

HOUSE BILL NO. 80  
INTRODUCED BY NISBET

IN THE HOUSE

JANUARY 3, 1991                   INTRODUCED AND REFERRED TO COMMITTEE  
ON STATE ADMINISTRATION.

JANUARY 7, 1991                   FIRST READING.

JANUARY 15, 1991                  COMMITTEE RECOMMEND BILL  
DO PASS AS AMENDED. 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, 86; NOES, 6.

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 26, 1991                  OBJECTION TO CONSENT CALENDAR FILED.

JANUARY 28, 1991                  SECOND READING, CONCURRED IN.

JANUARY 29, 1991                  THIRD READING, CONCURRED IN.  
AYES, 48; NOES, 0.

RETURNED TO HOUSE.

IN THE HOUSE

JANUARY 30, 1991                  RECEIVED FROM SENATE.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 HOUSE BILL NO. 80  
 2 INTRODUCED BY NISBET  
 3  
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO ALLOW A MEMBER OF  
 5 THE TEACHERS' RETIREMENT SYSTEM TO PURCHASE CREDIT FOR  
 6 EARNED COMPENSATION FOR FULL-TIME SERVICE DESPITE A LOSS IN  
 7 COMPENSATION, PAY, OR SALARY DUE TO A TEMPORARY ABSENCE; AND  
 8 AMENDING SECTION 19-4-101, MCA."

9  
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 **Section 1.** Section 19-4-101, MCA, is amended to read:

12 **"19-4-101. Definitions.** As used in this chapter, unless  
13 the context clearly indicates otherwise, the following  
14 definitions apply:

15 (1) "Accumulated contributions" means the sum of all  
16 the amounts deducted from the compensation of a member or  
17 paid by a member and credited to his individual account in  
18 the annuity savings fund, together with interest. Regular  
19 interest shall be computed and allowed to provide a benefit  
20 at the time of retirement.

21 (2) "Actuarial equivalent" means a benefit of equal  
22 value when computed, with regular interest, on the basis of  
23 the 1971 Group Annuity Mortality Table, with ages set back 4  
24 years and an interest rate of 8% compounded annually.

25 (3) "Annuity" means the payments made to a beneficiary

1 for life which are derived from a member's accumulated  
2 contributions.

3 (4) "Annuity reserve" means the present value of all  
4 payments to be made on account of a member's annuity  
5 computed, with regular interest, on the basis of the  
6 mortality tables adopted by the retirement board.

7 (5) (a) "Average final compensation" means the average  
8 of the earned compensation of a member during the 3  
9 consecutive years of full-time service which yield the  
10 highest average and on which contributions have been made as  
11 required by 19-4-602.

12 (b) In determining a member's retirement allowance  
13 under 19-4-802 or 19-4-804, the amount of each year's earned  
14 compensation that may be used in the calculation of average  
15 final compensation may not exceed the member's earned  
16 compensation from the preceding year by more than 10%,  
17 except as provided by rule by the retirement board.

18 (c) Earned compensation in excess of the amount  
19 specified in subsection (5)(b) is considered termination pay  
20 as provided in subsection (5)(d).

21 (d) If the earned compensation includes any termination  
22 pay, the member shall select one of the following options:

23 (i) use the total termination pay in the calculation of  
24 the average final compensation. The member and the employer  
25 shall pay contributions to the retirement system as are

1 determined by the board to adequately compensate the system  
2 for the additional retirement benefit. The contributions  
3 must be made at the time the termination pay is received.

4 (ii) use a yearly amount of termination pay added to  
5 each of the 3 consecutive years' salary used in the  
6 calculation of the average final compensation, if the member  
7 has 4 or more years of service with the employer from which  
8 the termination pay was received. The amount of compensation  
9 used in the calculation of average final compensation must  
10 be divided by the total number of years of creditable  
11 service to determine a yearly amount. The member and the  
12 employer must pay contributions on the termination pay  
13 according to the rates provided for in 19-4-602(1) and  
14 19-4-605(1).

