



bulletin

important information regarding beneficiary designation

New Beneficiary Designation Form Now Available

TRS recently modified the Beneficiary Designation for Active Members form (Form 123). Note, this form is not for use by TRS members who have already retired or have applied for retirement benefits. The new beneficiary designation form includes important information and instructions to help you:

- understand TRS law related to beneficiaries and the benefits that may be paid based on the type of beneficiary you designate, and
- complete your Form 123 in a manner that accurately reflects your beneficiary designation decisions.

If you currently have a beneficiary designation on file with TRS, you are not required to submit a new Form 123 to TRS. However, if you want to change your beneficiary designations with TRS, you should do so by using the new Form 123. *Note, effective January 1, 2016, beneficiary designations submitted to TRS must be submitted using the new form.* You can find the new Form 123 on the Forms page of the TRS website at trs.mt.gov or you can request one by calling TRS at 406-444-3134.

Minor Children, Estates, and Trusts as Beneficiaries

If you designate

- a minor child (even if not your child),
- your estate, or
- a trust

as your beneficiary, there are specific requirements and limitations that apply, including the types of benefits that may be paid to them by TRS. The new Form 123 describes the requirements and limitations. You are required to supply specific information to facilitate timely payment to a minor child or an eligible trust.

If your current Form 123 on file with TRS includes any of these types of beneficiaries, we recommend that you review the information and if necessary, submit a new beneficiary designation form to provide the additional information required to designate a minor child or trust as your beneficiary.

Spouse as Beneficiary (Opposite-sex or Same-sex)

Under IRS law, a beneficiary who is the legal spouse of a deceased TRS member may receive more favorable treatment in the calculation of survivor benefits or more favorable tax treatment on rollovers of the deceased member's accumulated contributions than a non-spouse beneficiary. The more favorable treatment applies to both opposite-sex and same-sex spouses. If your current beneficiary designation on file with TRS includes an individual who is your legal spouse,

but whose relationship to you is identified as something other than “spouse,” or if you cannot remember what relationship you specified, TRS advises that you submit a new Form 123 to ensure that your spouse/beneficiary will receive the favorable treatment she or he is entitled to receive in the event of your death.

Please be advised that you should not designate a beneficiary as your spouse if she or he is not your legal spouse. TRS’s administrative processes include requirements for your spouse’s signature on your retirement application that prohibit you from reducing/revoking the interest of a spouse/beneficiary while a divorce is pending, and may require certification or legal proof of dissolution of the marriage that you will have a difficult time providing if the legal marriage never existed.

For additional information regarding TRS’s recognition of same-sex spouses, please see Bulletin - TRS Treatment of Same-sex Spouses, also enclosed.