

1 *Senate* BILL NO. *257*
 2 INTRODUCED BY *D. Lee Bush*

3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE THE
 5 LAWS RELATING TO THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM;
 6 AMENDING SECTIONS 68-1602, 68-1605.1, 68-1607, 68-1608,
 7 68-1905, 68-2001, 68-2003, 68-2004, 68-2101, 68-2504, AND
 8 68-2513, R.C.M. 1947."

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

11 Section 1. Section 68-1602, R.C.M. 1947, is amended to
 12 read as follows:

13 "68-1602. Exclusions. The following persons shall not
 14 become members of the retirement system:

15 (1) elective officers who have not filed with the
 16 board of administration written requests to become members;
 17 provided that any person so excluded from membership may
 18 later become a member by otherwise becoming an employee or
 19 by written request after a subsequent election to office;
 20 and provided further that if he shall affirmatively exercise
 21 the option, the contributions of the employer, because of
 22 his membership, shall be the same as they would have been
 23 had he not been so excluded;

24 (2) inmates of state institutions who are allowed
 25 compensation for such service as they are able to perform;

1 (3) persons in state institutions principally for the
 2 purpose of training, but who receive compensation;

3 (4) independent contractors unless written contract
 4 specifies the creation of an employer-employee relationship
 5 for purposes of retirement coverage under the Public
 6 Employees' Retirement System Act;

7 (5) employees serving in employment which does not
 8 exceed the equivalent of sixty (60) working days in any
 9 fiscal year;

10 (6) employees in service on July 1, 1945, or prior
 11 thereto who filed with the board of administration an
 12 election not to become members; provided, any person so
 13 excluded from membership by his own election may become a
 14 member by meeting the requirements of the balance of this
 15 subsection. Such a person must file an election to become a
 16 member with the board of administration no later than July
 17 1, 1975; provided, that any such person who is not an
 18 employee on July 1, 1974, may make such filing no later than
 19 one (1) year after subsequently becoming an employee. In
 20 either event, such person must thereupon pay to the
 21 retirement system the amount which he and his employer would
 22 have contributed had he not been so excluded plus interest
 23 which would have accumulated thereon. All benefits payable
 24 thereafter to such person shall be the same as if such
 25 person had never filed an election not to be a member;

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1 (7) persons directly appointed by the governor, who do
2 not file with the board of administration an election in
3 writing to become members;

4 (8) persons who are members of any other retirement or
5 pension system supported wholly or in part by funds of the
6 United States government, any state government or political
7 subdivision thereof and who are receiving credit in such
8 other system for service, it being the purpose of this
9 section to prevent a person from receiving credit for the
10 same service in two (2) retirement systems supported wholly
11 or in part by public funds, ~~and no person shall receive such~~
12 ~~credit under any circumstances~~ except when such service
13 qualifies, is applied for, and purchased pursuant to section
14 68-1605 or 68-1605.1; any member of the retirement system
15 who, because of his employment by the state, shall be
16 required to become a member of any such other systems, shall
17 be considered solely for the purposes of making normal
18 contributions as permanently separated from service; the
19 accumulated contributions of any member who shall have died
20 after becoming a member of such other system and before
21 receiving said accumulated contributions, shall be paid to
22 the beneficiary nominated by him to receive any death
23 benefit payable under section 68-2301; employer
24 contributions on the basis of compensation earned by members
25 after the effective date of termination of membership herein

1 because of the membership in such other system, shall be
2 repaid to the employer; for the purpose of this section,
3 persons receiving pensions, retirement allowances or other
4 payments, from any source, on account of employment other
5 than as an employee as defined in this act, shall not be
6 considered, because of such receipt, members of any other
7 retirement or pension system; provided, however, that where
8 an employer has entered into a collective bargaining
9 agreement which includes provisions for payments or
10 contributions by the employer in lieu of wages to a
11 retirement or pension plan qualified by the Internal Revenue
12 Service for its employees, such employees shall remain
13 eligible, if otherwise qualified, for membership in the
14 retirement system, and the payments or contributions in lieu
15 of wages shall not be deemed a part of the employee's
16 compensation for purposes of computing the employer or
17 employee contributions to the retirement system;

18 (9) court commissioners or appointive members of any
19 board or commission who serve the state or any contracting
20 employer intermittently and who are paid on a per diem
21 basis;

22 (10) persons who become employees after they have
23 reached their sixtieth birthday and have no creditable
24 qualified service in this system, and who do not file with
25 the board of administration an election to become members;

1 (11) employees of county hospitals or county rest
2 homes in the sixth and seventh class counties unless they
3 elect to file with the board of administration an election
4 in writing to become members."

5 Section 2. Section 68-1605.1, R.C.M. 1947, is amended
6 to read as follows:

7 "68-1605.1. Election to qualify military service for
8 full credit. A member with ten (10) years or more of state
9 service ~~credited~~ qualified under this act may at any time
10 prior to retirement make a written election with the board
11 to qualify all or any portion of his active service in the
12 armed forces of the United States for the purpose of
13 calculating retirement benefits up to a maximum of five (5)
14 years if he is not otherwise eligible to receive credit for
15 this same service pursuant to section 68-1605. To qualify
16 this service he must contribute to the retirement fund the
17 amount determined by the board to be due based on his
18 compensation and normal contribution rate as of his eleventh
19 year and as many succeeding years as are required to qualify
20 this service with interest from the date he becomes eligible
21 for this benefit to the date he so contributes. He may not
22 qualify more of this service than he has state service in
23 excess of ten (10) years."

24 Section 3. Section 68-1607, R.C.M. 1947, is amended to
25 read as follows:

1 "68-1607. Qualification of service with contracting
2 employer. Subject to the provisions of this section, any
3 person who has service with a contracting employer which is
4 not ~~creditable~~ qualified service may convert all or a
5 portion of such service to membership service by filing
6 written notice thereof with the board of administration, ~~no~~
7 ~~later--than--July-1,-1975,-provided-that-any-such-person-who~~
8 ~~is-not-a-member-on-July-1,-1974,-may--make--such--filing--no~~
9 ~~later--than--one--(1)--year--after--subsequently--becoming-a~~
10 ~~member,-in-either-event,-such~~ Such person must pay to the
11 retirement system the sum of the amount which he ~~and his~~
12 ~~employer~~ would have contributed during the period of service
13 so converted if the employer had then been a contracting
14 employer and the interest which would have accumulated
15 thereon to the time of such payment; provided, that the
16 employer ~~may~~ shall pay the employer's portion including
17 accrued interest. Payment may be made in one sum at the time
18 of such filing or on an installment basis. Installment
19 payments shall not exceed twenty-four (24) monthly payments.
20 When the monthly payment, exceeds five percent (5%) of
21 compensation in the initial month of payment, the board of
22 administration may allow smaller payments ~~of~~ over a period
23 to exceed twenty-four (24) months. Failure to make regular
24 monthly payments in any month where the member receives his
25 normal compensation shall thereafter, forfeit such person's

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1 right to make any further installment payments, unless
 2 permission is granted to do so by the board of
 3 administration."

