



How to Survive Teacher Retirement

Presented by:

Jane Knudsen, Malta Schools

Retiree Checklist

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

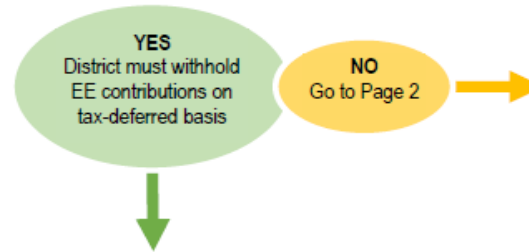
- _____ 1. Form 129: Termination Pay - Irrevocable Election Form (on file)
- _____ 2. Ask for Resignation letter
- _____ 3. Form 144: Member & Employer Certification of Termination of Employment
- _____ 4. Form 117: Authorization for Deduction of Health Insurance form
- _____ 5. Form 113: Retirement 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):

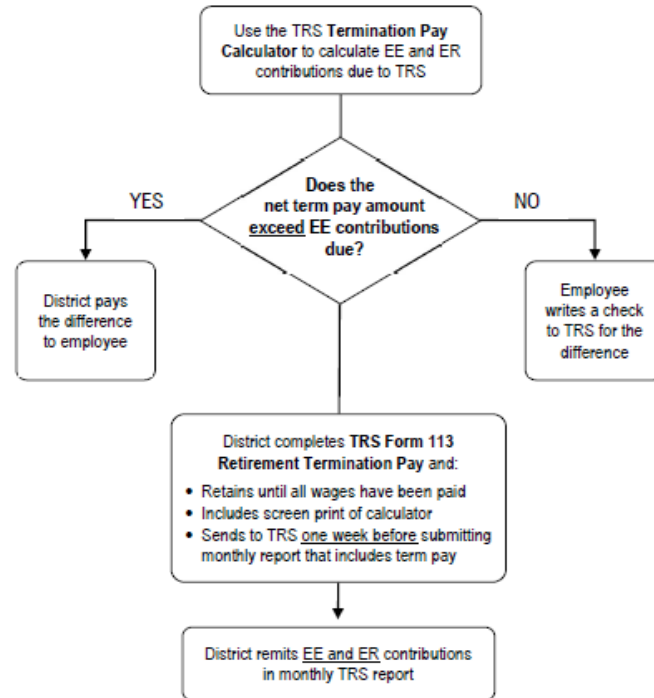
- _____ 1. Copy of letter from TRS – in receipt of Form 129: Term Pay – Irrevocable Election Form
- _____ 2. Irrevocable Resignation Form from District (retirement incentive)
- _____ 3. Copy of Resignation Letter
- _____ 4. Copy of Signed Form 144: Member & Employer Certification of Termination of Employment
- _____ 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. Term Pay Calculator from TRS website
- _____ 10. Copy of Form 113: Retirement Termination Pay with Term Pay Calculator on back
- _____ 11. Copy of District checks made payable to teacher and any checks from the teacher
- _____ 12. Copy of letter/documents to teacher informing them of any out of pocket expense

TRS RETIREMENT – Termination Pay procedures

Did the employee sign TRS Form 129 *Termination Pay Irrevocable Election* (TPIEF) at least 90 calendar days prior to their last day of work?



