



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 123: Beneficiary Designation for Active Members

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

Do not use this form if you have applied for or are receiving TRS retirement benefits.

SECTION 1. MEMBER INFORMATION

Full Name: First	Middle	Last	Suffix	Social Security Number
/ /				()
Birth Date (mm/dd/yyyy)	Maiden or Other Name Previously Reported to TRS			Telephone Number
Mailing Address: Street or P.O. Box		City	State	ZIP Code (use Zip+4 if known)

If you are a new TRS member who has not previously submitted a beneficiary designation, check this box and proceed to Page 2.

Certification of Marital Status

Note: Additional documentation is required if changes you submit with this beneficiary designation form would revoke or reduce the beneficiary interest of your spouse while a divorce is pending.

Step 1. Review your active beneficiaries currently on file with TRS. To do this, log into My TRS and access "My Beneficiaries," or call TRS during normal business hours.

Step 2. Based on your review of beneficiaries in Step 1, mark the appropriate box below.

- My active beneficiaries currently on file with TRS **do not include** a spouse. (*Proceed to Page 2*)
- My active beneficiaries currently on file with TRS **include my spouse** (or my ex-spouse) named below:
 (Spouse beneficiary's full name) _____, and I certify that
(mark only one):
 - ___ I am still married to the above-named spouse beneficiary and a divorce is not pending.
 - ___ the above-named spouse beneficiary is no longer living. *Date of death:* ___/___/___
 - ___ I am divorced from the above-named spouse. *Date divorce final:* ___/___/___ *and location of Court:* _____
 County and State OR Other location
 - ___ a divorce is pending between myself and the above-named spouse beneficiary (I have either filed for divorce from this spouse or I have been served with a divorce action).

! NOTE: If a divorce is pending, you must provide TRS with the additional documentation specified in the Limitations section of the TRS Fact Sheet, "Beneficiary Designations for Active Members" (attached as Pages 5 - 8 of this form).
 If you do not enclose the required documentation with this form, **TRS will disregard this beneficiary designation and your existing beneficiary designation will remain in effect.**

SECTION 2. INSTRUCTIONS

Be sure you have read TRS Fact Sheet “Beneficiary Designations for Active Members” attached as Pages 5 – 8 of this form

Effect of this Beneficiary Designation

This beneficiary designation **revokes all prior beneficiary designations** you have submitted to TRS. You must fully identify on this form all beneficiaries you wish to designate at this time. This beneficiary designation will remain in effect until such time as (1) TRS receives a new and effective beneficiary designation from you, or (2) you withdraw your membership and your member account balance from TRS, or (3) you retire.

Requirements

- You must designate **at least one primary beneficiary**. You may designate an individual, your estate, or your trust.
- To designate **an individual** beneficiary you must provide their full legal name, SSN, date of birth, gender, and relationship to you.
 - To designate **your trust** as your beneficiary, you must submit legal trust documentation to TRS as denoted in Section 3(a) below.
 - A **contingent beneficiary** would receive payment *only* if no primary beneficiary is still living at the time of your death.

The table below summarizes the types and combinations of beneficiaries you may designate:

When you designate:	You may also designate:
One or more individuals as Primary beneficiaries	One or more individuals as Contingent beneficiaries, <i>or</i> Your estate as your sole Contingent beneficiary, <i>or</i> Your trust as your sole Contingent beneficiary
Your estate or trust as Primary beneficiary	<i>No other beneficiary</i>
Your estate or trust as Contingent beneficiary	<i>No other Contingent beneficiary</i>

Specific requirements for designating individuals, your Estate or your Trust are provided in the attached Fact Sheet.

SECTION 3(a). DESIGNATING YOUR ESTATE OR TRUST BENEFICIARY

*If you **do not** intend to designate your Estate or Trust as your beneficiary, check this box and proceed to Page 3.*

To designate your Estate or your Trust, mark one option in each shaded box below.

Note: The amount payable to your estate or trust will be limited to a refund of your member contributions, plus interest.

I want to designate: my Estate my Trust* as my Primary Contingent† beneficiary.

*Complete the Trust section below and provide supporting Trust documentation to TRS.

† If Contingent, you must designate at least one Primary beneficiary on Page 3.

If you are designating your Trust as your beneficiary:

1. Your Trust must satisfy all criteria listed within the Limitations section of the attached Fact Sheet. Please review the Fact Sheet thoroughly before completing this form.
2. You must provide complete information below **and** you must enclose supporting Trust documentation. *(Do not write “see attached” or make similar notations on this form.)*

Name of Trust: _____ Tax ID (if assigned): _____ - _____

Name of individual legally designated as trustee: _____

Trustee’s mailing address: _____
Street or PO Box City, State Zip (use Zip+4 if known)

Trustee’s telephone number: (_____) _____

If you do not enclose the required documentation with this form, TRS will disregard this beneficiary designation and your existing beneficiary designation will remain in effect.



FORM 123: Beneficiary Designation for Active Members (continued)

Member's Printed Name

Member's Social Security Number

SECTION 3(b). DESIGNATING INDIVIDUAL BENEFICIARIES

If you designated your Estate or your Trust as your Primary beneficiary in Section 3(a): Do not complete this section. Proceed to Certification and Member's Signature on Page 4.

