



1 HOUSE BILL NO. 432  
2 INTRODUCED BY Cady

3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING A RETIREMENT  
5 ALLOWANCE AT AGE 50 FOR MEMBERS OF THE SHERIFFS' RETIREMENT  
6 SYSTEM WHO ARE INVOLUNTARILY DISCONTINUED FROM SERVICE AFTER  
7 5 YEARS OF SERVICE; AMENDING SECTION 19-7-504; AND PROVIDING  
8 AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

11 **Section 1.** Section 19-7-504, MCA, is amended to read:

12 "19-7-504. Involuntary retirement allowance. If a  
13 member is involuntarily discontinued from service after  
14 having completed ~~at least~~ 5 years of total service but before  
15 reaching retirement age, he shall, upon filing an  
16 application, be paid in one of the following ways:

- 17 (1) the full amount of his accumulated deductions; or
- 18 (2) a retirement allowance beginning on his 55th 50th  
19 birthday, calculated under the provisions of 19-7-502."

20 NEW SECTION. **Section 2.** Applicability. [This act]  
21 applies to members of the sheriffs' retirement system, as  
22 established in 19-7-102, involuntarily discontinued from  
23 service on or after July 1, 1991.

24 NEW SECTION. **Section 3.** Effective date. [This act] is  
25 effective July 1, 1991.

-End-



INTRODUCED BILL

HB 432

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0432, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

A bill to provide a retirement allowance at age 50 for members of the sheriffs' retirement system who are involuntarily discontinued from service after five years of service.

ASSUMPTIONS:


1. This bill will provide a monthly retirement allowance to a member of the sheriffs' retirement system who is involuntarily discontinued from service after completing at least five years of service, beginning on his/her 50th birthday and actuarially reduced from either 60 years of age or 24 years of service, whichever provides the higher retirement allowance.
2. Since current law provides such an allowance to a member only after completion of ten years of service, and the allowance now may not begin until the member's 55th birthday, additional members will be eligible for the allowance for a longer period of time.
3. An actuarial valuation of the sheriffs' retirement system has determined that the cost to fund this benefit enhancement will be an additional .09% of each active member's compensation. This amount would be sufficient to fund the benefits as they are earned in the future and to fund the additional past service liability created by this bill over a period of 40 years.
4. The present funding structure for this retirement system (14.67% of salaries) is sufficient to provide this increase without a statutory increase in either employer or employee contribution rates.
5. It is not possible to accurately project the impact on actual benefit payments during the coming biennium due to a lack of information about whether members terminating in the past with between five and ten years of service would be eligible under the involuntary retirement provisions of this bill.
6. The Public Employees Retirement Division can absorb any administrative costs of this legislation in the recommended executive budget for the 1993 biennium.

FISCAL IMPACT:

Minimal impact on sheriffs' retirement system.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

This benefit enhancement will cause an unfunded liability to accrue to the sheriffs retirement system which currently has no unfunded liability. The current statutory funding rate in this system is sufficient to amortize this new unfunded liability over a period of 40 years.

  
\_\_\_\_\_  
ROD SUNDSTED, BUDGET DIRECTOR      7-2-91      DATE  
Office of Budget and Program Planning

  
\_\_\_\_\_  
DOROTHY A. CODY, PRIMARY SPONSOR      DATE

Fiscal Note for HB0432, as introduced

**HB432**

APPROVED BY COMMITTEE  
ON STATE ADMINISTRATION

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*HOUSE* BILL NO. *432*

INTRODUCED BY *Cady*

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING A RETIREMENT ALLOWANCE AT AGE 50 FOR MEMBERS OF THE SHERIFFS' RETIREMENT SYSTEM WHO ARE INVOLUNTARILY DISCONTINUED FROM SERVICE AFTER 5 YEARS OF SERVICE; AMENDING SECTION 19-7-504; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

**Section 1.** Section 19-7-504, MCA, is amended to read:

"19-7-504. Involuntary retirement allowance. If a member is involuntarily discontinued from service after having completed ±0 5 years of total service but before reaching retirement age, he shall, upon filing an application, be paid in one of the following ways:

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- (2) a retirement allowance beginning on his 55th 50th birthday, calculated under the provisions of 19-7-502."

NEW SECTION. **Section 2.** Applicability. [This act]

applies to members of the sheriffs' retirement system, as established in 19-7-102, involuntarily discontinued from service on or after July 1, 1991.

NEW SECTION. **Section 3.** Effective date. [This act] is

effective July 1, 1991.

-End-



SECOND READING

HB 432

1 HOUSE BILL NO. 432  
2 INTRODUCED BY Cody

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THIRD READING

HB 432

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REFERENCE BILL  
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