HOUSE BILL NO. 52

INTRODUCED BY NISBET BY REQUEST OF THE TEACHERS' RETIREMENT BOARD

IN THE HOUSE

DECEMBER 29, 1990 INTRODUCED AND REFERRED TO COMMITTEE ON STATE ADMINISTRATION. JANUARY 7, 1991 FIRST READING. COMMITTEE RECOMMEND BILL JANUARY 15, 1991 DO PASS. REPORT ADOPTED. JANUARY 16, 1991 PRINTING REPORT. JANUARY 17, 1991 SECOND READING, DO PASS. JANUARY 18, 1991 ENGROSSING REPORT. JANUARY 19, 1991 THIRD READING, PASSED. AYES, 90; NOES, 2. TRANSMITTED TO SENATE. IN THE SENATE JANUARY 21, 1991 INTRODUCED AND REFERRED TO COMMITTEE ON STATE ADMINISTRATION. FIRST READING. JANUARY 24, 1991 COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED. POSTED ON CONSENT CALENDAR. JANUARY 25, 1991 CONSENT CALENDAR, QUESTIONS AND ANSWERS. JANUARY 28, 1991 THIRD READING, CONCURRED IN. AYES, 47; NOES, 0. RETURNED TO HOUSE. IN THE HOUSE JANUARY 29, 1991 RECEIVED FROM SENATE. SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

l	HOUSE BILL NO. 52	1	(b) A maximum of 5 years of additional service may be
2	INTRODUCED BY NISBET	2	purchased under this section. A part-time member may
3	BY REQUEST OF THE TEACHERS' RETIREMENT BOARD	3	purchase additional service on a prorated basis.
4		4	(2) (a) To purchase additional service under this
5	A BILL FOR AN ACT ENTITLED: "AN ACT TO CLARIFY PROVISIONS	5	section, a member must shall contribute, in a lump-sum
6	OF THE TEACHERS' RETIREMENT SYSTEM RELATED TO ELECTION TO	6	payment or in installments as agreed upon by the member and
7	PURCHASE ADDITIONAL SERVICE, PAYMENT OF CLAIMS, AND	7	the retirement board, an amount equal to:
8	ELIGIBILITY FOR DISABILITY ALLOWANCE; AMENDING SECTIONS	8	(i) the combined employer and employee rate on July 1,
9	19-4-412, 19-4-501, AND 19-4-901, MCA; AND PROVIDING AN	9	1989, or the combined rate in effect at the time he is
10	IMMEDIATE EFFECTIVE DATE."	10	eligible to purchase the service, whichever date is later,
11		11	multiplied by his earned compensation as provided in
12	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:	12	<pre>subsection (2)(b); and</pre>
13	Section 1. Section 19-4-412, MCA, is amended to read:	13	(ii) interest at a rate of 8% compounded annually from
14	"19-4-412. Election to purchase additional service.	14	July 1, 1989, or from the date at which he is eligible to
15	(1) (a) Except as provided in subsection (3), a member with	15	purchase the service, whichever date is later.
16	5 years or more of creditable service may make a written	16	(b) The earned compensation used in calculating the
17	election with the retirement board to purchase, for the	17	cost of purchasing additional service under this section is:
18	purpose of calculating his retirement allowance, 1 year of	18	(i) for the first year of service purchased, the
19	additional service for <u>:</u>	19	member's earned compensation for the 1988-89 school year or
20	(i) each 5 years of creditable service7uptoa on	20	for his fifth year of service, whichever year is later;
21	which contributions have been made as required under the	21	(ii) for the second year of service purchased, the
22	provisions of 19-4-602; and	22	member's earned compensation for the 1988-89 school year or
23	(ii) each 5 years of membership service as defined in	23	for his 10th year of service, whichever year is later;
24	Title 19, chapter 3, for which contributions have been made	24	(iii) for the third year of service purchased, the
25	as required under the provisions of 19-4-409.	25	member's carned 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 19-4-4027--19-4-4037--19-4-4007-19-4-4107-or 15 19-4-411 sections referred to in subsection (3); and

(b) apply the accumulated contributions made under
17 19-4-4027-19-4-4037-19-4-4087-19-4-4107-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 may21 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

such trustees, they shall provide for the financial
 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 the6 rate of regular interest.

7 (3) The retirement board annually shall divide among 8 the several reserves of the retirement system an amount equal to the average balance of the reserves during the 9 10 preceding fiscal year multiplied by the rate of regular interest. In accordance with the provisions of 19-4-605(5), 11 the amount to be credited to each reserve shall must be 12 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

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1 such-elaims.

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."

Section 3. Section 19-4-901, MCA, is amended to read: 5 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 in which his-disability-caused-his-retirement he terminates 12 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.

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52nd Legislature

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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
B	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 <u>:</u>
20	(i) each 5 years of creditable service7uptoa 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.

(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

(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, themember'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 б 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 section unless he elects in writing to: 12 13 (a) waive his eligibility to purchase creditable service under 19-4-402---19-4-403---19-4-408--19-4-408--19-4-410--07 14 15 19-4-41 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--0r-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 may21 not be used to qualify a member for service retirement."

Section 2. Section 19-4-501, MCA, is amended to read:
"19-4-501. Financial administration of meneys money.
The members of the retirement board are the trustees of all
moneys money collected for the retirement system, and as

(1) S212249503620505049740710024050604935. doi:10.10.10.414/sectors/s sectors/sectors/sectors/sectors/sectors/sectors/sectors/sectors/sectors/sectors/sectors/sectors/sectors/sectors/ such trustees, they shall provide for the financial
 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 the6 rate of regular interest.