4 Section 4. Section 68-1608, R.C.M. 1947, is amended to
 5 read as follows:

6 "68-1608. Qualification of prior service not
 7 previously credited. Credit for any prior service not
 8 previously granted shall be granted to a member upon his
 9 filing written notice thereof with the board of
 10 administration ~~no later than July 17, 1975, provided, that~~
 11 ~~any such person who is not a member on July 17, 1974, may~~
 12 ~~make such filing no later than one (1) year after~~
 13 ~~subsequently becoming a member and further;~~ provided he
 14 otherwise has not less than ~~ten (10)~~ five (5) years of
 15 creditable qualified service of which not less than three
 16 (3) years have been as a contributing member of the
 17 retirement system. Proper certification of such service must
 18 be furnished."

19 Section 5. Section 68-1905, R.C.M. 1947, is amended to
 20 read as follows:

21 "68-1905. Refund of contributions on termination of
 22 service. ~~(1)~~ Except as provided in this section, any member
 23 whose service has been discontinued by other than death or
 24 retirement shall be paid such part of his accumulated
 25 contributions, including regular interest thereon, as he

1 requests. ~~If he has ten (10) or more years of creditable~~
 2 ~~service, the amount paid shall include regular interest on~~
 3 ~~the accumulated normal contributions.~~ If he has less than
 4 ~~ten (10)~~ five (5) years of service and he does not re-enter
 5 service for a period of five (5) years after such
 6 discontinuance, he shall automatically be paid any portion
 7 of his total accumulated contributions not previously
 8 withdrawn. Upon qualification for any other benefit under
 9 this act, a member having any accumulated normal
 10 contributions standing to his credit in the retirement fund
 11 shall receive the benefit based upon the ~~creditable~~ qualified
 12 service during which such contributions were made. The board
 13 may, in its discretion, withhold for not more than one (1)
 14 year after a member last rendered service, all or part of
 15 his accumulated normal contributions if after a previous
 16 discontinuance of service he withdrew all or part of his
 17 normal contributions and failed to redeposit such withdrawn
 18 amount in the retirement fund as provided in section
 19 68-1906.

20 ~~(2) Should the state service of any member, regardless~~
 21 ~~of years of service, be discontinued other than by death or~~
 22 ~~retirement after July 17, 1974, he shall be paid such part of~~
 23 ~~his accumulated contributions, including regular interest~~
 24 ~~thereon, as he requests."~~

25 Section 6. Section 68-2001, R.C.M. 1947, is amended to

1 read as follows:

2 "68-2001. Eligibility for service retirement--early
3 retirement. (1) A member who has attained the age of sixty
4 (60) and completed ~~ten-(10)~~ five (5) years of creditable
5 qualified service is eligible for service retirement. A
6 member who has attained age sixty-five (65) is eligible for
7 service retirement regardless of his years of creditable
8 qualified service. A member who has completed thirty (30)
9 years or more of state service is eligible for service
10 retirement regardless of his age.

11 (2) A member who is not eligible for service
12 retirement but has attained age fifty-five (55) and
13 completed ~~ten-(10)~~ five (5) years of creditable qualified
14 services is eligible for early retirement."

15 Section 7. Section 68-2003, R.C.M. 1947, is amended to
16 read as follows:

17 "68-2003. Annual amount of retirement allowance
18 payable. The annual amount of retirement allowance payable
19 to a member following his service retirement is the sum of
20 (1), (2) and (3) as follows:

21 (1) an annuity which is the actuarial equivalent of
22 his accumulated additional contributions on the day his
23 retirement allowance commences;

24 (2) one ~~sixty-fifth--(1/65)~~ sixtieth (1/60) of his
25 final compensation multiplied by the number of years of his

1 creditable qualified service;

2 (3) any retirement allowance payable under section
3 68-2004."

4 Section 8. Section 68-2004, R.C.M. 1947, is amended to
5 read as follows:

6 "68-2004. Excess allowance to members on July 1, 1973.
7 The annual amount of retirement allowance payable to a
8 person who was a member on July 1, 1973, shall be increased
9 by the excess, if any, of the greater of (1) or (2) as
10 follows over subsection (2) of section 68-2003:

11 (1) the sum of a pension for prior service equal to
12 one ~~sixty-fifth--(1/65)~~ sixtieth (1/60) of his final
13 compensation multiplied by the number of years of his prior
14 service, an annuity which is the actuarial equivalent of his
15 accumulated normal contributions with regular interest to
16 the day his retirement allowance commences, and a pension
17 for membership service equal to such annuity;

18 (2) if the member attained age seventy (70) in
19 service, the lesser of four hundred eighty dollars (\$480) or
20 one-half (1/2) of his final compensation."

21 Section 9. Section 68-2101, R.C.M. 1947, is amended to
22 read as follows:

23 "68-2101. Disability retirement eligibility --
24 definitions -- medical examinations -- hearings -- waiver.

25 (1) A member who has not reached seventy (70) years of age

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1 but has become disabled for duty-related reasons, as defined
2 in subsections (3) and (4) of this section, is eligible for
3 disability retirement.

4 (2) A member who is not eligible for service or early
5 retirement but has completed ~~ten--(10)~~ five (5) years of
6 ~~creditable~~ qualified service and has become disabled while
7 in active service for other than duty-related reasons, as
8 defined in subsections (3) and (4) of this section, is
9 eligible for disability retirement.

10 (3) "Disabled" means unable to perform his duties by
11 reason of physical or mental incapacity.

12 (4) "Duty-related" means as a result of an injury or
13 disease arising out of or in the course of his employment
14 with an employer.

15 (5) "Injury" means a tangible happening of a traumatic
16 nature from an unexpected cause, or unusual strain,
17 resulting in either external or internal physical harm, and
18 such physical conditions as result therefrom, and excluding
19 disease not traceable to injury.

