

HOUSE BILL NO. 52
INTRODUCED BY NISBET

BY REQUEST OF THE TEACHERS' RETIREMENT BOARD

A BILL FOR AN ACT ENTITLED: "AN ACT TO CLARIFY PROVISIONS OF THE TEACHERS' RETIREMENT SYSTEM RELATED TO ELECTION TO PURCHASE ADDITIONAL SERVICE, PAYMENT OF CLAIMS, AND ELIGIBILITY FOR DISABILITY ALLOWANCE; AMENDING SECTIONS 19-4-412, 19-4-501, AND 19-4-901, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 19-4-412, MCA, is amended to read:

"19-4-412. Election to purchase additional service.

(1) (a) Except as provided in subsection (3), a member with 5 years or more of creditable service may make a written election with the retirement board to purchase, for the purpose of calculating his retirement allowance, 1 year of additional service for:

(i) each 5 years of creditable service, up to a on which contributions have been made as required under the provisions of 19-4-602; and

(ii) each 5 years of membership service as defined in Title 19, chapter 3, for which contributions have been made as required under the provisions of 19-4-409.

(b) A maximum of 5 years of additional service may be purchased under this section. A part-time member may purchase additional service on a prorated basis.

(2) (a) To purchase additional service under this section, a member must shall contribute, in a lump-sum payment or in installments as agreed upon by the member and the retirement board, an amount equal to:

(i) the combined employer and employee rate on July 1, 1989, or the combined rate in effect at the time he is eligible to purchase the service, whichever date is later, multiplied by his earned compensation as provided in subsection (2)(b); and

(ii) interest at a rate of 8% compounded annually from July 1, 1989, or from the date at which he is eligible to purchase the service, whichever date is later.

(b) The earned compensation used in calculating the cost of purchasing additional service under this section is:

(i) for the first year of service purchased, the member's earned compensation for the 1988-89 school year or for his fifth year of service, whichever year is later;

(ii) for the second year of service purchased, the member's earned compensation for the 1988-89 school year or for his 10th year of service, whichever year is later;

(iii) for the third year of service purchased, the member's earned compensation for the 1988-89 school year or

1 for his 15th year of service, whichever year is later;

2 (iv) for the fourth year of service purchased, the

3 member's earned compensation for the 1988-89 school year or

4 for his 20th year of service, whichever year is later; and

5 (v) for the fifth year of service purchased, the

6 member's earned compensation for the 1988-89 school year or

7 for his 25th year of service, whichever year is later.

8 (3) On or after July 1, 1989, a member eligible to

9 purchase creditable service under 19-3-504, 19-3-510,

10 19-3-512, 19-3-513, 19-4-402, 19-4-403, 19-4-408, 19-4-410,

11 or 19-4-411 may not purchase additional service under this

12 section unless he elects in writing to:

13 (a) waive his eligibility to purchase creditable

14 service under ~~19-4-402, 19-4-403, 19-4-408, 19-4-410, or~~

15 ~~19-4-411~~ sections referred to in subsection (3); and

16 (b) apply the accumulated contributions made under

17 ~~19-4-402, 19-4-403, 19-4-408, 19-4-410, or 19-4-411~~ sections

18 referred to in subsection (3) to the cost of additional

19 service purchased under this section.

20 (4) Additional service purchased under this section may

21 not be used to qualify a member for service retirement."

22 **Section 2.** Section 19-4-501, MCA, is amended to read:

23 "19-4-501. Financial administration of moneys money.

24 The members of the retirement board are the trustees of all

25 moneys money collected for the retirement system, and as

1 such trustees, they shall provide for the financial

2 administration of the moneys money in the following manner:

3 (1) The moneys ~~shall~~ money must be invested and

4 reinvested by the state board of investments.

5 (2) The retirement board annually shall establish the

6 rate of regular interest.

7 (3) The retirement board annually shall divide among

8 the several reserves of the retirement system an amount

9 equal to the average balance of the reserves during the

10 preceding fiscal year multiplied by the rate of regular

11 interest. In accordance with the provisions of 19-4-605(5),

12 the amount to be credited to each reserve shall must be

13 allocated from the interest and other earnings on the moneys

14 money of the retirement system actually realized during the

15 preceding fiscal year, less the amount allocated to the

16 expense account fund under the provisions of 19-4-606.

