employer, you are responsible for processing all premium amount changes using the TRS Employer Insurance Deduction System. You must provide a written notification of all changes to the benefit recipient prior to the effective date.

Upon notification of the benefit recipient's death, you must directly reimburse TRS the gross monthly premium amount withheld.

Insurance Coordinator's Name

()
Telephone Number

Insurance Carrier's Name

\$
Monthly Premium Amount

TRS Employer Number

TRS monthly retirement allowances are paid on the last business day of each month. The first deduction from the monthly retirement allowance is to begin in the month of _____, to cover the insurance premium for the month of _____.

Certifying Officer's Name

Title

Certifying Officer's Signature

Date

FORM 117 — Authorization for Deduction of Health Insurance



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FORM 108: APPLICATION FOR RETIREMENT ALLOWANCE

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

PLEASE TYPE OR PRINT LEGIBLY IN DARK INK. COMPLETE ALL SECTIONS, MARK N/A IF "NOT APPLICABLE" AND RETURN ALL PAGES TO TRS.

SECTION I – MEMBER INFORMATION

Full Name: First Middle Last Suffix

Maiden or Other Name Previously Reported to TRS Social Security Number

Mailing Address - City, State, ZIP+4 (if unknown, use 5-digit ZIP code) Telephone Number

Eligibility to Retire

You are eligible to receive retirement benefits from the Teachers' Retirement System (TRS) effective the 1st of the month following the date you meet all of the following requirements:

- You are a vested member of TRS,
- You have fulfilled the age and/or years of service requirements applicable to your membership tier, and
- You have terminated employment in all positions reportable to TRS.

Although you may meet all of the above eligibility requirements, in order to officially obtain retired member status, the following must occur:

1. you must submit this Application for Retirement Allowance and all of the required supporting documentation (see page 5) to TRS;
2. TRS must process your Application for Retirement Allowance and begin paying you a monthly retirement benefit; and
3. your first monthly benefit check must be cashed, either via direct deposit into your bank account or by you at your bank if you choose to receive your monthly benefit checks via the U.S. mail.
 - Note, monthly retirement benefit payments are mailed or direct-deposited by TRS on the last business day of each month.

Benefit Election Irrevocable

IMPORTANT!

- Until you attain official retired member status, you may withdraw your application for a retirement allowance or change your benefit allowance election.
- Once you attain official retired member status, your benefit election is **IRREVOCABLE**, except in very limited circumstances.

Effective Date of Retirement

The first day of the first month for which you receive retirement benefits is referred to as your "effective date of retirement." Typically, TRS members retire effective the first day of the month following their last certified date of termination of employment, but you may choose to defer your effective date of retirement to a later month. For example, if you are only eligible for an early retirement benefit (reduced for early retirement) on the first of the month following your last certified date of termination of employment, you might choose to defer your retirement until you attain age 60 in order to receive a full service retirement benefit (unreduced for early retirement).

You will receive retirement benefits retroactive to your effective date of retirement if your application for retirement benefits is not received and/or processed prior to that date.

This form is included in retiree packet and is returned to TRS by the retiree.

FORM 108 – Application for Retirement Allowance

FORM 108 APPLICATION FOR RETIREMENT ALLOWANCE

SECTION IV – TERMINATION PAY OPTIONS

If you are eligible to receive termination pay from your employer (a lump-sum payment as a result of terminating your employment for retirement), and you and your employer signed **Form 129 Termination Pay – Irrevocable Election (TPEIF)** in order to be eligible to deduct employee contributions from termination pay on a tax-deferred basis, indicate the estimated termination pay in the box below. This information will be used in the initial calculation of your monthly benefit.

I have submitted the **Form 129 Termination Pay – Irrevocable Election** at least 90 calendar days prior to my last pupil instruction day, pupil-instruction-related day, or termination date, allowing my contribution due on termination pay to be remitted by my employer to TRS as tax-deferred.

Estimated Retirement Termination Pay: \$ _____



If you are eligible to receive termination pay from your employer, and you have not executed an irrevocable election using **Form 129 Termination Pay – Irrevocable Election**, provide your estimated termination pay amount in the box below and select Option 1, 2, or 3. For an explanation of each option, refer to the Member's Retirement Plan Handbook.