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

(4) The state treasurer is the custodian of the 17 collected retirement system moneys money and of the 18 securities in which the moneys-are money is invested. All 19 expanditures-from-the-moneys-may-be-made--only--upon--claims 20 signed--by two-persons-designated-by-the-retirement-board--A 21 properly-attested-copy-of-a--resolution--of--the--retirement 22 board--designating--such--persons anl--bearing on its-face 23 specimen-signatures-of-each person shall-be-filed--with--the 24 departments of administration-as its authority-for-approving 2'1

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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:

"19-4-901. Eligibility for disability retirement. Upon 6 7 the application of an-active a member or of his employer for a disability retirement allowance, any active member who has 8 5 or more years of creditable service and who has become 9 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.

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1	HOUSE BILL NO. 52	1	(b) A maximum of 5 years of additional service may be
2	INTRODUCED BY NISBET	2	purchased under this section. A part-time member may
3	BY REQUEST OF THE TEACHERS' RETIREMENT BOARD	3	purchase additional service on a prorated basis.
4		4	(2) (a) To purchase additional service under this
5	A BILL FOR AN ACT ENTITLED: "AN ACT TO CLARIFY PROVISIONS	5	section, a member must shall contribute, in a lump-sum
6	OF THE TEACHERS' RETIREMENT SYSTEM RELATED TO ELECTION TO	6	payment or in installments as agreed upon by the member and
7	PURCHASE ADDITIONAL SERVICE, PAYMENT OF CLAIMS, AND	7	the retirement board, an amount equal to:
8	ELIGIBILITY FOR DISABILITY ALLOWANCE; AMENDING SECTIONS	8	(i) the combined employer and employee rate on July 1,
9	19-4-412, 19-4-501, AND 19-4-901, MCA; AND PROVIDING AN	9	1989, or the combined rate in effect at the time he is
10	IMMEDIATE EFFECTIVE DATE."	10	eligible to purchase the service, whichever date is later,
11		11	multiplied by his earned compensation as provided in
12	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:	12	<pre>subsection (2)(b); and</pre>
13	Section 1. Section 19-4-412, MCA, is amended to read:	13	(ii) interest at a rate of 8% compounded annually from
14	"19 4-412. Election to purchase additional service.	14	July 1, 1989, or from the date at which he is eligible to
15	(1) (a) Except as provided in subsection (3), a member with	15	purchase the service, whichever date is later.
16	5 years or more of creditable service may make a written	16	(b) The earned compensation used in calculating the
17	election with the retirement board to purchase, for the	17	cost of purchasing additional service under this section is:
18	purpose of calculating his retirement allowance, 1 year of	18	{i} for the first year of service purchased, the
19	additional service for:	19	member's earned compensation for the 1988-89 school year or
20	(i) each 5 years of creditable service,uptoa on	20	for his fifth year of service, whichever year is later;
21	which contributions have been made as required under the	21	(ii) for the second year of service purchased, the
22	provisions of 19-4-602; and	22	member's earned compensation for the 1988-89 school year or
23	(ii) each 5 years of membership service as defined in	23	for his 10th year of service, whichever year is later;
24	Title 19, chapter 3, for which contributions have been made	24	(iii) for the third year of service purchased, the
25	as required under the provisions of 19-4-409.	25	member's earned compensation for the 1988-89 school year or
			THIRD READING
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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.

6 (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 19-4-4027-19-4-4037-19-4-4007-19-4-4107-07
15 19-4-411 sections referred to in subsection (3); and

(b) apply the accumulated contributions made under
17 19-4-4027-19-4-4037-19-4-4087-19-4-4107-07-19-4-411 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."

Section 2. Section 19-4-501, MCA, is amended to read:
"19-4-501. Financial administration of moneys money.
The members of the retirement board are the trustees of all
moneys money collected for the retirement system, and as

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

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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:

"19-4-901. Eligibility for disability retirement. Upon 6 7 the application of an active a member or of his employer for a disability retirement allowance, any active member who has 8 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 further performance of his duties, that such his incapacity 16 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-

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52nd Legislature

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HOUSE BILL NO. 52 1 1 (b) A maximum of 5 years of additional service may be INTRODUCED BY NISBET 2 2 purchased under this section. A part-time member may 3 BY REQUEST OF THE TEACHERS' RETIREMENT BOARD 3 4 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO CLARIFY PROVISIONS 5 5 OF THE TEACHERS' RETIREMENT SYSTEM RELATED TO ELECTION TO 6 6 7 PURCHASE ADDITIONAL SERVICE, PAYMENT OF CLAIMS, AND 7 ELIGIBILITY FOR DISABILITY ALLOWANCE: AMENDING SECTIONS 8 8 9 19-4-412, 19-4-501, AND 19-4-901, MCA; AND PROVIDING AN 9 IMMEDIATE EFFECTIVE DATE." 10 10 11 11 12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: 12 subsection (2)(b); and 13 Section 1. Section 19-4-412, MCA, is amended to read: 13 *19-4-412, Election to purchase additional service. 14 14 15 (1) (a) Except as provided in subsection (3), a member with 15 16 5 years or more of creditable service may make a written 16 17 17 election with the retirement board to purchase, for the purpose of calculating his retirement allowance, 1 year of 18 18 19 additional service for: 19 20 (i) each 5 years of creditable service7--up--to--a on 20 21 which contributions have been made as required under the 21 22 22 provisions of 19-4-602; and (ii) each 5 years of membership service as defined in 23 23 24 Title 19, chapter 3, for which contributions have been made 24

25 as required under the provisions of 19-4-409.



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

(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 25

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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.

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±9-4-4±1 sections referred to in subsection (3); and

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

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 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.

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(4) The state treasurer is the custodian of the 17 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 specimen-signatures-of-each-person-shall-be-filed--with--the 24 department--of-administration-as-its-authority-for-approving 25

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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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