

MONTANA TEACHERS' RETIREMENT SYSTEM

POST RETIREMENT ADJUSTMENTS

July 1, 1949 to January 1, 2004

July 1, 1949

- (a) Minimum benefit of \$50.00.

July 1, 1959

- (a) Minimum benefit of \$75.00.

July 1, 1963

- (a) Minimum benefit of \$100.00.

July 1, 1969

- (a) Increase of 2% for each year retired from July 1, 1937 to June 30, 1967 (or)
- (b) Minimum benefit of \$125.00 per month for a member with 35 years of service. A member with less than 35 years of creditable service received a minimum benefit based on the proportionate amount of \$125.00 that his/her service bore to 35 years of service.

Retired members received whichever increase provided the greatest amount, (a) or (b).

Example: A member who retired July 1, 1960 at a monthly benefit of \$125.00 received the following adjustment. Years retired since 1960 = 7 X 2% = 14% X 125.00 or \$17.50.

Financing was provided by a 1/4 of 1% increase in employer contributions.

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July 1, 1971

- (a) 5% increase for members retired as of June 30, 1969 (or)
- (b) A minimum monthly benefit of \$166.67 with 35 years of service. Members with less than 35 years of service received a minimum benefit based on the proportionate amount of \$166.67 that his/her service bore to 35 years of creditable service.

Retirees received the increase that provided the greatest amount, (a) or (b).

- (c) Disability: minimum benefit of 25% of Final Average Salary.

Example: A member drawing a monthly benefit of \$200.00 per month received a \$10.00 adjustment (5% X \$200.00).

Financing for the adjustment was provided by increasing the employer contributions 1/8 of 1%.

July 1, 1973

- (a) One dollar for each year of creditable service at the time of retirement up to a maximum of \$35.00 or an increase of 10% whichever was larger for members retired on or before July 1, 1971 (plus)
- (b) An increase of 1/4 of 1% multiplied by the months retired since July 1, 1971 (or)
- (c) Minimum benefit was increased to \$200.00 monthly for a member with 35 years of service. Proportionate benefit for someone with less than 35 years of service. Minimum of 16% increase for those retired on or before July 1, 1971.
- (d) Disability: minimum 25% of Final Average Salary.

Example: A member retired on July 1, 1969 with 35 years of service and \$200.00 per month received the following adjustment:

(a) 35 years of service X 1.00	= \$35.00
(b) 1/4 of 1% X 24 months = 6% X \$200.00	= <u>12.00</u>
Total Increase	\$47.00

The funding for this provision is difficult to document since there were additional benefits granted to active members and the legislation also provided for future adjustment in retirement benefits on July 1, 1974 and July 1, 1975.

Total increase was 1/4 of 1%, which was split equally between employee and employer contributions.

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July 1, 1974

- (a) 1/4 of 1% for each month retired since July 1, 1973.

Example: A member retired July 1, 1973 at a monthly benefit of \$300.00 received the following increase: $1/4 \text{ of } 1\% \times 12 = 3\% \times \$300.00 = \$9.00$.

July 1, 1975

- (a) 1/4 of 1% for each month retired since July 1, 1974. A member retired prior to July 1, 1974 received a 3% increase in his/her monthly retirement benefit.

July 1, 1976

- (a) 1/4 of 1% for each month retired since July 1, 1975. A member retired prior to July 1, 1975 received a 3% increase in his/her monthly retirement benefit.

July 1, 1977

If retired prior to July 1, 1971 retirees received:

- (a) \$1.00 per month for each year of creditable service at retirement (plus)
(b) \$2.00 per month for each year retired prior to July 1, 1971. With less than 30 years of service, the \$2.00 per month was multiplied by a fraction, the numerator of which was the number of years of creditable service and a denominator of 30.