I have not submitted the **Form 129 Termination Pay – Irrevocable Election**. My contribution due on termination pay will be taxed. I acknowledge I will remit to TRS the employee contribution due on termination pay.

Estimated Retirement Termination Pay: \$ _____ Check one: Option 1 Option 2 Option 3



You will be asked for estimated termination pay.

ESTIMATED Termination Pay FY18
March 13, 2018

NAME	CONTRACT	DAILY RATE	HOURLY RATE	SICK LEAVE CAP	SICK LEAVE BALANCE	SICK LEAVE EXPENSE @ 25%	PERSONAL BALANCE	PERSONAL EXPENSE	TOTAL DUE
	\$ 55,890.00	\$ 298.88	\$ 42.70	595	593	\$ 6,329.79	28	\$ 308.00	\$ 6,637.79
	\$ 54,460.00	\$ 291.23	\$ 41.60	595	603.75	\$ 6,188.64	21	\$ 231.00	\$ 6,419.64
	\$ 55,890.00	\$ 298.88	\$ 42.70	595	637	\$ 6,351.14	7	\$ 77.00	\$ 6,428.14
	\$ 54,460.00	\$ 291.23	\$ 41.60	595	602.50	\$ 6,188.64	0	\$ -	\$ 6,188.64
	\$ 55,890.00	\$ 298.88	\$ 42.70	595	667	\$ 6,351.14	0	\$ -	\$ 6,351.14
	\$ 71,600.00	\$ 340.95	\$ 42.62	960	1032	\$ 10,228.57	0	\$ -	\$ 10,228.57
	\$ 54,460.00	\$ 291.23	\$ 41.60	595	436.50	\$ 4,540.07	28	\$ 308.00	\$ 4,848.07
	\$ 54,460.00	\$ 291.23	\$ 41.60	595	642	\$ 6,188.64	28	\$ 308.00	\$ 6,496.64
		\$ -	\$ -			\$ -		\$ -	\$ -
TOTAL									\$ 53,598.61

Personal Leave per CBA: Paid at substitute hourly rate of \$11.00

Sick Leave Policy per CBA: Each teacher in the Malta system shall receive twelve (12) days sick leave per year, available for use from starting date of first contract, and this leave shall be accumulated up to eighty-five (85) days.

It is understood that any teacher entitled to sick leave may be required to present a doctor's certificate justifying the absence. Sick leave allowed for spouse, children, teacher's parents, in-laws, siblings or other dependents (living within the household) may be covered by sick leave provisions provided permission to be absent is granted prior to the absence. A record of the accumulation and use of sick leave will be available in the clerk's office.

Severance pay of 25% accumulation will be paid after six (6) years of teaching in the system. Each severance pay day will be computed on current proportionate teacher's "daily rate" salary. (Daily rate = salary divided by 187 days).

85 days X 7 hours = 595 hours

595 x 25% = 148.75 maximum hours that can be paid out to a teacher

NAME	TOTAL DUE	FICA	Medicare	Net Tax Deferred
0	\$ 6,637.79	\$ 411.54	\$ 96.25	\$ 6,130.00
0	\$ 6,419.64	\$ 398.02	\$ 93.08	\$ 5,928.53
0	\$ 6,428.14	\$ 398.54	\$ 93.21	\$ 5,936.38
0	\$ 6,188.64	\$ 383.70	\$ 89.74	\$ 5,715.21
0	\$ 6,351.14	\$ 393.77	\$ 92.09	\$ 5,865.27
0	\$ 10,228.57	\$ 634.17	\$ 148.31	\$ 9,446.09
0	\$ 4,848.07	\$ 300.58	\$ 70.30	\$ 4,477.19
0	\$ 6,496.64	\$ 402.79	\$ 94.20	\$ 5,999.64
0	\$ -	\$ -	\$ -	\$ -
	\$ 53,598.61			

Example of Estimated Term Pay to send to TRS when requested or when you know that you have teachers who are planning to retire.