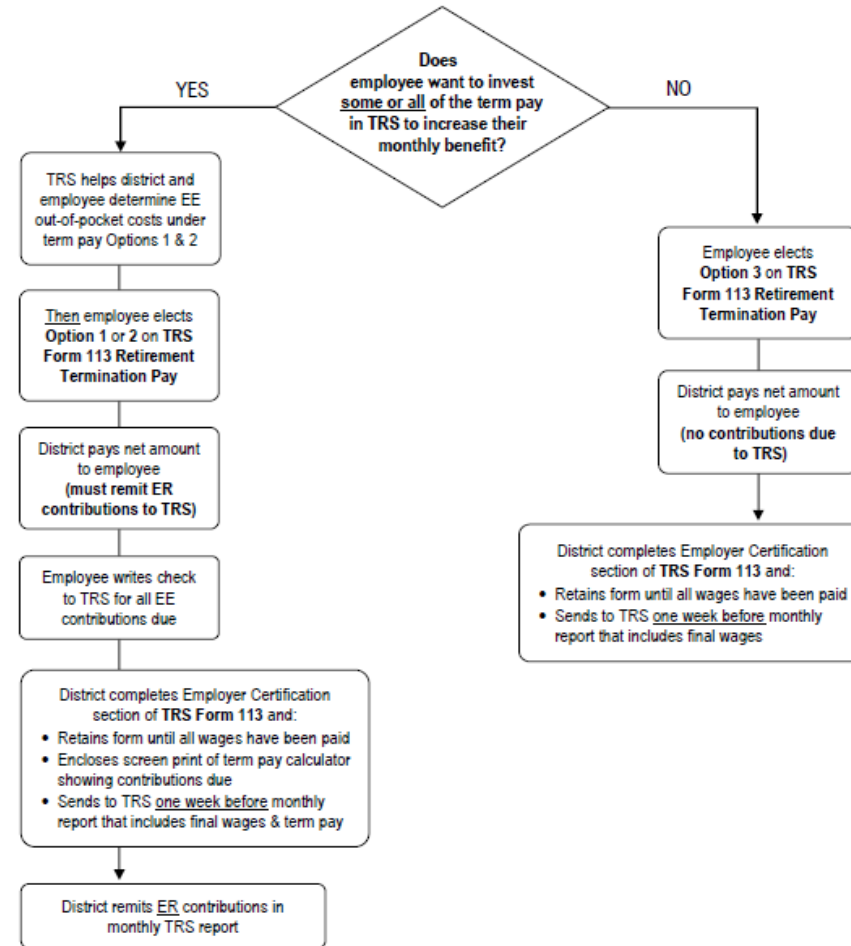
When the final termination pay amount is known:



Use this flowchart to help you navigate the Termination Pay procedures!

Follow this procedure when TRS Form 129 was not completed in time for tax deferral of EE contributions

When the final termination pay amount is known:





Montana Teachers' Retirement System

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

In compliance with the Americans with Disabilities Act of 1990, alternative accessible formats of this document will be provided upon request.

Before completing this form, read the requirements on Page 2 and in the enclosed *Termination Pay Fact Sheet*. It is your responsibility to complete and submit this form to TRS in conformity with your wishes regarding the use of termination pay. This form is void unless fully completed and signed by both you and your employer at least 90 calendar days prior to your termination of employment. *Note:* If you will use termination pay from multiple TRS employers, you must complete a separate form for each employer.

SECTION I: MEMBER INFORMATION

Full Name: First _____ Middle _____ Last _____ Suffix (Jr., Sr., etc.) _____ SSN (last 4 digits) XXX - XX -

Month: _____ Year: _____
Maiden or Other Name Previously Reported to TRS _____ Anticipated Retirement Date (This is not a commitment to retire on this date)

Mailing Address – Street or P.O. Box _____ City _____ State _____ ZIP Code (use ZIP+4 if known) _____ Telephone Number _____

Member must complete items A, B, and C ▶

SECTION II: MEMBER'S ELECTION and CERTIFICATION

- A. I certify that I have read and understand the *Termination Pay Fact Sheet*, and
- B. I elect to use termination pay in the calculation of my benefit according to the option I marked in 'C':
- C. Choose one option: Termination Pay Option 1 OR Termination Pay Option 2

SIGNATURE. By my signature on this form, I 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) and to pick up and remit member 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 understand this election, once submitted to TRS, may not be revoked.

I also understand that if I have elected Termination Pay Option 1 and my required member contributions exceed the amount available for employer pick-up, I must remit the remaining member contributions by personal check made payable to TRS.

MEMBER'S SIGNATURE – must be signed in the presence of a notary public

Signature _____ Date _____

TO BE COMPLETED BY THE NOTARY PUBLIC:

State of _____

County of _____

This instrument was signed or acknowledged before me on (date): _____

by: _____
Notary: Print name of individual whose signature is being notarized

Notary Signature

Employer must complete SECTION III on Page 2 ▶

FORM 129 – Termination Pay – Irrevocable Election Form

Member
must
complete
items A, B,
and C ►

SECTION II: MEMBER'S ELECTION and CERTIFICATION

- A. I certify that I have read and understand the *Termination Pay Fact Sheet*, and
- B. I elect to use termination pay in the calculation of my benefit according to the option I marked in 'C':
- C. Choose one option: Termination Pay Option 1 OR Termination Pay Option 2

SIGNATURE. By my signature on this form, I 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) and to pick up and remit member 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 understand this election, once submitted to TRS, may not be revoked.

I also understand that if I have elected Termination Pay Option 1 and my required member contributions exceed the amount available for employer pick-up, I must remit the remaining member contributions by personal check made payable to TRS.

The employee makes choice – not you!