20 (6) The board shall determine whether a member has
21 become disabled and whether a disabled member became
22 disabled for duty-related reasons. In the discharge of its
23 duty regarding such determinations, the board, any member
24 thereof or any duly authorized representative of the board
25 shall have power to order medical examinations, conduct

1 hearings, administer oaths and affirmations, take
2 depositions, certify to official acts and issue subpoenas to
3 compel the attendance of witnesses and the production of
4 books, papers, correspondence, memoranda and other records
5 deemed necessary as evidence in connection with a claim for
6 disability retirement. The board shall secure medical
7 service and advice necessary to carry out the purposes of
8 this section and of sections 68-2201 and 68-2202 and shall
9 pay for those medical services and advice compensation the
10 board deems reasonable.

11 (7) A member eligible for early retirement may
12 conditionally waive such eligibility by written application,
13 such waiver to be effective only upon approval by the board
14 of his application for disability retirement."

15 Section 10. Section 68-2504, R.C.M. 1947, is amended
16 to read as follows:

17 "68-2504. Employer contribution rates -- actuarial
18 determination. (1) Each employer shall contribute to the
19 cost of benefits under the system. The amount of the
20 employer contributions shall be computed by applying to
21 member's compensation the sum of the current service
22 contribution rate and the unfunded liability contribution
23 rate. The sum of these rates shall be four and six-tenths
24 percent (4.6%) from July 1, 1973, to June 30, 1975, and four
25 and nine-tenths percent (4.9%) from July 1, 1975, to June

1 30, 1976, and six and one-fourth percent (6.25%) from July
2 1, 1976, and thereafter.

3 (2) The actuary shall determine the current service
4 contribution rate to be that level percentage of the present
5 value of the future compensation of the average new member
6 entering the system which equals the then present value of
7 the excess of all prospective benefits in respect of such
8 member over the member's own normal contributions.

9 (3) The actuary shall determine the minimum unfunded
10 liability contribution rate to be that level percentage of
11 the present value of the prospective compensation of all
12 members for the forty (40) year period following the date of
13 the determination which is equal to the unfunded liability
14 on that date. The unfunded liability at any time is the
15 excess of the present value of all future benefits payable
16 in respect of all persons then entitled to benefits under
17 the system over the sum of the retirement fund and the
18 present values of the future current service contributions
19 and normal contributions payable in respect of all such
20 persons."

21 Section 11. Section 68-2513, R.C.M. 1947, is amended
22 to read as follows:

23 "68-2513. Cost-of-living increases. ~~(1) -- "Index" -- for~~
24 ~~purposes -- of this section shall mean, for any calendar year,~~
25 ~~that year's annual average consumer price index for urban~~

1 ~~wage-earners-and-clerical-workers, all items (1957-1959-100)~~
2 ~~compiled by the bureau of labor statistics, United States~~
3 ~~department of labor, or successor agency.~~

4 ~~(2) -- Effective July 1, 1973, every service or~~
5 ~~disability retirement allowance then payable to a retired~~
6 ~~member or to his beneficiary shall be increased by a~~
7 ~~percentage equal to the lesser of one-half (1/2) of the~~
8 ~~percentage increase in the index for 1972 from the index for~~
9 ~~1970 or the index for 1972 from the index for the calendar~~
10 ~~year preceding the effective date of retirement of the~~
11 ~~member.~~

12 ~~(3) -- Effective July 1, 1973, every survivorship annuity~~
13 ~~then payable to a member's beneficiary shall be increased by~~
14 ~~a percentage equal to the lesser of one-half (1/2) of the~~
15 ~~percentage increase in the index for 1972 from the index for~~
16 ~~the calendar year 1970 or for the index for 1972 from the~~
17 ~~index for the calendar year preceding the date of death of~~
18 ~~the deceased member.~~

19 (1) Effective July 1, 1975, every service or
20 disability retirement allowance then payable to a retired
21 member or to his beneficiary shall be increased by one
22 dollar (\$1) per month for each year of qualified service at
23 the time of retirement and two dollars (\$2) per month for
24 each full calendar year he has been retired.

25 (2) Effective July 1, 1975 every survivorship annuity

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1 then payable to a member's beneficiary shall be increased by
2 one dollars (\$1) per month for each year of qualified
3 service of the deceased member and two dollars (\$2) per
4 month for each full calendar year since the deceased member
5 retired."

-End-

STATE OF MONTANA

REQUEST NO. 102-75

FISCAL NOTE

Form BD-15

In compliance with a written request received Jan. 28, 19 75, there is hereby submitted a Fiscal Note for Senate Bill 257 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

Senate Bill 257 revises the laws relating to the Public Employees' Retirement System, expanding the coverage, and providing for employer contribution rates.

ASSUMPTIONS:

1. The fiscal ramifications of Senate Bill 257 are widespread; unfortunately, actuarial statistics necessary for estimating the total fiscal impact will not be available until the last week in February.
2. The following fiscal impact projections are limited to estimations relating solely to the employer contribution rate provisions.
3. The following increases in total salary costs are estimated: FY 75 -11%, FY76 -27%, FY77-7%.

FISCAL IMPACT:

	FY76	FY77
Estimated employers' contributions to Public Employees Retirement System under present law.	\$9,976,263	\$10,674,602
Estimated employers contribution to Public Employees Retirement System under proposed law.	<u>9,976,263</u>	<u>13,450,000</u>
Estimated increase in employer's contributions	\$ 0	\$ 2,775,000

LOCAL IMPACT:

Section 3 of Senate Bill 257 requires contracting employers to pay the employee's portion of the retirement contribution including accrued interest for pre-contract date employment. Current law allows voluntary employer contributions. The mandatory requirement could impede the present contracts with political subdivisions and thus create local budgetary problems.

CONCLUSION:

Enactment of Senate Bill 257 will result in additional state and subdivision expenditures for the public employee retirement system. The estimated impact of only the change in employer contribution rate is expected to be \$2,775,000 \$1,650,000 of these costs would be borne by the state and \$1,125,000 by the subdivisions.

Michael B. Rollings

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2/1/75

Approved by Committee
on State Administration

SENATE BILL NO. 257

INTRODUCED BY DUNKLE, DRAKE .