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FORM 113: RETIREMENT TERMINATION PAY

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

Member Information

Full Name: First _____ Middle _____ Last _____ Suffix _____ Birth Date (mm/dd/yyyy) _____
 Mailing Address - City, State, ZIP+4 (if unknown, use 5-digit ZIP code) _____
 (_____) _____ Social Security Number (last 4) _____
 Telephone Number _____

INSTRUCTIONS TO MEMBER: Indicate Option 1, 2, or 3 to advise the Montana Teachers' Retirement System (TRS) how you would like your termination pay to be used in the calculation of your monthly retirement benefit. Options are described in the TRS Active Member Retirement Plan Handbook.

I hereby elect termination pay option: Option 1 Option 2 Option 3

- I have submitted **Form 129 Termination Pay – Irrevocable Election** at least 90 calendar days prior to my termination of employment, to allow the employee contribution due on termination pay to be remitted as tax-deferred.
- I have **not** submitted **Form 129 Termination Pay – Irrevocable Election**. I understand I must remit a personal payment representing the employee contribution due to TRS.

Member's Signature _____

Date _____

Employer Certification

INSTRUCTIONS: Please retain this Retirement Termination Pay form in your office until the employee has terminated, all wages have been paid, and the termination pay amount has been determined. Then complete the following steps:

At least ONE WEEK* before submitting your monthly contribution report in which the termination pay will be reported:

- (1) Complete all fields below with the employee's termination date, termination pay amounts, and other requested information.
- (2) Access the **TRS Term Pay Calculator** screen in the online TRS Employer Wage & Contribution Reporting System.
- (3) Input all required values on the Term Pay Calculator screen to calculate the actual employee and employer contribution due to TRS.
- (4) Print the Term Pay Calculator screen and tape the printout to Page 2 of this form to verify the contribution amounts due.
- (5) Mail this signed, original **Retirement Termination Pay** form and the attached calculation to TRS. (Retain a copy for your records.)

* TRS requires one week's advance notice to set up the termination pay buyback. This prevents you from receiving an error when submitting your report. Remit the contributions due on termination pay by the 15th of the month following the member's termination; otherwise, interest may be assessed.

Termination Date (mm/dd/yyyy): _____ Employee's Termination Pay Amount: _____
 / / Vacation \$ _____ Sick \$ _____ Incentive \$ _____ Total \$ _____

Will the employee contribution due on termination pay be remitted as tax-deferred? Yes No

Please verify the following amounts (do not include Termination Pay in these amounts):

Base Contract Amount \$ _____ Other Compensation \$ _____

Explanation: _____

I certify that the above named member has terminated their employment and that all information reported is complete and correct. If the member has signed TRS Form 129 Termination Pay – Irrevocable Election Form, unless otherwise required by law, the total termination pay amount payable to the member is reported; and that employee contributions will be withheld pursuant to IRC §414(h)(2) and Montana Code Annotated, §19-20-716. I also certify that the termination pay amount reported does not include deferred compensation as defined under IRC, 457(f).

Employer's Printed Name _____ Telephone Number _____

Certifying Representative's Printed Name and Title _____ TRS Six-Digit Employer Number _____

Certifying Representative's Signature _____ Date _____

FORM 113 — Retirement Termination Pay

TERMINATION PAY OPTIONS ON FORM 113 AGAIN: RETIREE CHOOSES – NOT YOU!

- If at the time of termination and retirement the employee will receive termination pay, they should have elected one of the following three options:
- **OPTION 1** - use the total termination pay in the calculation of the employee's Average Final Compensation (AFC). The employee and employer shall pay the actuarially required contributions to TRS as are determined by the TRS board to fund the monthly retirement benefit increase.
- **OPTION 2** - divide the termination pay by the total number of years of creditable service to determine a yearly amount.
- **OPTION 3** - exclude the termination pay from the calculation of the AFC.