17 (4) The state treasurer is the custodian of the

18 collected retirement system moneys money and of the

19 securities in which the moneys ~~are~~ money is invested. ~~All~~

20 ~~expenditures from the moneys may be made only upon claims~~

21 ~~signed by two persons designated by the retirement board. A~~

22 ~~properly attested copy of a resolution of the retirement~~

23 ~~board designating such persons and bearing on its face~~

24 ~~specimen signatures of each person shall be filed with the~~

25 ~~department of administration as its authority for approving~~

1 ~~such-claims-~~

2 (5) All the reserves established by part 6 of this
3 chapter ~~shall~~ must be accounts in the pension trust fund
4 type of the treasury fund structure of the state."

5 **Section 3.** Section 19-4-901, MCA, is amended to read:

6 "19-4-901. **Eligibility for disability retirement.** Upon
7 the application of ~~an-active~~ a member or of his employer for
8 a disability retirement allowance, any ~~active~~ member who has
9 5 or more years of creditable service and who has become
10 disabled while being an active member may be retired by the
11 retirement board the month immediately following the month
12 in which ~~his-disability-caused-his-retirement~~ he terminates
13 his employment. In order for a member to be eligible for
14 disability retirement, the retirement board must certify
15 that he is mentally or physically incapacitated for the
16 further performance of his duties, that ~~such~~ his incapacity
17 is likely to be permanent, and that he should be retired."

18 NEW SECTION. **Section 1.** Effective date. [This act] is
19 effective on passage and approval.

-End-

APPROVED BY COMMITTEE
ON STATE ADMINISTRATION

1 HOUSE BILL NO. 52
2 INTRODUCED BY NISBET
3 BY REQUEST OF THE TEACHERS' RETIREMENT BOARD
4
5 A BILL FOR AN ACT ENTITLED: "AN ACT TO CLARIFY PROVISIONS
6 OF THE TEACHERS' RETIREMENT SYSTEM RELATED TO ELECTION TO
7 PURCHASE ADDITIONAL SERVICE, PAYMENT OF CLAIMS, AND
8 ELIGIBILITY FOR DISABILITY ALLOWANCE; AMENDING SECTIONS
9 19-4-412, 19-4-501, AND 19-4-901, MCA; AND PROVIDING AN
10 IMMEDIATE EFFECTIVE DATE."
11
12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
13 **Section 1.** Section 19-4-412, MCA, is amended to read:
14 "19-4-412. Election to purchase additional service.
15 (1) (a) Except as provided in subsection (3), a member with
16 5 years or more of creditable service may make a written
17 election with the retirement board to purchase, for the
18 purpose of calculating his retirement allowance, 1 year of
19 additional service for:
20 (i) each 5 years of creditable service ~~up to a~~ on
21 which contributions have been made as required under the
22 provisions of 19-4-602; and
23 (ii) each 5 years of membership service as defined in
24 Title 19, chapter 3, for which contributions have been made
25 as required under the provisions of 19-4-409.

1 (b) A maximum of 5 years of additional service may be
2 purchased under this section. A part-time member may
3 purchase additional service on a prorated basis.
4 (2) (a) To purchase additional service under this
5 section, a member ~~must~~ shall contribute, in a lump-sum
6 payment or in installments as agreed upon by the member and
7 the retirement board, an amount equal to:
8 (i) the combined employer and employee rate on July 1,
9 1989, or the combined rate in effect at the time he is
10 eligible to purchase the service, whichever date is later,
11 multiplied by his earned compensation as provided in
12 subsection (2)(b); and
13 (ii) interest at a rate of 8% compounded annually from
14 July 1, 1989, or from the date at which he is eligible to
15 purchase the service, whichever date is later.
16 (b) The earned compensation used in calculating the
17 cost of purchasing additional service under this section is:
18 (i) for the first year of service purchased, the
19 member's earned compensation for the 1988-89 school year or
20 for his fifth year of service, whichever year is later;
21 (ii) for the second year of service purchased, the
22 member's earned compensation for the 1988-89 school year or
23 for his 10th year of service, whichever year is later;
24 (iii) for the third year of service purchased, the
25 member's earned compensation for the 1988-89 school year or

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1 for his 15th year of service, whichever year is later;

2 (iv) for the fourth year of service purchased, the

3 member's earned compensation for the 1988-89 school year or

4 for his 20th year of service, whichever year is later; and

5 (v) for the fifth year of service purchased, the

6 member's earned compensation for the 1988-89 school year or

7 for his 25th year of service, whichever year is later.