15 (iii) exclude the termination pay from the average final  
16 compensation. No contribution is required of either the  
17 employer or member, and contributions made under 19-4-602  
18 and 19-4-605 must be refunded.

19 (e) For purposes of this subsection, termination pay  
20 includes any form of termination pay or any lump-sum payment  
21 for deferred compensation, sick leave, or accumulated  
22 vacation credit, or any other payment for time not worked  
23 other than compensation received while on sick leave or  
24 authorized leave of absence.

25 (6) "Beneficiary" means a person in receipt of a

1 pension, annuity, retirement allowance, or other benefit  
2 provided by the retirement system.

3 (7) "Creditable service" is that service defined by  
4 19-4-401.

5 (8) "Earned compensation" means the full compensation,  
6 pay, or salary actually paid to a member and reported to the  
7 retirement system, including amounts paid under a salary  
8 reduction agreement, a cafeteria plan, a tax sheltered  
9 annuity, a deferred compensation program, and the value of  
10 any housing provided by the employer. The employer shall fix  
11 the value of any housing provided. The term does not include  
12 any other amounts paid in kind or fringe benefits not  
13 actually paid to a member. The earned compensation is the  
14 full compensation, pay, or salary that would have been paid  
15 to a member for full-time service but was not paid to the  
16 member because of a reduction in compensation, pay, or  
17 salary due to a temporary absence provided that the  
18 retirement system receives the contribution required for  
19 full-time service. The earned compensation of a member who  
20 had less than 3 consecutive years of full-time service  
21 during the 5 years preceding his retirement is the  
22 compensation, pay, or salary which he would have earned had  
23 his part-time service been full-time service. The earned  
24 compensation of a member who is awarded a disability  
25 retirement allowance prior to the completion of a full year

1 is the compensation, pay, or salary which he would have  
 2 received had he completed the full year, except that any  
 3 termination pay, as defined in subsection (5)(e), received  
 4 by the member is limited to the amount actually paid and is  
 5 not the amount he would have earned had he completed the  
 6 full year.

7 (9) "Employer" means the state of Montana, the trustees  
 8 of a district, or any other agency or subdivision of the  
 9 state which employs a person who is designated a member of  
 10 the retirement system.

11 (10) "Full-time service" means service which is  
 12 full-time and which extends over a normal academic year of  
 13 at least 9 months. With respect to those members employed by  
 14 the office of the superintendent of public instruction, any  
 15 other state agency or institution, or the office of a county  
 16 superintendent, "full-time service" means service which is  
 17 full-time and which totals at least 9 months in any one  
 18 year.

19 (11) "Member" means a person who has an individual  
 20 account in the annuity savings fund. An active member is a  
 21 person included under the provisions of 19-4-302. An  
 22 inactive member is a person included under the provisions of  
 23 19-4-303.

24 (12) "Part-time service" means service which is less  
 25 than full-time or which totals less than 9 months in any one

1 year. Part-time service shall be credited in the proportion  
 2 that the actual time worked bears to full-time service.

3 (13) "Pension" means the payments made to a beneficiary  
 4 for life which are paid out of the pension accumulation  
 5 fund.

6 (14) "Pension reserve" means the present value of all  
 7 payments to be made on account of a pension computed, with  
 8 regular interest, on the basis of the mortality tables  
 9 adopted by the retirement board.

10 (15) "Prior service" means employment of the same nature  
 11 as service defined in subsection (20) of this section but  
 12 rendered before September 1, 1937.

13 (16) "Regular interest" means interest at 4% per annum  
 14 compounded annually or at such other rate as may be set by  
 15 the retirement board in accordance with 19-4-501(2).

16 (17) "Retirement allowance" means the annuity plus the  
 17 pension.

18 (18) "Retirement board" means the retirement system's  
 19 governing board provided for in 2-15-1010.

20 (19) "Retirement system" means the teachers' retirement  
 21 system of the state of Montana provided for in 19-4-102.