A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE THE LAWS RELATING TO THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM; AMENDING SECTIONS 68-1602, 68-1605.1, 68-1607, 68-1608, 68-1902, 68-1905, 68-1906, 68-2001, 68-2003, 68-2004, 68-2101, 68-2504, AND 68-2513, R.C.M. 1947."

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

Section 1. Section 68-1602, R.C.M. 1947, is amended to read as follows:

"68-1602. Exclusions. The following persons shall not become members of the retirement system:

(1) elective officers who have not filed with the board of administration written requests to become members; provided that any person so excluded from membership may later become a member by otherwise becoming an employee or by written request after a subsequent election to office; and provided further that if he shall affirmatively exercise the option, the contributions of the employer, because of his membership, shall be the same as they would have been had he not been so excluded;

(2) inmates of state institutions who are allowed compensation for such service as they are able to perform;

(3) persons in state institutions principally for the purpose of training, but who receive compensation;

(4) independent contractors unless written contract specifies the creation of an employer-employee relationship for purposes of retirement coverage under the Public Employees' Retirement System Act;

(5) employees serving in employment which does not exceed the equivalent of sixty (60) working days in any fiscal year;

(6) employees in service on July 1, 1945, or prior thereto who filed with the board of administration an election not to become members; provided, any person so excluded from membership by his own election may become a member by meeting the requirements of the balance of this subsection. Such a person must file an election to become a member with the board of administration no later than July 1, 1975; provided, that any such person who is not an employee on July 1, 1974, may make such filing no later than one (1) year after subsequently becoming an employee. In either event, such person must thereupon pay to the retirement system the amount which he and his employer would have contributed had he not been so excluded plus interest which would have accumulated thereon. All benefits payable thereafter to such person shall be the same as if such person had never filed an election not to be a member;

1 (7) persons directly appointed by the governor, who do
2 not file with the board of administration an election in
3 writing to become members;

4 (8) persons who are members of any other retirement or
5 pension system supported wholly or in part by funds of the
6 United States government, any state government or political
7 subdivision thereof and who are receiving credit in such
8 other system for service, it being the purpose of this
9 section to prevent a person from receiving credit for the
10 same service in two (2) retirement systems supported wholly
11 or in part by public funds, ~~and no person shall receive such~~
12 ~~credit under any circumstances~~ except when such service
13 qualifies, is applied for, and purchased pursuant to section
14 68-1605--or 68-1605.1; any member of the retirement system
15 who, because of his employment by the state, shall be
16 required to become a member of any such other systems, shall
17 be considered solely for the purposes of making normal
18 contributions as permanently separated from service; the
19 accumulated contributions of any member who shall have died
20 after becoming a member of such other system and before
21 receiving said accumulated contributions, shall be paid to
22 the beneficiary nominated by him to receive any death
23 benefit payable under section 68-2301; employer
24 contributions on the basis of compensation earned by members
25 after the effective date of termination of membership herein

1 because of the membership in such other system, shall be
2 repaid to the employer; for the purpose of this section,
3 persons receiving pensions, retirement allowances or other
4 payments, from any source, on account of employment other
5 than as an employee as defined in this act, shall not be
6 considered, because of such receipt, members of any other
7 retirement or pension system; provided, however, that where
8 an employer has entered into a collective bargaining
9 agreement which includes provisions for payments or
10 contributions by the employer in lieu of wages to a
11 retirement or pension plan qualified by the Internal Revenue
12 Service for its employees, such employees shall remain
13 eligible, if otherwise qualified, for membership in the
14 retirement system, and the payments or contributions in lieu
15 of wages shall not be deemed a part of the employee's
16 compensation for purposes of computing the employer or
17 employee contributions to the retirement system;

18 (9) court commissioners or appointive members of any
19 board or commission who serve the state or any contracting
20 employer intermittently and who are paid on a per diem
21 basis;

22 (10) persons who become employees after they have
23 reached their sixtieth birthday and have no ~~creditable~~
24 qualified CREDITABLE service in this system, and who do not
25 file with the board of administration an election to become

1 members;

2 (11) employees of county hospitals or county rest
3 homes in the sixth and seventh class counties unless they
4 elect to file with the board of administration an election
5 in writing to become members."

6 Section 2. Section 68-1605.1, R.C.M. 1947, is amended
7 to read as follows:

8 "68-1605.1. Election to qualify military service for
9 full credit. (1) A member with ten (10) years or more of
10 state service ~~credited~~ qualified under this act may at any
11 time prior to retirement make a written election with the
12 board to qualify all or any portion of his active service in
13 the armed forces of the United States for the purpose of
14 calculating retirement benefits up to a maximum of five (5)
15 years if he is not otherwise eligible to receive credit for
16 this same service pursuant to section 68-1605. To qualify
17 this service he must contribute to the retirement fund the
18 amount determined by the board to be due based on his
19 compensation and normal contribution rate as of his eleventh
20 year and as many succeeding years as are required to qualify
21 this service with interest from the date he becomes eligible
22 for this benefit to the date he so contributes. He may not
23 qualify more of this service than he has state service in
24 excess of ten (10) years.

25 (2) IF A MEMBER HAS RETIRED FROM ACTIVE DUTY IN THE

1 ARMED FORCES OF THE UNITED STATES WITH A NORMAL SERVICE
2 RETIREMENT BENEFIT HE MAY NOT QUALIFY HIS MILITARY SERVICE
3 UNDER SUBSECTION (1) OF THIS SECTION; PROVIDED, HOWEVER,
4 THAT A MEMBER, WHO IS SERVING OR HAS SERVED IN THE MILITARY
5 RESERVES WITH THE EXPECTATION OF RECEIVING A MILITARY
6 SERVICE PENSION, MAY QUALIFY HIS ACTIVE MILITARY SERVICE
7 UNDER SUBSECTION (1) OF THIS SECTION IF HIS ACTIVE DUTY IN
8 THE ARMED FORCES OF THE UNITED STATES IS NOT MORE THAN
9 TWENTY-FIVE PERCENT (25%) OF THE TOTAL SUM OF ALL YEARS OF
10 MILITARY SERVICE INCLUDING RESERVE AND ACTIVE DUTY TIME."