Example: A member retired on July 1, 1967 with 28 years of service received the following increase:

(a)	\$1.00 X creditable service (28)	= \$28.00
(b)	\$2.00 X years retired since 7-1-67 = 4 X 28/30	= <u>7.46</u>
	Total Increase	\$35.46

July 1, 1981

- (a) Increase of \$.50 for each year of creditable service for all recipients retired on or before July 1, 1979. For those retired after July 1, 1979, \$.50 per year of creditable service multiplied by a ratio equal to the number of months retired after July 1, 1979.
(b) Minimum benefit increase of \$10 per year of creditable service.

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Example: A member retired prior to July 1, 1979 with 25 years of service and a monthly benefit of \$225.00 received a monthly benefit as follows:

(a)	\$.50 X 25 years or	=	\$ 12.50
(b)	25 years X 10	=	<u>250.00</u>
	Total Benefit		\$262.50

Funding for this adjustment was provided by an increase in the employer contribution rate from 6.312% to 6.432%.

July 1, 1985

- (a) \$1.00 per year of creditable service for a member or beneficiary receiving a monthly allowance of \$500.00 or less and retired before July 1, 1983, or,
- (b) \$.50 for each year of creditable service for a member or beneficiary receiving a monthly allowance of more than \$500.00, but less than \$1,000.00 and retired before July 1, 1983.
- (c) In addition, a minimum monthly benefit of \$400.00 to a member or beneficiary retired before July 1, 1971, who is receiving a service, disability, or survivorship allowance, if at the time of retirement the member:
 - (1) was 60 years of age or older; or
 - (2) had completed 30 years or more of creditable service.

Example: A member retired prior to July 1, 1971 with 20 years of service, age 60, and a monthly benefit of \$250.00 received a monthly benefit as follows:

(i)	\$1.00 X 20 Years	=	\$ 20.00
(ii)	30 years, \$400 minimum	=	<u>400.00</u>
	Adjusted Benefit		\$420.00

Funding for this adjustment was provided by an increase in the employer contribution rate from 7.32% to 7.428%.

July 1, 1987 - Retired teachers did not receive an increase.

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July 1, 1989 – January 1999

The Post-Retirement Adjustment (PRA) enacted in 1989, provides for an annual increase paid in January to all retirees who are: at least age 55 on or before June 30 of the previous year, or are receiving a disability or survivor benefit, and have been receiving monthly benefits for at least 24 months. The adjustment is dependent upon the retiree's current age, the number of years of service and the benefit option selected. The PRA, expressed as a percentage of the retiree's monthly benefit, will tend to be larger than the average for older retirees and smaller for younger retirees. Adjustments can be made each January, depending on the investment income of the system in the previous fiscal year.

While each future annual adjustment depends on the investment income of the retirement fund, any adjustments made will be permanent. If investment income in any year does not result in at least an 8% yield, previous adjustments will remain in effect even if insufficient funds are available to fund a new adjustment. New adjustments will be calculated and eligibility determined each year that funds are available for this purpose.

January 1, 1990 - 2.01% Average PRA

January 1, 1991 - 1.95% Average PRA

January 1, 1992 - 1.55% Average PRA

January 1, 1993 - 1.20% Average PRA

January 1, 1994 - .78% Average PRA

January 1, 1995 - No Adjustment

January 1, 1996 - No Adjustment

January 1, 1997 - No Adjustment

January 1, 1998 - No Adjustment

January 1, 1999 - No Adjustment

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January 1, 2000 – Guaranteed Annual Benefit Adjustment (GABA) provides each January an increase in monthly benefits of 1.5% for all retirees who have been receiving benefits for at least 36 months.

January 1, 2001 - 1.5% GABA

January 1, 2002 – The 2001 legislature authorized the TRS Board to increase GABA up to a maximum of 3.0%, provided adequate funding is available. Because of the decline in the Market, adequate funds were not available to increase GABA above 1.5%.

January 1, 2003 – GABA continues at 1.5%

January 1, 2004 – GABA continues at 1.5%