22 (20) "Service" means the performance of such  
 23 instructional duties or related activities as would entitle  
 24 the person to active membership in the retirement system  
 25 under the provisions of 19-4-302."

-End-

-6-

APPROVED BY COMMITTEE  
ON STATE ADMINISTRATION

HOUSE BILL NO. 80  
INTRODUCED BY NISBET

A BILL FOR AN ACT ENTITLED: "AN ACT TO ALLOW A MEMBER OF THE TEACHERS' RETIREMENT SYSTEM TO PURCHASE CREDIT FOR EARNED COMPENSATION FOR FULL-TIME SERVICE DESPITE A LOSS IN COMPENSATION, PAY, OR SALARY DUE TO A TEMPORARY ABSENCE; AND AMENDING SECTION 19-4-101, MCA."

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

NEW SECTION. SECTION 1. PURCHASE OF SALARY CREDIT. (1)

A MEMBER MAY APPLY FOR CREDIT FOR EARNED COMPENSATION THAT WAS NOT PAID TO THE MEMBER AND NOT REPORTED TO THE SYSTEM BECAUSE OF A TEMPORARY ABSENCE OF THE MEMBER.

(2) TO QUALIFY SALARY UNDER THIS SECTION, A CONTRIBUTION MUST BE PAID IN AN AMOUNT EQUAL TO 5.7% OF THE SALARY NOT REPORTED TO THE SYSTEM MULTIPLIED BY THE TOTAL YEARS OF CREDITABLE SERVICE.

**Section 2.** Section 19-4-101, MCA, is amended to read:

"19-4-101. Definitions. As used in this chapter, unless the context clearly indicates otherwise, the following definitions apply:

(1) "Accumulated contributions" means the sum of all the amounts deducted from the compensation of a member or paid by a member and credited to his individual account in

the annuity savings fund, together with interest. Regular interest shall be computed and allowed to provide a benefit at the time of retirement.

(2) "Actuarial equivalent" means a benefit of equal value when computed, with regular interest, on the basis of the 1971 Group Annuity Mortality Table, with ages set back 4 years and an interest rate of 8% compounded annually.

(3) "Annuity" means the payments made to a beneficiary for life which are derived from a member's accumulated contributions.

(4) "Annuity reserve" means the present value of all payments to be made on account of a member's annuity computed, with regular interest, on the basis of the mortality tables adopted by the retirement board.

(5) (a) "Average final compensation" means the average of the earned compensation of a member during the 3 consecutive years of full-time service which yield the highest average and on which contributions have been made as required by 19-4-602.

(b) In determining a member's retirement allowance under 19-4-802 or 19-4-804, the amount of each year's earned compensation that may be used in the calculation of average final compensation may not exceed the member's earned compensation from the preceding year by more than 10%, except as provided by rule by the retirement board.



1 (c) Earned compensation in excess of the amount  
2 specified in subsection (5)(b) is considered termination pay  
3 as provided in subsection (5)(d).

4 (d) If the earned compensation includes any termination  
5 pay, the member shall select one of the following options:

6 (i) use the total termination pay in the calculation of  
7 the average final compensation. The member and the employer  
8 shall pay contributions to the retirement system as are  
9 determined by the board to adequately compensate the system  
10 for the additional retirement benefit. The contributions  
11 must be made at the time the termination pay is received.

12 (ii) use a yearly amount of termination pay added to  
13 each of the 3 consecutive years' salary used in the  
14 calculation of the average final compensation, if the member  
15 has 4 or more years of service with the employer from which  
16 the termination pay was received. The amount of compensation  
17 used in the calculation of average final compensation must  
18 be divided by the total number of years of creditable  
19 service to determine a yearly amount. The member and the  
20 employer must pay contributions on the termination pay  
21 according to the rates provided for in 19-4-602(1) and  
22 19-4-605(1).

23 (iii) exclude the termination pay from the average final  
24 compensation. No contribution is required of either the  
25 employer or member, and contributions made under 19-4-602

1 and 19-4-605 must be refunded.