11 Section 3. Section 68-1607, R.C.M. 1947, is amended to
12 read as follows:

13 "68-1607. Qualification of service with ~~contracting~~
14 employer. (1) Subject to the provisions of this section,
15 any person who has service with a ~~contracting~~ AN employer
16 which is not ~~creditable~~ qualified CREDITABLE service may
17 convert all or a portion of such service to membership
18 service by filing written notice thereof with the board of
19 administration, ~~no later than July 1, 1975, provided that~~
20 ~~any such person who is not a member on July 1, 1974, may~~
21 ~~make such filing no later than one (1) year after~~
22 ~~subsequently becoming a member, in either event, such~~ Such
23 NO LATER THAN JULY 1, 1975, PROVIDED THAT ANY SUCH PERSON
24 WHO IS NOT A MEMBER ON JULY 1, 1974, MAY MAKE SUCH FILING NO
25 LATER THAN ONE (1) YEAR AFTER SUBSEQUENTLY BECOMING A

1 MEMBER. IN EITHER EVENT, SUCH person must pay to the
 2 retirement system the sum of the amount which he ~~and--his~~
 3 employer AND HIS EMPLOYER would have contributed during the
 4 period of service so converted if the employer had then been
 5 ~~a--contracting AN~~ employer and the interest which would have
 6 accumulated thereon to the time of such payment; provided,
 7 that the employer ~~may shall~~ MAY pay the employer's portion
 8 including accrued interest. THE EMPLOYER MUST ESTABLISH A
 9 POLICY AS TO THE RETROACTIVE EMPLOYER CONTRIBUTIONS AND
 10 APPLY THIS POLICY INDISCRIMINATELY FOR ALL EMPLOYEES AND
 11 FORMER EMPLOYEES. ALL EMPLOYEE APPEALS OF DISCRIMINATION
 12 WILL BE SUBJECT TO THE DETERMINATION OF THE BOARD OF
 13 ADMINISTRATION. ALL SUCCESSFUL APPEALS WILL OBLIGATE THE
 14 EMPLOYER TO PAY THE EMPLOYER AND EMPLOYEE CONTRIBUTIONS WITH
 15 ACCRUED INTEREST FOR THAT EMPLOYEE FILING SUCH APPEAL WITH
 16 THE BOARD OF ADMINISTRATION. EACH APPEAL WILL BE HEARD ON
 17 ITS INDIVIDUAL MERITS AND WILL NOT BIND THE EMPLOYER TO PAY
 18 ALL RETROACTIVE PAYMENTS FOR ALL FORMER AND PRESENT
 19 EMPLOYEES.

20 (2) Payment may be made in one sum at the time of such
 21 filing or on an installment basis. Installment payments
 22 shall not exceed twenty-four (24) monthly payments. When the
 23 monthly payment, exceeds five percent (5%) of compensation
 24 in the initial month of payment, the board of administration
 25 may allow smaller payments ~~of~~ over a period to exceed

1 twenty-four (24) months. Failure to make regular monthly
 2 payments in any month where the member receives his normal
 3 compensation shall thereafter, forfeit such person's right
 4 to make any further installment payments, unless permission
 5 is granted to do so by the board of administration."

6 Section 4. Section 68-1608, R.C.M. 1947, is amended to
 7 read as follows:

8 "68-1608. Qualification of prior service not
 9 previously credited. Credit for any prior service not
 10 previously granted shall be granted to a member upon his
 11 filing written notice thereof with the board of
 12 administration ~~no--later--than--July--1,--1975,--provided,--that~~
 13 ~~any--such--person--who--is--not--a--member--on--July--1,--1974,--may~~
 14 ~~make--such--filing--no--later--than--one--(1)--year--after~~
 15 ~~subsequently--becoming--a--member--and--further,~~ NO LATER THAN
 16 JULY 1, 1975, PROVIDED, THAT ANY SUCH PERSON WHO IS NOT A
 17 MEMBER ON JULY 1, 1974, MAY MAKE SUCH FILING NO LATER THAN
 18 ONE (1) YEAR AFTER SUBSEQUENTLY BECOMING A MEMBER AND
 19 FURTHER provided he otherwise has not less than ~~ten--(10)~~
 20 five (5) years of creditable qualified CREDITABLE service of
 21 which not less than three (3) years have been as a
 22 contributing member of the retirement system. Proper
 23 certification of such service must be furnished."

24 SECTION 5. SECTION 68-1902, R.C.M. 1947, IS AMENDED TO
 25 READ AS FOLLOWS:

1 "68-1902. Member's contributions--deduction from pay.
 2 The normal contribution of each member shall be equal to
 3 ~~five--and--seventy-five--one--hundredths percent--(5.75%)~~ six
 4 percent (6%) of his compensation. The chief administrative
 5 officer of each employer shall deduct the contribution from
 6 the compensation of each member and remit the total of the
 7 contributions to the board. Payment of salaries or wages
 8 less the contribution shall be full and complete discharge
 9 and acquittance of all claims and demands whatsoever for the
 10 service rendered by members during the period covered by the
 11 payment, except their claims to the benefits to which they
 12 may be entitled under the provisions of this act."

13 Section 6. Section 68-1905, R.C.M. 1947, is amended to
 14 read as follows:

15 "68-1905. Refund of contributions on termination of
 16 service. ~~{1}~~ Except as provided in this section, any member
 17 whose service has been discontinued by other than death or
 18 retirement shall be paid such part of his accumulated
 19 contributions, including regular interest thereon, as he
 20 requests. ~~If--he--has--ten--(10)--or--more--years--of--creditable~~
 21 ~~service,--the--amount--paid--shall--include--regular--interest--on~~
 22 ~~the--accumulated--normal--contributions.~~ If he has less than
 23 ~~ten--(10)~~ five (5) years of service and he does not re-enter
 24 service for a period of five (5) years after such
 25 discontinuance, he shall automatically be paid any portion

1 of his total accumulated contributions not previously
 2 withdrawn. Upon qualification for any other benefit under
 3 this act, a member having any accumulated normal
 4 contributions standing to his credit in the retirement fund
 5 shall receive the benefit based upon the ~~creditable~~ qualified
 6 CREDITABLE service during which such contributions were
 7 made. The board may, in its discretion, withhold for not
 8 more than one (1) year after a member last rendered service,
 9 all or part of his accumulated normal contributions if after
 10 a previous discontinuance of service he withdrew all or part
 11 of his normal contributions and failed to redeposit such
 12 withdrawn amount in the retirement fund as provided in
 13 section 68-1906.