- Termination pay **OPTION 1**—produces the greatest increase to your retirement benefit and therefore has the highest cost in terms of both member and employer contributions. Under this option, your termination pay is divided by the number of years used to calculate your Average Final Compensation (AFC). The resulting amount then is added to your earned compensation for the AFC years only. TRS performs an actuarial calculation to determine the contributions needed to fund the benefit increase on Termination Pay Option 1. In some cases, the member contributions actually exceed the termination pay amount.
- Termination pay **OPTION 2**—produces a lesser increase to your retirement benefit and has a lower cost in terms of both member and employer contributions. Under this option, the termination pay amount is divided by your total years of creditable service to determine an annual amount. The annual amount then is added to your earned compensation for each year used to calculate your AFC. Employer and member contributions are collected at the regular rate, so member contributions for Termination Pay Option 2 never exceed the termination pay amount.

Termination pay **OPTION 3** - means you waive your right to include termination pay in the calculation of your TRS retirement benefit. TRS does not collect employer or member contributions on Termination Pay Option 3.

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
- Discretionary Leave
- Severance pay
- Early termination incentive plan (request TRS review/determination)
- Other payments contingent on terminating employment



Montana Teachers' Retirement System

P.O. Box 200139, Helena, MT 59620-0139
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FORM 144: MEMBER and EMPLOYER CERTIFICATION OF TERMINATION OF EMPLOYMENT

Alternative accessible formats of this document will be provided upon request.

PLEASE TYPE OR PRINT LEGIBLY IN DARK INK

MEMBER INFORMATION

[Redacted]		[Redacted]	[Redacted]	[Redacted]	[Redacted]
Full Name: First	Middle	Last	Suffix (Jr., Sr., etc.)	XXX-XX-	Telephone Number
[Redacted]		[Redacted]	[Redacted]	[Redacted]	[Redacted]
Mailing Address – Street or P.O. Box		City	State	ZIP (use ZIP+4 if known)	

EMPLOYER INFORMATION

[Redacted]		[Redacted]	[Redacted]
Employer's Printed Name		TRS Employer Number	Telephone Number
[Redacted]	[Redacted]	[Redacted]	[Redacted]
Mailing Address – Street or P.O. Box		City	State
[Redacted]			ZIP (use ZIP+4 if known)
Position This Member is 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 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.

Which 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 Printed Name

Certifying Officer's Title

Certifying Officer's Signature

Date



Montana Teachers' Retirement System

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FORM 117: AUTHORIZATION FOR DEDUCTION OF HEALTH INSURANCE

TRS Office Use Only

In compliance with the Americans with Disabilities Act of 1990, 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 (Jr., Sr., etc.) XXX-XX- Last 4 Digits of SSN
Birth Date (mm/dd/yyyy) Telephone Number
Mailing Address: Street or P.O. Box City State ZIP Code (use Zip+4 if known)

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
Name of Insurance Carrier \$ Monthly Premium Amount
TRS six-digit 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



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 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.



Montana Teachers' Retirement System

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TRS Office Use Only

FORM 113: RETIREMENT TERMINATION PAY

In compliance with the Americans with Disabilities Act of 1990, alternative accessible formats of this document will be provided upon request.

PLEASE TYPE OR PRINT LEGIBLY IN DARK INK

SECTION 1: MEMBER INFORMATION

Full Name: First _____ Middle _____ Last _____ Suffix (Jr., Sr., etc.) _____

Birth Date (mm/dd/yyyy) _____

Mailing Address: Street or P.O. Box _____ City _____ State _____ ZIP Code (use Zip+4 if known) _____

XXX-XX-_____
Last 4 Digits of SSN

(_____)_____
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 _____

SECTION 2: 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 Termination Pay Calculator screen in the online TRS Employer Wage & Contribution Reporting System.
- (3) Input all required values on the Term Pay Calculator to calculate the actual employee and employer contribution due to TRS.
- (4) Print the Term Pay Calculator screen and attach it 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. (Keep a copy for your records.)

* TRS requires one week's advance notice to set up the term 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, 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 _____ TRS Six-Digit Employer Number _____ Telephone Number _____

Certifying Representative's Printed Name and Title _____ 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

SECTION 2: 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 Termination Pay Calculator screen in the online TRS Employer Wage & Contribution Reporting System.
- (3) **Input** all required values on the Term Pay Calculator to calculate the actual employee and employer contribution due to TRS.
- (4) **Print** the Term Pay Calculator screen and **attach** it 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. (Keep a copy for your records.)