2 (e) For purposes of this subsection, termination pay  
3 includes any form of termination pay or any lump-sum payment  
4 for deferred compensation, sick leave, or accumulated  
5 vacation credit, or any other payment for time not worked  
6 other than compensation received while on sick leave or  
7 authorized leave of absence.

8 (6) "Beneficiary" means a person in receipt of a  
9 pension, annuity, retirement allowance, or other benefit  
10 provided by the retirement system.

11 (7) "Creditable service" is that service defined by  
12 19-4-401.

13 (8) "Earned compensation" means the full compensation,  
14 pay, or salary actually paid to a member and reported to the  
15 retirement system, including amounts paid under a salary  
16 reduction agreement, a cafeteria plan, a tax sheltered  
17 annuity, a deferred compensation program, and the value of  
18 any housing provided by the employer. The employer shall fix  
19 the value of any housing provided. The term does not include  
20 any other amounts paid in kind or fringe benefits not  
21 actually paid to a member. The earned compensation is the  
22 full compensation, pay, or salary that would have been paid  
23 to a member for full-time service but was not paid to the  
24 member because of a reduction in compensation, pay, or  
25 salary due to a temporary absence provided that the

1 retirement system receives the contribution required for  
 2 full-time-service BY [SECTION 1]. The earned compensation of  
 3 a member who had less than 3 consecutive years of full-time  
 4 service during the 5 years preceding his retirement is the  
 5 compensation, pay, or salary which he would have earned had  
 6 his part-time service been full-time service. The earned  
 7 compensation of a member who is awarded a disability  
 8 retirement allowance prior to the completion of a full year  
 9 is the compensation, pay, or salary which he would have  
 10 received had he completed the full year, except that any  
 11 termination pay, as defined in subsection (5)(e), received  
 12 by the member is limited to the amount actually paid and is  
 13 not the amount he would have earned had he completed the  
 14 full year.

15 (9) "Employer" means the state of Montana, the trustees  
 16 of a district, or any other agency or subdivision of the  
 17 state which employs a person who is designated a member of  
 18 the retirement system.

19 (10) "Full-time service" means service which is  
 20 full-time and which extends over a normal academic year of  
 21 at least 9 months. With respect to those members employed by  
 22 the office of the superintendent of public instruction, any  
 23 other state agency or institution, or the office of a county  
 24 superintendent, "full-time service" means service which is  
 25 full-time and which totals at least 9 months in any one

1 year.

2 (11) "Member" means a person who has an individual  
 3 account in the annuity savings fund. An active member is a  
 4 person included under the provisions of 19-4-302. An  
 5 inactive member is a person included under the provisions of  
 6 19-4-303.

7 (12) "Part-time service" means service which is less  
 8 than full-time or which totals less than 9 months in any one  
 9 year. Part-time service shall be credited in the proportion  
 10 that the actual time worked bears to full-time service.

11 (13) "Pension" means the payments made to a beneficiary  
 12 for life which are paid out of the pension accumulation  
 13 fund.

14 (14) "Pension reserve" means the present value of all  
 15 payments to be made on account of a pension computed, with  
 16 regular interest, on the basis of the mortality tables  
 17 adopted by the retirement board.

18 (15) "Prior service" means employment of the same nature  
 19 as service defined in subsection (20) of this section but  
 20 rendered before September 1, 1937.

21 (16) "Regular interest" means interest at 4% per annum  
 22 compounded annually or at such other rate as may be set by  
 23 the retirement board in accordance with 19-4-501(2).

24 (17) "Retirement allowance" means the annuity plus the  
 25 pension.



1       (18) "Retirement board" means the retirement system's  
2 governing board provided for in 2-15-1010.

3       (19) "Retirement system" means the teachers' retirement  
4 system of the state of Montana provided for in 19-4-102.

5       (20) "Service" means the performance of such  
6 instructional duties or related activities as would entitle  
7 the person to active membership in the retirement system  
8 under the provisions of 19-4-302."

