



Montana Teachers' Retirement System

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Bulletin

2025 Legislative Changes Affecting TRS Employers

All changes are effective July 1, 2025, unless otherwise specified.

Creditable Service and Membership Provisions

[HB 67](#) is a General Revisions or “housekeeping” bill requested by the Teachers’ Retirement Board.

1. Reportability of Extra Duty Service

Extra Duty Service now includes service not in an educational services capacity that is regularly assigned to a *school district teacher, teacher’s aide, paraprofessional, or administrator for purposes of student supervision* in school functions that are not part of the school district’s regular curricular, cocurricular, or extracurricular programs.

This change, which takes effect July 1, 2025, allows members to get full salary and/or service credit for some stipends or additional duties that would not be reportable to TRS on their own. Examples include lunch duty, playground duty, crossing guard duty, concessions stand advisor/supervisor, study hall monitor, etc.

2. Employers must report **hours and wages** for substitute teachers and part-time teacher’s aides and paraprofessionals who elect **not** to join TRS for the first 210 hours of service

When a substitute teacher or part-time aide/para elects to defer membership on TRS Form 106, the employer must report their **wages** and **hours** (not days) from the employee’s first day of service. This allows the TRS pension administration system to track the cumulative hours worked in a fiscal year, whether the employee works in one or multiple school districts.

When an employee’s reported service meets or exceeds the 210-hour threshold, TRS will activate their membership automatically effective the first of the *following* month. TRS also will send an email to the district’s payroll and other contacts so they are aware of the employee’s status change.

- Procedural instructions for reporting these non-contributing employees were distributed by email on January 31, 2025. They are available in the Communication Archive section of the TRS website and are linked below:

[Procedures for Reporting Non-Contributing Subs and PT aides/paras \(EMD\)](#)

- Before providing TRS Form 106 to a new employee, employers **must** confirm that the substitute teacher or part-time aide/para is *not* already a TRS member. To do that, Follow the TRS New Hire procedure, linked below. This procedure and latest version of Form 106 also are posted on the *TRS Forms* page (*Employer Forms* section).

[New Hire Procedure for TRS Employers](#)

3. The term “educational services capacity” now is defined in TRS law

TRS applies a specific set of criteria to determine whether an employee’s duties are educational or instructional in nature and therefore must be reported to TRS. These criteria are included in the TRS Fact Sheet, *Which Positions are Reportable to TRS?* and now are incorporated in 19-20-302, MCA (Active Membership) as well.

Educational services capacity means the position or individual:

- (a) directly teaches or instructs students.
- (b) Provides professional or educationally related services that assist students in participating in and/or receiving the full benefit of an educational program.
- (c) Evaluates the competencies and/or the proper placement of students; determines or implements student-specific educational programs or plans; and/or provides direct or indirect support for academic or behavior intervention.
- (d) Determines the proper curriculum and/or educational standards applicable to the program; determines the appropriate educational and instructional methodologies; selects or creates the instructional materials; and/or trains teachers or other staff responsible for implementing the curriculum, standards, and methodology of the program.
- (e) Directs, supervises, or oversees the work of other individuals employed in an educational or instructional services capacity.
- (f) Is the primary administrator of an employer entity that provides educational services or is the primary administrator of an educational program of such an employer.

Working Retiree Provisions

Three bills were passed that expand existing working retiree provisions:

- An existing provision in 19-20-732, MCA, temporarily allows Class 2 and Class 3 school districts to fill certain positions (teacher, specialist, or administrator) with TRS members who retired with 27 or more years of creditable service if they have advertised the position and had no qualified candidates. Retirees reemployed under this provision are not subject to earnings limitations and their monthly retirement benefit is not reduced.

Effective July 1, 2025, [HB 158](#) increases the time limit for reemployment under this provision from 3 years to 5 years in the retiree’s lifetime and extends the sunset date from July 1, 2027 to July 1, 2029.

- Effective immediately, [HB 349](#) inserts a new provision (19-20-735, MCA) to allow the Office of Public Instruction (OPI) to fill TRS-reportable positions with certain TRS retirees if OPI advertised the position and received no qualified applicants. As with the provision described above, retirees reemployed under this provision must have retired with at least 27 years of creditable service with TRS and will not be subject to earnings limitations or reduction in their monthly retirement benefit. This provision sunsets June 30, 2031.
- An existing provision (19-20-734, MCA) allows newly retired TRS members to substitute for regular classroom teachers for up to 45 days during their required 120-calendar-day break in service. Effective July 1, 2025, [HB 359](#) adds “mentoring a newly hired teacher” to the existing exception. A recent retiree may provide either or both types of service up to 45 days combined.

General Funding Provisions Affecting TRS

[HB 924](#), a general funding bill, created a Montana Growth and Opportunity Trust (MGOT) that is designed to help achieve several objectives, including long-term financial stability for Montana's public pensions.

One provision will gradually increase employer supplemental contribution rates, but not immediately.

- For fiscal years 2026 and 2027, the TRS employer contribution rate will remain at 9.47%.
- On July 1, 2027, the contribution rate will increase by 0.1% to 9.57%, and it will continue to increase by 0.1% each fiscal year for 20 years (through June 30, 2047). This gradual increase will help to improve the funded status of the system over time.

For its part, the State of Montana also established a pension reserve fund within the MGOT, into which \$250 million will be transferred from the general fund by June 30, 2025. Additional transfers totaling \$85 million are scheduled to occur over the next two fiscal years. The bill defined specific criteria that could trigger limited transfers from this reserve fund to TRS and PERS if a major recession or other economic crisis were to threaten the future financial stability of the pensions.

Reportability of "STARS Act" Funding

The 69th Legislature also passed the STARS Act, a bill that provides ongoing state funding to increase teacher salaries. Payments made under this act may be called Extra Quality Educator Payments or other similar titles.

TRS was not involved in this legislation, but we can confirm the payments **are** reportable to TRS.

- Regardless of how your organization characterizes them, TRS will treat the additional payments as **regular earned compensation**. As such, the payments will count toward the existing 110% cap on earnings, unless they are incorporated into the employer's adopted salary matrix.
- As you may know, the 110% cap only affects the calculation of average final compensation (AFC) for a member who is terminating employment and retiring with TRS. These additional payments resulting from the STARS Act may be unlikely to increase members' earned compensation by more than 10% from one fiscal year to the next, but we want employers to be aware of the possibility.

Questions?

If you have questions about any information provided in this bulletin, please call TRS at 406-444-3134 or toll free at 866-600-4045.