8 (3) On or after July 1, 1989, a member eligible to

9 purchase creditable service under 19-3-504, 19-3-510,

10 19-3-512, 19-3-513, 19-4-402, 19-4-403, 19-4-408, 19-4-410,

11 or 19-4-411 may not purchase additional service under this

12 section unless he elects in writing to:

13 (a) waive his eligibility to purchase creditable

14 service under ~~19-4-402, 19-4-403, 19-4-408, 19-4-410, or~~

15 ~~19-4-411~~ sections referred to in subsection (3); and

16 (b) apply the accumulated contributions made under

17 ~~19-4-402, 19-4-403, 19-4-408, 19-4-410, or 19-4-411~~ sections

18 referred to in subsection (3) to the cost of additional

19 service purchased under this section.

20 (4) Additional service purchased under this section may

21 not be used to qualify a member for service retirement."

22 **Section 2.** Section 19-4-501, MCA, is amended to read:

23 "19-4-501. Financial administration of moneys money.

24 The members of the retirement board are the trustees of all

25 moneys money collected for the retirement system, and as

1 such trustees, they shall provide for the financial

2 administration of the moneys money in the following manner:

3 (1) The ~~moneys~~ money must be invested and

4 reinvested by the state board of investments.

5 (2) The retirement board annually shall establish the

6 rate of regular interest.

7 (3) The retirement board annually shall divide among

8 the several reserves of the retirement system an amount

9 equal to the average balance of the reserves during the

10 preceding fiscal year multiplied by the rate of regular

11 interest. In accordance with the provisions of 19-4-605(5),

12 the amount to be credited to each reserve ~~shall~~ must be

13 allocated from the interest and other earnings on the moneys

14 money of the retirement system actually realized during the

15 preceding fiscal year, less the amount allocated to the

16 expense account fund under the provisions of 19-4-606.

17 (4) The state treasurer is the custodian of the

18 collected retirement system moneys money and of the

19 securities in which the ~~moneys are~~ money is invested. ~~All~~

20 ~~expenditures from the moneys may be made only upon claims~~

21 ~~signed by two persons designated by the retirement board; a~~

22 ~~properly attested copy of a resolution of the retirement~~

23 ~~board designating such persons and bearing on its face~~

24 ~~specimen signatures of each person shall be filed with the~~

25 ~~department of administration as its authority for approving~~

1 ~~such-claims:~~

2 (5) All the reserves established by part 6 of this
3 chapter ~~shall~~ must be accounts in the pension trust fund
4 type of the treasury fund structure of the state."

5 **Section 3.** Section 19-4-901, MCA, is amended to read:

6 **"19-4-901. Eligibility for disability retirement.** Upon
7 the application of ~~an-active a~~ member or of his employer for
8 a disability retirement allowance, any **active** member who has
9 5 or more years of creditable service and who has become
10 disabled while being an active member may be retired by the
11 retirement board the month immediately following the month
12 in which ~~his-disability-caused-his-retirement~~ he terminates
13 his employment. In order for a member to be eligible for
14 disability retirement, the retirement board must certify
15 that he is mentally or physically incapacitated for the
16 further performance of his duties, that ~~such~~ his incapacity
17 is likely to be permanent, and that he should be retired."

18 NEW SECTION. **Section 4.** Effective date. [This act] is
19 effective on passage and approval.

-End-

1 HOUSE BILL NO. 52
 2 INTRODUCED BY NISBET
 3 BY REQUEST OF THE TEACHERS' RETIREMENT BOARD
 4
 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO CLARIFY PROVISIONS
 6 OF THE TEACHERS' RETIREMENT SYSTEM RELATED TO ELECTION TO
 7 PURCHASE ADDITIONAL SERVICE, PAYMENT OF CLAIMS, AND
 8 ELIGIBILITY FOR DISABILITY ALLOWANCE; AMENDING SECTIONS
 9 19-4-412, 19-4-501, AND 19-4-901, MCA; AND PROVIDING AN
 10 IMMEDIATE EFFECTIVE DATE."

11
12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13 Section 1. Section 19-4-412, MCA, is amended to read:

14 "19-4-412. Election to purchase additional service.
 15 (1) (a) Except as provided in subsection (3), a member with
 16 5 years or more of creditable service may make a written
 17 election with the retirement board to purchase, for the
 18 purpose of calculating his retirement allowance, 1 year of
 19 additional service for:

20 (i) each 5 years of creditable service, up to a on
 21 which contributions have been made as required under the
 22 provisions of 19-4-602; and

23 (ii) each 5 years of membership service as defined in
 24 Title 19, chapter 3, for which contributions have been made
 25 as required under the provisions of 19-4-409.