9       NEW SECTION. SECTION 3. CODIFICATION INSTRUCTION.

10       {SECTION 1} IS INTENDED TO BE CODIFIED AS AN INTEGRAL PART  
11 OF TITLE 19, CHAPTER 4, PART 4, AND THE PROVISIONS OF TITLE  
12 19, CHAPTER 4, PART 4, APPLY TO {SECTION 1}.

-End-

HOUSE BILL NO. 80  
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A BILL FOR AN ACT ENTITLED: "AN ACT TO ALLOW A MEMBER OF THE TEACHERS' RETIREMENT SYSTEM TO PURCHASE CREDIT FOR EARNED COMPENSATION FOR FULL-TIME SERVICE DESPITE A LOSS IN COMPENSATION, PAY, OR SALARY DUE TO A TEMPORARY ABSENCE; AND AMENDING SECTION 19-4-101, MCA."

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Section 2. Section 19-4-101, MCA, is amended to read:

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the annuity savings fund, together with interest. Regular interest shall be computed and allowed to provide a benefit at the time of retirement.

(2) "Actuarial equivalent" means a benefit of equal value when computed, with regular interest, on the basis of the 1971 Group Annuity Mortality Table, with ages set back 4 years and an interest rate of 8% compounded annually.

(3) "Annuity" means the payments made to a beneficiary for life which are derived from a member's accumulated contributions.

(4) "Annuity reserve" means the present value of all payments to be made on account of a member's annuity computed, with regular interest, on the basis of the mortality tables adopted by the retirement board.

(5) (a) "Average final compensation" means the average of the earned compensation of a member during the 3 consecutive years of full-time service which yield the highest average and on which contributions have been made as required by 19-4-602.

(b) In determining a member's retirement allowance under 19-4-802 or 19-4-804, the amount of each year's earned compensation that may be used in the calculation of average final compensation may not exceed the member's earned compensation from the preceding year by more than 10%, except as provided by rule by the retirement board.

THIRD READING



1 (c) Earned compensation in excess of the amount  
2 specified in subsection (5)(b) is considered termination pay  
3 as provided in subsection (5)(d).

4 (d) If the earned compensation includes any termination  
5 pay, the member shall select one of the following options:

6 (i) use the total termination pay in the calculation of  
7 the average final compensation. The member and the employer  
8 shall pay contributions to the retirement system as are  
9 determined by the board to adequately compensate the system  
10 for the additional retirement benefit. The contributions  
11 must be made at the time the termination pay is received.

12 (ii) use a yearly amount of termination pay added to  
13 each of the 3 consecutive years' salary used in the  
14 calculation of the average final compensation, if the member  
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20 employer must pay contributions on the termination pay  
21 according to the rates provided for in 19-4-602(1) and  
22 19-4-605(1).

23 (iii) exclude the termination pay from the average final  
24 compensation. No contribution is required of either the  
25 employer or member, and contributions made under 19-4-602

1 and 19-4-605 must be refunded.

2 (e) For purposes of this subsection, termination pay  
3 includes any form of termination pay or any lump-sum payment  
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9 pension, annuity, retirement allowance, or other benefit  
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14 pay, or salary actually paid to a member and reported to the  
15 retirement system, including amounts paid under a salary  
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22 full compensation, pay, or salary that would have been paid  
23 to a member for full-time service but was not paid to the  
24 member because of a reduction in compensation, pay, or  
25 salary due to a temporary absence provided that the

1 retirement system receives the contribution required for  
 2 full-time-service BY [SECTION 1]. The earned compensation of  
 3 a member who had less than 3 consecutive years of full-time  
 4 service during the 5 years preceding his retirement is the  
 5 compensation, pay, or salary which he would have earned had  
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 20 full-time and which extends over a normal academic year of  
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 22 the office of the superintendent of public instruction, any  
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 24 superintendent, "full-time service" means service which is  
 25 full-time and which totals at least 9 months in any one

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2 (11) "Member" means a person who has an individual  
 3 account in the annuity savings fund. An active member is a  
 4 person included under the provisions of 19-4-302. An  
 5 inactive member is a person included under the provisions of  
 6 19-4-303.