* TRS requires one week's advance notice to set up the term 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*, 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

TRS Six-Digit Employer Number Telephone Number

Certifying Representative's Printed Name and Title

Certifying Representative's Signature / / Date

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

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 displays the Montana Teachers' Retirement System website. At the top, a dark blue header contains the site logo (an apple) and the title "Montana Teachers' Retirement System" in white, with a printer icon on the right. Below the header is a light blue banner for "TRS Employers & School Board Members".

On the left side, there is a vertical navigation menu with buttons for: Home, Active Members, Benefit Recipients, Employers (highlighted with a red arrow), About TRS, TRS Board, Contact or Visit TRS, and Site Index.

The main content area features a "fyi" icon and a "New Clerks" announcement: "Watch videos of TRS employer training presentations on the Workshops & Presentations page." Below this, it states "2021 GASB 68 reports are available [HERE](#)." A call to action reads: "To log into TRS employer reporting systems, use the links at right >>".

Further down, an envelope icon is accompanied by the text: "Looking for TRS memos, bulletins, and notices? Visit the [Communications Archive](#) page."

A section titled "TRS Employers & School Board Members" explains that TRS relies on employers to enroll employees and remit contributions. It provides links to forms and resources. A sub-section for "School boards" notes their crucial role and provides a link to the "School Boards page".

At the bottom of the main content area, there are several links: [Communications Archive](#), [Contribution Rates, Interest Rates, and Median AFC](#), [Create a User Account for TRS Reporting](#), [CSPD and RESA Employers](#), and a partially visible link: "Employer" Defined in State Statute.

On the right side, a "Popular Links" sidebar contains icons and text for: Member Login, Employer Login (with sub-links for Wages & Contributions and Insurance Deductions, highlighted with a red arrow), Forms, Fact Sheets, Active Member Handbook, Recipient Handbook, Horizons Newsletter, Preparing for Retirement Workshops, Presentations, Rate & Salary Charts, Annual Reports, and Communication Archive.

TRS Website
– Term Pay
Calculator

The screenshot displays the Montana Teachers' Retirement System website. At the top, a dark blue header contains a red apple icon, the text "Montana Teachers' Retirement System", and a printer icon. Below the header, a white sidebar on the left features a landscape image of a river and a list of navigation buttons: "Online Manual" (orange), "Home", "Employer Reports", "Member History", "Member Search/Edit", "Upload Report", "Term Pay Calculator" (highlighted with a red arrow), "Employer Balance", "Employer Contact", and "Reporting". The main content area has a dark blue sub-header "TRS Employer Wage & Contribution Reporting System" and a white section titled "Term Pay Calculator". Below this, a grey bar contains the text "MALTA PUBLIC SCHOOLS". A search bar with a person icon and the text "Find by ID or SSN or Lookup by Name" is present, with "SSN" entered in the input field. To the right of the input field are "Find" and "Lookup" buttons. Two large red arrows point from the top right towards the search area, and another red arrow points from the left towards the "Term Pay Calculator" button in the sidebar.

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

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 withhold 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: 6 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		
* Option 1	3.36%		\$16,133.38	\$16,853.62
Option 2	8.15%		\$1,304.00	\$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.

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

Recalculate

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

TRS Employer Wage & Co

Term Pay Calculator

1 PUBLIC SCHOOLS

Member: 1146 A

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 <input type="button" value="1"/>
FICA Withholding Amount	.00	<input type="button" value="1"/>
Medicare Withholding Amount	.00	<input type="button" value="1"/>

- 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

Other Retirement Scenarios

- Retirement due to disability – mental or physical
- Returned to work (no longer drawing TRS benefit)
 - If over 3 fulltime years, benefit is recalculated to include the years of service (full retirement packet)
 - If under 3 years, contributions are refunded to member (abbreviated packet – can't change option or beneficiaries)
- House Bill 363 (2009) – MCA 19-20-732 - Reemployment of Certain Retired Teachers, Specialists and Administrators
 - 19-20-732
 - 27 years of service (moves to 30 years in 2025)
 - 3 year maximum
 - Employer must certify the employee is eligible (IE can't fill position)
 - Employer pays both sides of TRS contribution
 - If work only the 3 year max – no additional paperwork

Fund 14 – Retirement Fund

- Last minute/unexpected retirements and/or retirement incentives can put the squeeze on your retirement fund balance.
- Be as fiscally responsible as you can but it is okay to plan for a small cushion in your retirement fund budget.
- What's in your reserves? Don't be afraid to use them. Make sure you have the budget authority to use – otherwise you will need a budget amendment.



Any questions???

Thank you for coming!!!