1 (b) A maximum of 5 years of additional service may be
 2 purchased under this section. A part-time member may
 3 purchase additional service on a prorated basis.

4 (2) (a) To purchase additional service under this
 5 section, a member ~~must~~ shall contribute, in a lump-sum
 6 payment or in installments as agreed upon by the member and
 7 the retirement board, an amount equal to:

8 (i) the combined employer and employee rate on July 1,
 9 1989, or the combined rate in effect at the time he is
 10 eligible to purchase the service, whichever date is later,
 11 multiplied by his earned compensation as provided in
 12 subsection (2)(b); and

13 (ii) interest at a rate of 8% compounded annually from
 14 July 1, 1989, or from the date at which he is eligible to
 15 purchase the service, whichever date is later.

16 (b) The earned compensation used in calculating the
 17 cost of purchasing additional service under this section is:

18 (i) for the first year of service purchased, the
 19 member's earned compensation for the 1988-89 school year or
 20 for his fifth year of service, whichever year is later;

21 (ii) for the second year of service purchased, the
 22 member's earned compensation for the 1988-89 school year or
 23 for his 10th year of service, whichever year is later;

24 (iii) for the third year of service purchased, the
 25 member's earned compensation for the 1988-89 school year or



1 for his 15th year of service, whichever year is later;
 2 (iv) for the fourth year of service purchased, the
 3 member's earned compensation for the 1988-89 school year or
 4 for his 20th year of service, whichever year is later; and
 5 (v) for the fifth year of service purchased, the
 6 member's earned compensation for the 1988-89 school year or
 7 for his 25th year of service, whichever year is later.
 8 (3) On or after July 1, 1989, a member eligible to
 9 purchase creditable service under 19-3-504, 19-3-510,
 10 19-3-512, 19-3-513, 19-4-402, 19-4-403, 19-4-408, 19-4-410,
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 12 section unless he elects in writing to:
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 14 service under ~~19-4-402, 19-4-403, 19-4-408, 19-4-410, or~~
 15 ~~19-4-411~~ sections referred to in subsection (3); and
 16 (b) apply the accumulated contributions made under
 17 ~~19-4-402, 19-4-403, 19-4-408, 19-4-410, or 19-4-411~~ sections
 18 referred to in subsection (3) to the cost of additional
 19 service purchased under this section.
 20 (4) Additional service purchased under this section may
 21 not be used to qualify a member for service retirement."
 22 **Section 2.** Section 19-4-501, MCA, is amended to read:
 23 "19-4-501. Financial administration of moneys money.
 24 The members of the retirement board are the trustees of all
 25 moneys money collected for the retirement system, and as

1 such trustees, they shall provide for the financial
 2 administration of the moneys money in the following manner:
 3 (1) The moneys--~~shall~~ money must be invested and
 4 reinvested by the state board of investments.
 5 (2) The retirement board annually shall establish the
 6 rate of regular interest.
 7 (3) The retirement board annually shall divide among
 8 the several reserves of the retirement system an amount
 9 equal to the average balance of the reserves during the
 10 preceding fiscal year multiplied by the rate of regular
 11 interest. In accordance with the provisions of 19-4-605(5),
 12 the amount to be credited to each reserve ~~shall~~ must be
 13 allocated from the interest and other earnings on the moneys
 14 money of the retirement system actually realized during the
 15 preceding fiscal year, less the amount allocated to the
 16 expense account fund under the provisions of 19-4-606.
 17 (4) The state treasurer is the custodian of the
 18 collected retirement system moneys money and of the
 19 securities in which the moneys-are money is invested. ~~All~~
 20 ~~expenditures from the moneys may be made--only--upon--claims~~
 21 ~~signed--by--two--persons--designated--by--the--retirement--board--A~~
 22 ~~properly--attested--copy--of--a--resolution--of--the--retirement~~
 23 ~~board--designating--such--persons--and--bearing--on--its--face~~
 24 ~~specimen--signatures--of--each--person--shall--be--filed--with--the~~
 25 ~~department--of--administration--as--its--authority--for--approving~~

1 such-claims.

2 (5) All the reserves established by part 6 of this
3 chapter shall must be accounts in the pension trust fund
4 type of the treasury fund structure of the state."