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 8 than full-time or which totals less than 9 months in any one  
 9 year. Part-time service shall be credited in the proportion  
 10 that the actual time worked bears to full-time service.

11 (13) "Pension" means the payments made to a beneficiary  
 12 for life which are paid out of the pension accumulation  
 13 fund.

14 (14) "Pension reserve" means the present value of all  
 15 payments to be made on account of a pension computed, with  
 16 regular interest, on the basis of the mortality tables  
 17 adopted by the retirement board.

18 (15) "Prior service" means employment of the same nature  
 19 as service defined in subsection (20) of this section but  
 20 rendered before September 1, 1937.

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 22 compounded annually or at such other rate as may be set by  
 23 the retirement board in accordance with 19-4-501(2).

24 (17) "Retirement allowance" means the annuity plus the  
 25 pension.

1 (18) "Retirement board" means the retirement system's  
2 governing board provided for in 2-15-1010.

3 (19) "Retirement system" means the teachers' retirement  
4 system of the state of Montana provided for in 19-4-102.

5 (20) "Service" means the performance of such  
6 instructional duties or related activities as would entitle  
7 the person to active membership in the retirement system  
8 under the provisions of 19-4-302."

9 NEW SECTION. SECTION 3. CODIFICATION INSTRUCTION.

10 [SECTION 1] IS INTENDED TO BE CODIFIED AS AN INTEGRAL PART  
11 OF TITLE 19, CHAPTER 4, PART 4, AND THE PROVISIONS OF TITLE  
12 19, CHAPTER 4, PART 4, APPLY TO [SECTION 1].

-End-

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

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(3) "Annuity" means the payments made to a beneficiary for life which are derived from a member's accumulated contributions.

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(5) (a) "Average final compensation" means the average of the earned compensation of a member during the 3 consecutive years of full-time service which yield the highest average and on which contributions have been made as required by 19-4-602.

(b) In determining a member's retirement allowance under 19-4-802 or 19-4-804, the amount of each year's earned compensation that may be used in the calculation of average final compensation may not exceed the member's earned compensation from the preceding year by more than 10%, except as provided by rule by the retirement board.

REFERENCE BILL  
HB 80

CONSENT CALENDAR



1 (c) Earned compensation in excess of the amount  
 2 specified in subsection (5)(b) is considered termination pay  
 3 as provided in subsection (5)(d).

4 (d) If the earned compensation includes any termination  
 5 pay, the member shall select one of the following options:

6 (i) use the total termination pay in the calculation of  
 7 the average final compensation. The member and the employer  
 8 shall pay contributions to the retirement system as are  
 9 determined by the board to adequately compensate the system  
 10 for the additional retirement benefit. The contributions  
 11 must be made at the time the termination pay is received.

12 (ii) use a yearly amount of termination pay added to  
 13 each of the 3 consecutive years' salary used in the  
 14 calculation of the average final compensation, if the member  
 15 has 4 or more years of service with the employer from which  
 16 the termination pay was received. The amount of compensation  
 17 used in the calculation of average final compensation must  
 18 be divided by the total number of years of creditable  
 19 service to determine a yearly amount. The member and the  
 20 employer must pay contributions on the termination pay  
 21 according to the rates provided for in 19-4-602(1) and  
 22 19-4-605(1).

23 (iii) exclude the termination pay from the average final  
 24 compensation. No contribution is required of either the  
 25 employer or member, and contributions made under 19-4-602

1 and 19-4-605 must be refunded.

2 (e) For purposes of this subsection, termination pay  
 3 includes any form of termination pay or any lump-sum payment  
 4 for deferred compensation, sick leave, or accumulated  
 5 vacation credit, or any other payment for time not worked  
 6 other than compensation received while on sick leave or  
 7 authorized leave of absence.

8 (6) "Beneficiary" means a person in receipt of a  
 9 pension, annuity, retirement allowance, or other benefit  
 10 provided by the retirement system.