14 ~~{2}--Should--the--state--service--of--any--member,--regardless~~
 15 ~~of--years--of--service,--be--discontinued--other--than--by--death--or~~
 16 ~~retirement--after--July--1,--1974,--he--shall--be--paid--such--part--of~~
 17 ~~his--accumulated--contributions,--including--regular--interest~~
 18 ~~thereon,--as--he--requests."~~

19 SECTION 7. SECTION 68-1906, R.C.M. 1947, IS AMENDED TO
 20 READ AS FOLLOWS:

21 "68-1906. Reinstatement after withdrawal of
 22 contributions--redeposit of contributions. Except as
 23 otherwise provided in this section, any person who again
 24 becomes a member subsequent to the refund of his accumulated
 25 normal contributions after a termination of previous

1 membership is considered a new member without credit for any
 2 previous membership service, and he may reinstate that
 3 membership service by redepositing, ~~within two (2) years of~~
 4 ~~his reentering the retirement system~~, the sum of the
 5 accumulated normal contributions which were refunded to him
 6 at the last termination of his membership plus the interest
 7 which would have been credited to his account had the refund
 8 not taken place. If he makes this redeposit, his membership
 9 shall be the same as if unbroken by such last termination.
 10 Regardless of whether this redeposit is made, the documents
 11 held by the retirement system as executed by the member
 12 prior to termination of membership shall be held by the
 13 system for the same purposes as prior to termination, and
 14 beneficiaries nominated in the documents shall continue
 15 unchanged until changed as provided herein."

16 Section 8. Section 68-2001, R.C.M. 1947, is amended to
 17 read as follows:

18 "68-2001. Eligibility for service retirement--early
 19 retirement. (1) A member who has attained the age of sixty
 20 (60) and completed ~~ten (10)~~ five (5) years of creditable
 21 qualified service is eligible for service retirement. A
 22 member who has attained age sixty-five (65) is eligible for
 23 service retirement regardless of his years of creditable
 24 qualified CREDITABLE service. A member who has completed
 25 thirty (30) years or more of state service is eligible for

1 service retirement regardless of his age.

2 (2) A member who is not eligible for service
 3 retirement but has attained age fifty-five (55) and
 4 completed ~~ten (10)~~ five (5) years of creditable qualified
 5 services is eligible for early retirement."

6 Section 9. Section 68-2003, R.C.M. 1947, is amended to
 7 read as follows:

8 "68-2003. Annual amount of retirement allowance
 9 payable. The annual amount of retirement allowance payable
 10 to a member following his service retirement is the sum of
 11 (1), (2) and (3) as follows:

12 (1) an annuity which is the actuarial equivalent of
 13 his accumulated additional contributions on the day his
 14 retirement allowance commences;

15 (2) one ~~sixty-fifth (1/65)~~ sixtieth (1/60) of his
 16 final compensation multiplied by the number of years of his
 17 creditable qualified CREDITABLE service;

18 (3) any retirement allowance payable under section
 19 68-2004."

20 Section 10. Section 68-2004, R.C.M. 1947, is amended
 21 to read as follows:

22 "68-2004. Excess allowance to members on July 1, 1973.
 23 The annual amount of retirement allowance payable to a
 24 person who was a member on July 1, 1973, shall be increased
 25 by the excess, if any, of the greater of (1) or (2) as

1 follows over subsection (2) of section 68-2003:

2 (1) the sum of a pension for prior service equal to
3 one ~~sixty-fifth---(1/65)~~ sixtieth (1/60) of his final
4 compensation multiplied by the number of years of his prior
5 service, an annuity which is the actuarial equivalent of his
6 accumulated normal contributions with regular interest to
7 the day his retirement allowance commences, and a pension
8 for membership service equal to such annuity;

9 (2) if the member attained age seventy (70) in
10 service, the lesser of four hundred eighty dollars (\$480) or
11 one-half (1/2) of his final compensation."

12 Section 11. Section 68-2101, R.C.M. 1947, is amended
13 to read as follows:

14 "68-2101. Disability retirement eligibility --
15 definitions -- medical examinations -- hearings -- waiver.

16 (1) A member who has not reached seventy (70) years of age
17 but has become disabled for duty-related reasons, as defined
18 in subsections (3) and (4) of this section, is eligible for
19 disability retirement.

20 (2) A member who is not eligible for service or early
21 retirement but has completed ~~ten---(10)~~ five (5) years of
22 creditable qualified CREDITABLE service and has become
23 disabled while in active service for other than duty-related
24 reasons, as defined in subsections (3) and (4) of this
25 section, is eligible for disability retirement.

1 (3) "Disabled" means unable to perform his duties by
2 reason of physical or mental incapacity.

3 (4) "Duty-related" means as a result of an injury or
4 disease arising out of or in the course of his employment
5 with an employer.

6 (5) "Injury" means a tangible happening of a traumatic
7 nature from an unexpected cause, or unusual strain,
8 resulting in either external or internal physical harm, and
9 such physical conditions as result therefrom, and excluding
10 disease not traceable to injury.

11 (6) The board shall determine whether a member has
12 become disabled and whether a disabled member became
13 disabled for duty-related reasons. In the discharge of its
14 duty regarding such determinations, the board, any member
15 thereof or any duly authorized representative of the board
16 shall have power to order medical examinations, conduct
17 hearings, administer oaths and affirmations, take
18 depositions, certify to official acts and issue subpoenas to
19 compel the attendance of witnesses and the production of
20 books, papers, correspondence, memoranda and other records
21 deemed necessary as evidence in connection with a claim for
22 disability retirement. The board shall secure medical
23 service and advice necessary to carry out the purposes of
24 this section and of sections 68-2201 and 68-2202 and shall
25 pay for those medical services and advice compensation the

1 board deems reasonable.

2 (7) A member eligible for early retirement may
3 conditionally waive such eligibility by written application,
4 such waiver to be effective only upon approval by the board
5 of his application for disability retirement."

6 Section 12. Section 68-2504, R.C.M. 1947, is amended
7 to read as follows:

8 "68-2504. Employer contribution rates -- actuarial
9 determination. (1) Each employer shall contribute to the
10 cost of benefits under the system. The amount of the
11 employer contributions shall be computed by applying to
12 member's compensation the sum of the current service
13 contribution rate and the unfunded liability contribution
14 rate. The sum of these rates shall be four and six-tenths
15 percent (4.6%) from July 1, 1973, to June 30, 1975, and four
16 and nine-tenths percent (4.9%) from July 1, 1975, to June
17 30, 1976, and ~~six-and-one-fourth-percent-(6.25%)~~-from-July
18 ~~17-1976~~ FIVE AND ONE-QUARTER PERCENT (5.25%) FROM JULY 1,
19 1976, TO JUNE 30, 1977 AND FIVE AND SIXTY-FIVE HUNDREDTHS
20 PERCENT (5.65%) FROM JULY 1, 1977 TO JUNE 30, 1978 AND FIVE
21 AND NINETY HUNDREDTHS PERCENT (5.90%) FROM JULY 1, 1978, and
22 thereafter.