If you designated your Estate or Trust as a Contingent beneficiary in Section 3(a): All beneficiaries you designate below must be Primary beneficiaries. Items marked with an asterisk * are required.

If you did not designate your Estate or Trust as a beneficiary in Section 3(a): You must designate at least one Primary beneficiary below. Items marked with an asterisk * are required.

Form for designating a beneficiary. Includes fields for *Type (Primary/Contingent), *Individual's full legal name, *SSN, *Relationship to you, *Birth Date, *Gender, Telephone, Mailing Address, and a section for designating a custodian for a minor child.

Form for designating a beneficiary. Includes fields for *Type (Primary/Contingent), *Individual's full legal name, *SSN, *Relationship to you, *Birth Date, *Gender, Telephone, Mailing Address, and a section for designating a custodian for a minor child.

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Montana Teachers' Retirement System FACT SHEET: Beneficiary Designations for Active Members

When an active¹ TRS member passes away before retiring, TRS must distribute any amount payable to his or her designated beneficiary or beneficiaries.

A member may designate two types of beneficiaries:

- A **primary beneficiary** has a first right to receive payment in the event of the member's death.
- A **contingent beneficiary** has a right to receive payment *only* if no primary beneficiary is still living at the time of the member's death.

This document answers common questions that active TRS members may have about designating beneficiaries. It also outlines restrictions that may apply when a member designates an estate, trust, minor child or spouse as a beneficiary.

Frequently Asked Questions

1. I am a TRS member who has not yet retired. How can I review or change my current beneficiaries?

You can review your beneficiary designations in **My TRS**, the online account system. See the Active Members page on our website (trs.mt.gov/trs-info/members) for login instructions. It is important to review your beneficiary records periodically and keep your beneficiaries' contact information up to date.

You can change your beneficiaries using the Online Beneficiary Designation process in My TRS² or by completing Form 123 *Beneficiary Designation for Active Members* and mailing it to TRS. Once submitted and approved by TRS, your new beneficiary designation revokes all prior beneficiary designations.

Until you have retired with TRS you may update your beneficiaries at any time, although certain restrictions may apply. See the **Limitations** section of this Fact Sheet for additional information.

2. Who can I designate as my beneficiary?

You can designate an **individual** (a living person), your **estate**, or your **trust** as your beneficiary. Please review this entire Fact Sheet for more details and limitations.

3. How many beneficiaries may I designate?

You must designate at least one primary beneficiary. If you are married, you may wish to name your spouse as your primary beneficiary, although you are not required to do so. You may designate more than one *individual* as a primary beneficiary. However, it is important to understand that all primary beneficiaries share equally in any amount payable by TRS. You may not assign percentages to them.

You also may designate one or more *individuals* as contingent beneficiaries. For example, you may choose to designate your spouse as your primary beneficiary and each of your children as a contingent beneficiary. You may not designate more than one "level" of contingent beneficiary or assign percentages to them.

If you designate your estate or trust as your *primary* beneficiary, you may not designate another beneficiary. If you designate your estate or trust as a *contingent* beneficiary, you may not designate another *contingent* beneficiary. The **Limitations** section of this Fact Sheet outlines additional requirements for estates and trusts.

¹ An *active* TRS member is one who has never previously retired with TRS and has not withdrawn his or her account balance.

² *My TRS* is the secure online account system for Montana TRS members. Access *My TRS* from our website: trs.mt.gov

4. If I die before retiring, how does TRS pay my designated beneficiaries?

TRS must distribute any amount payable to:

- (a) Your surviving *primary* beneficiaries, in equal shares; or
- (b) Your surviving *contingent* beneficiaries, in equal shares, *only* if no primary beneficiary survives you.

The following conditions apply:

- i. If you are not vested,³ payment under (a) or (b) is made as a lump-sum distribution of your member account balance (i.e., your member contributions plus interest).
- ii. If you are vested, an individual beneficiary eligible to receive payment may be entitled to elect a lifetime monthly benefit in lieu of a lump-sum payment.
- iii. If TRS makes a payment to any surviving primary beneficiary under (a) above, the beneficiary interest of all contingent beneficiaries is terminated.
- iv. If *all* beneficiaries receiving benefits pass away before your account balance has been paid out in full, TRS pays the remainder as a lump sum to the estate of the last surviving beneficiary.
- v. If you designated your estate as your beneficiary, the estate must be probated and must have a separate tax identification number assigned to be an eligible beneficiary.
- vi. If you designated your trust as your beneficiary, the trust must meet all criteria listed in the Limitations section of this Fact Sheet to be an eligible beneficiary and must have a separate tax identification number assigned when payment is made by TRS. (See “Designating your estate or trust as a beneficiary,” below.)
- vii. Monthly benefit payments cannot be made to your estate or trust, or to any beneficiary of either. Your estate or trust will receive only a lump-sum distribution of your member account balance.