COMPLETE THIS SECTION WITH ACTUAL (NOT ESTIMATED) FINAL TERMINATION PAY

SEND
ORIGINAL
FORM 113
(with Term
Pay
Calculator on
the back) TO
TRS ONE
WEEK PRIOR
TO
SUBMITTING
YOUR
MONTHLY
REPORT

Employer Certification

INSTRUCTIONS: Please retain this Retirement Termination Pay form in your office until the employee has terminated, all wages have been paid, and the termination pay amount has been determined. Then complete the following steps:

At least ONE WEEK* before submitting your monthly contribution report in which the termination pay will be reported:

- (1) **Complete** all fields below with the employee's termination date, termination pay amounts, and other requested information.
- (2) **Access** the **TRS Term Pay Calculator** screen in the online TRS Employer Wage & Contribution Reporting System.
- (3) **Input** all required values on the Term Pay Calculator screen to calculate the actual employee and employer contribution due to TRS.
- (4) **Print** the Term Pay Calculator screen and **tape** the printout to Page 2 of this form to verify the contribution amounts due.
- (5) **Mail** this signed, original **Retirement Termination Pay** form and the attached calculation to TRS. (Retain a copy for your records.)

** TRS requires one week's advance notice to set up the termination pay buyback. This prevents you from receiving an error when submitting your report. Remit the contributions due on termination pay by the 15th of the month following the member's termination; otherwise, interest may be assessed.*

Termination Date (mm/dd/yyyy): Employee's Termination Pay Amount:

____/____/____ Vacation \$ _____ Sick \$ _____ Incentive \$ _____ Total \$ _____ 0.00

Will the employee contribution due on termination pay be remitted as tax-deferred? Yes No

Please verify the following amounts (do not include Termination Pay in these amounts):

Base Contract Amount \$ _____ **Other Compensation \$** _____

Explanation: _____

I certify that the above named member has terminated their employment and that all information reported is complete and correct. If the member has signed TRS Form 129 Termination Pay – Irrevocable Election Form, unless otherwise required by law, the total termination pay amount payable to the member is reported; and that employee contributions will be withheld pursuant to IRC §414(h)(2) and Montana Code Annotated, §19-20-716. I also certify that the

TERMINATION PAY – IRREVOCABLE ELECTION CALCULATION FORMULA

Termination pay amount
Less FICA/Medicare (7.65%)
Net amount (tax deferred)
Less Calculated TRS contribution

Either

- A balance remaining will be paid to the employee, less the appropriate tax withholding
- Or
- A balance owing results in an 'out of pocket' expense, payable to the TRS by employee personal check and mailed in along with FORM 113

TERMINATION PAY - IRREVOCABLE ELECTION CALCULATION AGE 60 - EXAMPLE

	<u>25 YEARS</u>	<u>30 YEARS</u>	<u>35 YEARS</u>
TERM PAY AMOUNT	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00
FICA/MEDICARE 7.65%	(\$ 382.50)	(\$ 382.50)	(\$ 382.50)
NET AMOUNT	\$ 4,617.50	\$ 4,617.50	\$ 4,617.50
CONTRIBUTIONS DUE TRS	(\$ 4,200.00)	(\$ 5,040.00)	(\$ 5,880.00)
DIFFERENCE	\$ 417.50**	(\$ 422.50)***	(\$ 1,262.50)***
MONTHLY BENEFIT INCREASE	\$ 57.87	\$ 69.44	\$ 81.02
RECOVERY TIME		6 MONTHS	16 MONTHS

** PAYABLE TO EMPLOYEE, LESS FEDERAL AND MONTANA STATE TAXES.

***OUT OF POCKET EXPENSE PAYABLE TO THE TRS BY PERSONAL CHECK.

TERMINATION PAY – IRREVOCABLE ELECTION FORM 129 NOT SIGNED

Employee is not precluded from the use of termination pay in the calculation of their average final compensation.

The employee contributions will be taxed (Fed and State).

Employer (you) must remit the net amount of the termination pay directly to employee.

Employer (you) will remit the employee contributions due to the TRS with employee's personal check.

TRS Website – Employers Wage & Contribution System



The screenshot shows the Montana Teachers' Retirement System (TRS) website for employers. The browser address bar displays <https://trs.mt.gov/trs-info/employers>. The page header includes the Montana state logo and the text "MONTANA.GOV OFFICIAL STATE WEBSITE". A search bar labeled "TRS SEARCH" is located in the top right corner. The main navigation bar features a red apple icon and the title "Montana Teachers' Retirement System". Below this, a sub-header reads "TRS Employers".