23 (2) The actuary shall determine the current service
24 contribution rate to be that level percentage of the present
25 value of the future compensation of the average new member

1 entering the system which equals the then present value of
2 the excess of all prospective benefits in respect of such
3 member over the member's own normal contributions.

4 (3) The actuary shall determine the minimum unfunded
5 liability contribution rate to be that level percentage of
6 the present value of the prospective compensation of all
7 members for the forty (40) year period following the date of
8 the determination which is equal to the unfunded liability
9 on that date. The unfunded liability at any time is the
10 excess of the present value of all future benefits payable
11 in respect of all persons then entitled to benefits under
12 the system over the sum of the retirement fund and the
13 present values of the future current service contributions
14 and normal contributions payable in respect of all such
15 persons."

16 Section 13. Section 68-2513, R.C.M. 1947, is amended
17 to read as follows:

18 "68-2513. Cost-of-living increases. ~~{1}--"index"--for~~
19 ~~purposes--of-this-section-shall-mean, for any calendar year,~~
20 ~~that year's annual average consumer price--index--for--urban~~
21 ~~wage-earners-and-clerical-workers, all items--(1957-1959=100)~~
22 ~~compiled--by--the--bureau-of-labor-statistics, United States~~
23 ~~department-of-labor, or successor agency;~~

24 ~~{2}--Effective--July--1,--1973,--every--service--or~~
25 ~~disability--retirement--allowance--then-payable-to-a-retired~~

1 member or to his beneficiary shall be increased by a
2 percentage equal to the lesser of one-half (1/2) of the
3 percentage increase in the index for 1972 from the index for
4 1970 or the index for 1972 from the index for the calendar
5 year preceding the effective date of retirement of the
6 member.

7 (3) Effective July 1, 1973, every survivorship annuity
8 then payable to a member's beneficiary shall be increased by
9 a percentage equal to the lesser of one-half (1/2) of the
10 percentage increase in the index for 1972 from the index for
11 the calendar year 1970 or for the index for 1972 from the
12 index for the calendar year preceding the date of death of
13 the deceased member.

14 (1) Effective July 1, 1975, every service or
15 disability retirement allowance then payable to a retired
16 member or to his beneficiary shall be increased by one
17 dollar (\$1) per month for each year of qualified CREDITABLE
18 service at the time of retirement and two dollars (\$2) per
19 month for each full calendar year he has been retired.

20 (2) Effective July 1, 1975 every survivorship annuity
21 then payable to a member's beneficiary shall be increased by
22 one dollar (\$1) per month for each year of qualified
23 CREDITABLE service of the deceased member and two dollars
24 (\$2) per month for each full calendar year since the
25 deceased member retired."

-End-
-17-

1 SENATE BILL NO. 257

2 INTRODUCED BY DUNKLE, DRAKE

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE THE
5 LAWS RELATING TO THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM;
6 AMENDING SECTIONS 68-1602, 68-1605.1, 68-1607, 68-1608,
7 68-1902, 68-1905, 68-1906, 68-2001, 68-2003, 68-2004,
8 68-2101, 68-2504, AND 68-2513, R.C.M. 1947."

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

11 Section 1. Section 68-1602, R.C.M. 1947, is amended to
12 read as follows:

13 "68-1602. Exclusions. The following persons shall not
14 become members of the retirement system:

15 (1) elective officers who have not filed with the
16 board of administration written requests to become members;
17 provided that any person so excluded from membership may
18 later become a member by otherwise becoming an employee or
19 by written request after a subsequent election to office;
20 and provided further that if he shall affirmatively exercise
21 the option, the contributions of the employer, because of
22 his membership, shall be the same as they would have been
23 had he not been so excluded;

24 (2) inmates of state institutions who are allowed
25 compensation for such service as they are able to perform;

1 (3) persons in state institutions principally for the
2 purpose of training, but who receive compensation;

3 (4) independent contractors unless written contract
4 specifies the creation of an employer-employee relationship
5 for purposes of retirement coverage under the Public
6 Employees' Retirement System Act;

7 (5) employees serving in employment which does not
8 exceed the equivalent of sixty (60) working days in any
9 fiscal year;

10 (6) employees in service on July 1, 1945, or prior
11 thereto who filed with the board of administration an
12 election not to become members; provided, any person so
13 excluded from membership by his own election may become a
14 member by meeting the requirements of the balance of this
15 subsection. Such a person must file an election to become a
16 member with the board of administration no later than July
17 1, 1975; provided, that any such person who is not an
18 employee on July 1, 1974, may make such filing no later than
19 one (1) year after subsequently becoming an employee. In
20 either event, such person must thereupon pay to the
21 retirement system the amount which he and his employer would
22 have contributed had he not been so excluded plus interest
23 which would have accumulated thereon. All benefits payable
24 thereafter to such person shall be the same as if such
25 person had never filed an election not to be a member;

1 (7) persons directly appointed by the governor, who do
2 not file with the board of administration an election in
3 writing to become members;

4 (8) persons who are members of any other retirement or
5 pension system supported wholly or in part by funds of the
6 United States government, any state government or political
7 subdivision thereof and who are receiving credit in such
8 other system for service, it being the purpose of this
9 section to prevent a person from receiving credit for the
10 same service in two (2) retirement systems supported wholly
11 or in part by public funds, ~~and no person shall receive such~~
12 ~~credit under any circumstances~~ except when such service
13 qualifies, is applied for, and purchased pursuant to section
14 68-1605--or 68-1605.1; any member of the retirement system
15 who, because of his employment by the state, shall be
16 required to become a member of any such other systems, shall
17 be considered solely for the purposes of making normal
18 contributions as permanently separated from service; the
19 accumulated contributions of any member who shall have died
20 after becoming a member of such other system and before
21 receiving said accumulated contributions, shall be paid to
22 the beneficiary nominated by him to receive any death
23 benefit payable under section 68-2301; employer
24 contributions on the basis of compensation earned by members
25 after the effective date of termination of membership herein