5 **Section 3.** Section 19-4-901, MCA, is amended to read:

6 "19-4-901. Eligibility for disability retirement. Upon
7 the application of an active a member or of his employer for
8 a disability retirement allowance, any active member who has
9 5 or more years of creditable service and who has become
10 disabled while being an active member may be retired by the
11 retirement board the month immediately following the month
12 in which ~~his disability caused his retirement~~ he terminates
13 his employment. In order for a member to be eligible for
14 disability retirement, the retirement board must certify
15 that he is mentally or physically incapacitated for the
16 further performance of his duties, that ~~such~~ his incapacity
17 is likely to be permanent, and that he should be retired."

18 NEW SECTION. **Section 4.** Effective date. [This act] is
19 effective on passage and approval.

-End-

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16 5 years or more of creditable service may make a written
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18 purpose of calculating his retirement allowance, 1 year of
19 additional service for:

20 (i) each 5 years of creditable service, up to a on
21 which contributions have been made as required under the
22 provisions of 19-4-602; and

23 (ii) each 5 years of membership service as defined in
24 Title 19, chapter 3, for which contributions have been made
25 as required under the provisions of 19-4-409.

1 (b) A maximum of 5 years of additional service may be
2 purchased under this section. A part-time member may
3 purchase additional service on a prorated basis.

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5 section, a member must shall contribute, in a lump-sum
6 payment or in installments as agreed upon by the member and
7 the retirement board, an amount equal to:

8 (i) the combined employer and employee rate on July 1,
9 1989, or the combined rate in effect at the time he is
10 eligible to purchase the service, whichever date is later,
11 multiplied by his earned compensation as provided in
12 subsection (2)(b); and

13 (ii) interest at a rate of 8% compounded annually from
14 July 1, 1989, or from the date at which he is eligible to
15 purchase the service, whichever date is later.

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17 cost of purchasing additional service under this section is:

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19 member's earned compensation for the 1988-89 school year or
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22 member's earned compensation for the 1988-89 school year or
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9 purchase creditable service under 19-3-504, 19-3-510,
10 19-3-512, 19-3-513, 19-4-402, 19-4-403, 19-4-408, 19-4-410,
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17 ~~19-4-402, 19-4-403, 19-4-408, 19-4-410, or 19-4-411~~ sections
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21 not be used to qualify a member for service retirement."

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23 "19-4-501. **Financial administration of moneys money.**
24 The members of the retirement board are the trustees of all
25 moneys money collected for the retirement system, and as

1 such trustees, they shall provide for the financial
2 administration of the moneys money in the following manner:

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8 the several reserves of the retirement system an amount
9 equal to the average balance of the reserves during the
10 preceding fiscal year multiplied by the rate of regular
11 interest. In accordance with the provisions of 19-4-605(5),
12 the amount to be credited to each reserve ~~shall~~ must be
13 allocated from the interest and other earnings on the moneys
14 money of the retirement system actually realized during the
15 preceding fiscal year, less the amount allocated to the
16 expense account fund under the provisions of 19-4-606.

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18 collected retirement system moneys money and of the
19 securities in which the ~~moneys-are~~ money is invested. ~~All~~
20 ~~expenditures-from-the-moneys-may-be-made--only--upon--claims~~
21 ~~signed--by-two-persons-designated-by-the-retirement-board--A~~
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23 ~~board--designating--such--persons--and--bearing--on-its-face~~
24 ~~specimen-signatures-of-each-person-shall-be-filed--with--the~~
25 ~~department--of-administration-as-its-authority-for-approving~~

1 ~~such-claims-~~

2 (5) All the reserves established by part 6 of this
3 chapter ~~shall~~ must be accounts in the pension trust fund
4 type of the treasury fund structure of the state."

5 **Section 3.** Section 19-4-901, MCA, is amended to read:

6 **"19-4-901. Eligibility for disability retirement.** Upon
7 the application of ~~an-active~~ a member or of his employer for
8 a disability retirement allowance, any **active** member who has
9 5 or more years of creditable service and who has become
10 disabled while being an active member may be retired by the
11 retirement board the month immediately following the month
12 in which ~~his-disability-caused-his-retirement~~ he terminates
13 his employment. In order for a member to be eligible for
14 disability retirement, the retirement board must certify
15 that he is mentally or physically incapacitated for the
16 further performance of his duties, that ~~such~~ his incapacity
17 is likely to be permanent, and that he should be retired."

18 NEW SECTION. **Section 4. Effective date.** [This act] is
19 effective on passage and approval.

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