On the left side, there is a vertical menu with the following items: Home, Active Members, Benefit Recipients, **Employers** (highlighted with a red arrow), Site Index, About TRS, TRS Board, Contact TRS, Staff and Technical, and My TRS Login.

The main content area is titled "2018 GASB 68 Employer Reports" and "TRS Fact Sheets - Find Answers to Your Questions!". Below this is a "Welcome TRS Employers" section with a paragraph of text. A red arrow points from this section down to the "Employer Reporting Systems" section.

The "Employer Reporting Systems" section contains the text: "Use these links (not the 'My TRS Login' link) to access your reporting system:". Below this text are two buttons: "Insurance Deduction System" and "Wage & Contribution System".

At the bottom of the main content area is the "Employer Resources" section, which includes a link to "Create a TRS Online Services User Account".

On the right side, there is a "Popular Links" section with the following links: My TRS Login, Communication Archive, Active Member Handbook, Benefit Recipient Handbook, Horizons Newsletter, Fact Sheets, Rate & Salary Charts, Annual Reports, Forms, Preparing for Retirement, TRS Advisor Quick Videos, and Workshops. At the bottom right, there is a "Get Adobe Acrobat Reader" button.

Montana Teachers Retirement System

TRS Employer Wage & Contribution Reporting System

Term Pay Calculator or

030121 HARLEM PUBLIC SCHOOLS

Find Member by SSN or Lookup by Name Find

- Online Manual
- Home
- Employer Reports
- Member History
- Member Search/Edit
- Upload Report
- Term Pay Calculator**
- Employer Balance
- Employer Contact
- Reporting

TRS Website
– Term Pay
Calculator





TRS Employer Wage & Contribution Reporting System

Term Pay Calculator

1 PUBLIC SCHOOLS

- EXAMPLE 1: TRS does not have a TPIEF on file

Member: RYN SSN Find Lookup

Current Employer	1 PUBLIC SCHOOLS	
Date of Birth	/1950	
Termination Date	06/15/2018	
Retirement Date	07/01/2018	First day of month after Termination Date
Years of Service	35.00	Service Verified by TRS on 10/06/2017
Buyback Service Available	.00	
Total Service	35.00	
Termination Pay Amount	16,400.00	Termination Pay Option Both
FICA Withholding Amount	1,016.80	
Medicare Withholding Amount	237.80	

To use Term Pay Calculator:

- Enter the **Termination Date**
 - If needed, update **Retirement Date**
 - Years of Service will fill in later
- Enter **Termination Pay** amount
- You may select “Both” to see contributions due under Options 1 and 2
- Click the calculator icons to fill in FICA and Medicare w/h
- **Click the Calculate button**

Please use the term pay calculator to determine the amount of FICA and Medicare to be withheld from

FICA withholding: 6.2%
Medicaid withholding: 1.45%
Total withholding: 7.65%

After entering the termination pay amount, you can click on the calculators to calculate the withheld termination pay, you can override the amount shown when you report; however, you may not withhold

Please be sure to report the actual amount to be withheld, not an estimate.

Calculate

Term Pay Calculator

11 COUNTY PUBLIC SC

Member: 3 M SSN Find Lookup

Employer	1 COUNTY PUBLIC SC
Date of Birth	/1959 Member's Age 60
Termination Date	06/14/2019
Retirement Date	07/01/2019 First day of month after Termination Date
Years of Service	30.01 Service is not verified. Please contact TRS for confirmation of actual service credit.
Buyback Service Available	.00
Total Service	30.01
Termination Pay Amount	16,000.00
FICA Withholding Amount	992.00
Medicare Withholding Amount	232.00

- Screen shows contributions due for both options, but no tax-deferred net amount

Termination Pay Option	Employee Contribution Rate	Con	Cor	
* Option 1	3.38%	\$16,133.38	3.51%	\$16,853.62
Option 2	8.15%	\$1,304.00	11.25%	\$1,800.00

*Employee Contribution Due Must Be Remitted By Member – Via Personal Payment.