Please note:

- Amounts payable by TRS to an individual beneficiary are considered non-probate assets of the member. TRS must make payment according to your valid beneficiary designations without regard to any statements in your will, and without regard to any creditors' claims against your estate.
- TRS strongly recommends you seek the advice of an attorney or financial advisor when designating your estate or trust as a beneficiary.

5. What happens if I pass away without having a beneficiary designation on file with TRS?

If you do not have an effective beneficiary designation on file at the time of your death, TRS will distribute your account balance as a lump-sum payment to one of the following alternate beneficiaries:

- (a) Your probated estate; or
- (b) One or more individuals, in the following order of priority. (Payment will be made at a lower level of priority only if there is no surviving alternate beneficiary at a higher level of priority.)

First alternate beneficiary – Your legal spouse

Second alternate beneficiary – Your natural or adopted children, in equal shares

Third alternate beneficiary – Your parents, in equal shares

Fourth alternate beneficiary – Your grandchildren, in equal shares

³ You are “vested” as a TRS member when you have accrued at least 5.00 years of creditable service.

Fifth alternate beneficiary – Your siblings, in equal shares

Sixth alternate beneficiary – Your nieces/nephews, in equal shares

Limitations

Designating a minor child as a beneficiary

You may designate *any* minor child as your beneficiary. However, TRS is prohibited by law from making payment of any amount *directly* to a minor child. (Under Montana law, “minor child” for this purpose means any child under the age of 21.) TRS will make payment only to an individual legally authorized to receive the funds on behalf of the minor child by virtue of:

- court appointment as the child’s conservator or guardian, or
- designation by the TRS member as a custodian for the minor child in conformity with the Montana Uniform Transfers to Minors Act.⁴

This means that if you designate a minor child as your beneficiary, you should also designate a custodian. If you should pass away before the child reaches the age of 21 and you did not designate a custodian, and there is no court-appointed conservator or guardian, TRS will be unable to make payment, even to the custodial parent. TRS will be required to withhold payment until a conservator or guardian is appointed or until the child turns 21.

Designating your estate or trust as a beneficiary

Your estate or trust must meet important requirements to be designated as your beneficiary. There are also limitations on the type of payment that TRS may make to the estate or trust, as summarized below.

Your estate: Although everyone has an “estate” (property to be distributed to others upon the person’s death), TRS will make payment to an estate only through a court-appointed personal representative in a formal or informal probate. TRS requires documentation of the personal representative’s court appointment. If you designated your estate as your beneficiary and your estate is not probated, TRS must pay your alternate beneficiary as described in 5 (b) above. If you are unsure whether your estate will be probated, you should consider designating one or more individual beneficiaries instead.

Your trust must meet the following criteria to be designated as your beneficiary:

- You (the TRS member) must have created the trust as its trustor and the trust must exist as a legal entity at the time of designation.
- The trust must be irrevocable when designated, or must become irrevocable upon your death.
- The trust documentation must include both the trust’s tax identification number (if one has been assigned) and the name of the individual (other than yourself) who is legally designated as trustee.

You must submit your trust documentation to TRS by regular mail along with TRS Form 123 *Beneficiary Designation for Active Members*. (You cannot designate your trust using the Online Beneficiary Designation process.) The trust documentation must include all information noted above.

Payment. Your estate or trust will receive only a lump-sum distribution of your member account balance. Monthly benefit payments cannot be made to your estate or trust, or to any beneficiary of either.

⁴ “MUTMA,” Title 72, Ch. 26, MCA

Removing your spouse as a beneficiary

You are not required to designate your spouse as your beneficiary; however, if you do, you must meet additional requirements to change your spouse/beneficiary designation. If you submit a new beneficiary designation that either removes your spouse as your beneficiary or names another beneficiary to receive a share of any benefits that might have become payable to your spouse, TRS will require you to certify your marital status.

If a divorce is pending, Montana law prohibits you from revoking or reducing your spouse's beneficiary interest (i.e., his or her right to receive payment as your beneficiary) *unless*:

- A court order authorizes you to do so, pending the final divorce decree, or
- Your spouse waives his or her beneficiary interest in writing.

If your divorce is pending, TRS requires that you submit either a court order signed by the judge in your divorce action or TRS Form 147A *Spouse's Voluntary Waiver of Beneficiary Interest* signed by the ex-spouse in front of a notary public. TRS must receive and verify the appropriate documentation before your new beneficiary designation can take effect.

If your divorce is final and you wish to remove your ex-spouse as a designated beneficiary, you are responsible for updating your beneficiary designations as described on Page 1 of this Fact Sheet. If you pass away before you retire, TRS must distribute any amount payable according to your last effective beneficiary designation, regardless of your marital status at the time of your death or the fact of an intervening divorce. In addition, the presence of a Family Law Order on your TRS account does not change your beneficiary designations; see the TRS Fact Sheet "Family Law Orders" for more information.

Questions?

If you have questions about any information presented in this Fact Sheet, please contact us.

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Please Note: *This Fact Sheet is intended to provide a concise, easy-to-understand summary of TRS law and policy. The actual application of TRS law will depend upon the specific circumstances and facts presented. In determining the rights and obligations of any person, TRS law will supersede any contradictory information provided in this Fact Sheet.*