11 (7) "Creditable service" is that service defined by  
 12 19-4-401.

13 (8) "Earned compensation" means the full compensation,  
 14 pay, or salary actually paid to a member and reported to the  
 15 retirement system, including amounts paid under a salary  
 16 reduction agreement, a cafeteria plan, a tax sheltered  
 17 annuity, a deferred compensation program, and the value of  
 18 any housing provided by the employer. The employer shall fix  
 19 the value of any housing provided. The term does not include  
 20 any other amounts paid in kind or fringe benefits not  
 21 actually paid to a member. The earned compensation is the  
 22 full compensation, pay, or salary that would have been paid  
 23 to a member for full-time service but was not paid to the  
 24 member because of a reduction in compensation, pay, or  
 25 salary due to a temporary absence provided that the

1 retirement system receives the contribution required for  
 2 full-time-service BY [SECTION 1]. The earned compensation of  
 3 a member who had less than 3 consecutive years of full-time  
 4 service during the 5 years preceding his retirement is the  
 5 compensation, pay, or salary which he would have earned had  
 6 his part-time service been full-time service. The earned  
 7 compensation of a member who is awarded a disability  
 8 retirement allowance prior to the completion of a full year  
 9 is the compensation, pay, or salary which he would have  
 10 received had he completed the full year, except that any  
 11 termination pay, as defined in subsection (5)(e), received  
 12 by the member is limited to the amount actually paid and is  
 13 not the amount he would have earned had he completed the  
 14 full year.

15 (9) "Employer" means the state of Montana, the trustees  
 16 of a district, or any other agency or subdivision of the  
 17 state which employs a person who is designated a member of  
 18 the retirement system.

19 (10) "Full-time service" means service which is  
 20 full-time and which extends over a normal academic year of  
 21 at least 9 months. With respect to those members employed by  
 22 the office of the superintendent of public instruction, any  
 23 other state agency or institution, or the office of a county  
 24 superintendent, "full-time service" means service which is  
 25 full-time and which totals at least 9 months in any one

1 year.

2 (11) "Member" means a person who has an individual  
 3 account in the annuity savings fund. An active member is a  
 4 person included under the provisions of 19-4-302. An  
 5 inactive member is a person included under the provisions of  
 6 19-4-303.

7 (12) "Part-time service" means service which is less  
 8 than full-time or which totals less than 9 months in any one  
 9 year. Part-time service shall be credited in the proportion  
 10 that the actual time worked bears to full-time service.

11 (13) "Pension" means the payments made to a beneficiary  
 12 for life which are paid out of the pension accumulation  
 13 fund.

14 (14) "Pension reserve" means the present value of all  
 15 payments to be made on account of a pension computed, with  
 16 regular interest, on the basis of the mortality tables  
 17 adopted by the retirement board.

18 (15) "Prior service" means employment of the same nature  
 19 as service defined in subsection (20) of this section but  
 20 rendered before September 1, 1937.

21 (16) "Regular interest" means interest at 4% per annum  
 22 compounded annually or at such other rate as may be set by  
 23 the retirement board in accordance with 19-4-501(2).

24 (17) "Retirement allowance" means the annuity plus the  
 25 pension.



1 (18) "Retirement board" means the retirement system's  
2 governing board provided for in 2-15-1010.

3 (19) "Retirement system" means the teachers' retirement  
4 system of the state of Montana provided for in 19-4-102.

5 (20) "Service" means the performance of such  
6 instructional duties or related activities as would entitle  
7 the person to active membership in the retirement system  
8 under the provisions of 19-4-302."

9 NEW SECTION. SECTION 3. CODIFICATION INSTRUCTION.

10 {SECTION 1} IS INTENDED TO BE CODIFIED AS AN INTEGRAL PART  
11 OF TITLE 19, CHAPTER 4, PART 4, AND THE PROVISIONS OF TITLE  
12 19, CHAPTER 4, PART 4, APPLY TO {SECTION 1}.

-End-