This is an estimate and not to be construed as a firm commitment of the employee and employer contributions to be paid on termination pay.
Many factors may affect the final calculation, including future changes in law and/or administrative rules.

Termination Pay Out-of-Pocket Calculation for Option 1	
Termination Pay Amount	16,000.00
Less FICA Withholding Amount	992.00
Less Medicare Withholding Amount	232.00
Net Amount (Tax Deferred)	.00
Contribution Due TRS	16,133.38
Out-of-Pocket Expense	16,133.38

An 'Out of Pocket Expense' represents the additional employee contribution due to fund an increase in the Member's monthly retirement benefit.

Recalculate

- Click "Recalculate" to start over or modify your entries

- EXAMPLE 2: This employee has made an irrevocable election (Option 1)

TRS Employer Wage & Co

Term Pay Calculator




1 PUBLIC SCHOOLS

Member: 1146 A

SSN

Find

Lookup

Current Employer	1 PUBLIC SCHOOLS	
Date of Birth	/1962	
Termination Date		
Retirement Date	First day of month after Termination Date	
Years of Service	.00	Service Verified by TRS on 11/27/2017
Buyback Service Available	.00	
Total Service	.00	
Termination Pay Amount	.00	Termination Pay Option 
FICA Withholding Amount	.00	
Medicare Withholding Amount	.00	

- Notice the termination pay option cannot be changed.

Term Pay Calculator

11 PUBLIC SCHOOLS (Test)

Member: 146 A SSN Find Lookup

Employer	11 PUBLIC SCHOOLS (Test)
Date of Birth	08/21/1962 Member's Age 57
Termination Date	06/14/2019
Retirement Date	07/01/2019 First day of month after Termination Date
Years of Service	35.00 Service Verified by TRS on 11/27/2017
Buyback Service Available	.00
Total Service	35.00
Termination Pay Amount	16,000.00 Termination Pay Option 1
FICA Withholding Amount	992.00
Medicare Withholding Amount	232.00

- Bottom section shows contributions due, out-of-pocket expense, and the tax-deferred net amount

Termination Pay Option	Employee Contribution Rate	Employee Contribution Due
Option 1	3.52%	\$19,712.00

This is an estimate and not to be construed as a firm commitment of the employee and employer contributions to be paid on termination pay. Many factors may affect the final calculation, including future changes in law and/or administrative rules.

Termination Pay Out-of-Pocket Calculation for Option 1	
Termination Pay Amount	16,000.00
Less FICA Withholding Amount	992.00
Less Medicare Withholding Amount	232.00
Net Amount (Tax Deferred)	14,776.00
Contribution Due TRS	19,712.00
Out-of-Pocket Expense	4,936.00

An 'Out of Pocket Expense' represents the additional employee contribution due to fund an increase in the Member's monthly retirement benefit.

Recalculate

EXAMPLE LETTER OF OUT-OF- POCKET EXPENSE TO RETIREE

RE: Retirement Termination Pay

Dear ,

Enclosed please find a copy of the retirement termination pay form that I have submitted to the Teachers Retirement System. On the back of the form is a copy of the retirement termination pay calculator.

You will have an out of pocket expense to pay to the TRS. This out of pocket expense represents the additional employee contribution to fund an increase to your monthly retirement benefit.

Please make your check payable to the TRS in the amount of \$1,795.98 and return to me by June 18, 2018. I am required to submit your check with the school district check.

This amount is an estimate and is subject to change once TRS reviews the term pay calculator. If the amount does change, I will contact you for any additional funds you may owe.

Please call me if you have any questions.

Sincerely,

Business Manager
District Clerk

EXAMPLE
LETTER
WITH NO
OUT-OF-
POCKET
EXPENSE TO
RETIREE

RE: Retirement Termination Pay

Dear ,

Enclosed please find a copy of the retirement termination pay form that I have submitted to the Teachers Retirement System. On the back of the form is a copy of the retirement termination pay calculator.

You will **NOT** have an out of pocket expense to pay to the TRS.

This form is for your information.

Please call me if you have any questions.

Sincerely,

Business Manager
District Clerk



ANY QUESTIONS???

THANK YOU FOR COMING!!!