1 because of the membership in such other system, shall be
2 repaid to the employer; for the purpose of this section,
3 persons receiving pensions, retirement allowances or other
4 payments, from any source, on account of employment other
5 than as an employee as defined in this act, shall not be
6 considered, because of such receipt, members of any other
7 retirement or pension system; provided, however, that where
8 an employer has entered into a collective bargaining
9 agreement which includes provisions for payments or
10 contributions by the employer in lieu of wages to a
11 retirement or pension plan qualified by the Internal Revenue
12 Service for its employees, such employees shall remain
13 eligible, if otherwise qualified, for membership in the
14 retirement system, and the payments or contributions in lieu
15 of wages shall not be deemed a part of the employee's
16 compensation for purposes of computing the employer or
17 employee contributions to the retirement system;

18 (9) court commissioners or appointive members of any
19 board or commission who serve the state or any contracting
20 employer intermittently and who are paid on a per diem
21 basis;

22 (10) persons who become employees after they have
23 reached their sixtieth birthday and have no creditable
24 qualified CREDITABLE service in this system, and who do not
25 file with the board of administration an election to become

1 members;

2 (11) employees of county hospitals or county rest
3 homes in the sixth and seventh class counties unless they
4 elect to file with the board of administration an election
5 in writing to become members."

6 Section 2. Section 68-1605.1, R.C.M. 1947, is amended
7 to read as follows:

8 "68-1605.1. Election to qualify military service for
9 full credit. (1) A member with ten (10) years or more of
10 state service ~~credited~~ qualified under this act may at any
11 time prior to retirement make a written election with the
12 board to qualify all or any portion of his active service in
13 the armed forces of the United States for the purpose of
14 calculating retirement benefits up to a maximum of five (5)
15 years if he is not otherwise eligible to receive credit for
16 this same service pursuant to section 68-1605. To qualify
17 this service he must contribute to the retirement fund the
18 amount determined by the board to be due based on his
19 compensation and normal contribution rate as of his eleventh
20 year and as many succeeding years as are required to qualify
21 this service with interest from the date he becomes eligible
22 for this benefit to the date he so contributes. He may not
23 qualify more of this service than he has state service in
24 excess of ten (10) years.

25 (2) IF A MEMBER HAS RETIRED FROM ACTIVE DUTY IN THE

1 ARMED FORCES OF THE UNITED STATES WITH A NORMAL SERVICE
2 RETIREMENT BENEFIT HE MAY NOT QUALIFY HIS MILITARY SERVICE
3 UNDER SUBSECTION (1) OF THIS SECTION; PROVIDED, HOWEVER,
4 THAT A MEMBER, WHO IS SERVING OR HAS SERVED IN THE MILITARY
5 RESERVES WITH THE EXPECTATION OF RECEIVING A MILITARY
6 SERVICE PENSION, MAY QUALIFY HIS ACTIVE MILITARY SERVICE
7 UNDER SUBSECTION (1) OF THIS SECTION IF HIS ACTIVE DUTY IN
8 THE ARMED FORCES OF THE UNITED STATES IS NOT MORE THAN
9 TWENTY-FIVE PERCENT (25%) OF THE TOTAL SUM OF ALL YEARS OF
10 MILITARY SERVICE INCLUDING RESERVE AND ACTIVE DUTY TIME."

11 Section 3. Section 68-1607, R.C.M. 1947, is amended to
12 read as follows:

13 "68-1607. Qualification of service with ~~contracting~~
14 employer. (1) Subject to the provisions of this section,
15 any person who has service with a ~~contracting~~ AN employer
16 which is not ~~creditable~~ qualified CREDITABLE service may
17 convert all or a portion of such service to membership
18 service by filing written notice thereof with the board of
19 administration; ~~no--later--than--July--17--1975;--provided--that~~
20 ~~any--such--person--who--is--not--a--member--on--July--17--1974;--may~~
21 ~~make---such---filing---no---later---than---one---(1)---year---after~~
22 ~~subsequently--becoming--a--member.--in--either--event;--such~~ Such
23 NO LATER THAN JULY 1, 1975, PROVIDED THAT ANY SUCH PERSON
24 WHO IS NOT A MEMBER ON JULY 1, 1974, MAY MAKE SUCH FILING NO
25 LATER THAN ONE (1) YEAR AFTER SUBSEQUENTLY BECOMING A

1 MEMBER. IN EITHER EVENT, SUCH person must pay to the
 2 retirement system the sum of the amount which he ~~and his~~
 3 ~~employer~~ AND HIS EMPLOYER would have contributed during the
 4 period of service so converted if the employer had then been
 5 ~~a contracting AN~~ employer and the interest which would have
 6 accumulated thereon to the time of such payment; provided,
 7 that the employer may ~~shall~~ MAY pay the employer's portion
 8 including accrued interest. THE EMPLOYER MUST ESTABLISH A
 9 POLICY AS TO THE RETROACTIVE EMPLOYER CONTRIBUTIONS AND
 10 APPLY THIS POLICY INDISCRIMINATELY FOR ALL EMPLOYEES AND
 11 FORMER EMPLOYEES. ALL EMPLOYEE APPEALS OF DISCRIMINATION
 12 WILL BE SUBJECT TO THE DETERMINATION OF THE BOARD OF
 13 ADMINISTRATION. ALL SUCCESSFUL APPEALS WILL OBLIGATE THE
 14 EMPLOYER TO PAY THE EMPLOYER AND EMPLOYEE CONTRIBUTIONS WITH
 15 ACCRUED INTEREST FOR THAT EMPLOYEE FILING SUCH APPEAL WITH
 16 THE BOARD OF ADMINISTRATION. EACH APPEAL WILL BE HEARD ON
 17 ITS INDIVIDUAL MERITS AND WILL NOT BIND THE EMPLOYER TO PAY
 18 ALL RETROACTIVE PAYMENTS FOR ALL FORMER AND PRESENT
 19 EMPLOYEES.

20 (2) Payment may be made in one sum at the time of such
 21 filing or on an installment basis. Installment payments
 22 shall not exceed twenty-four (24) monthly payments. When the
 23 monthly payment, exceeds five percent (5%) of compensation
 24 in the initial month of payment, the board of administration
 25 may allow smaller payments ~~of~~ over a period to exceed

1 twenty-four (24) months. Failure to make regular monthly
 2 payments in any month where the member receives his normal
 3 compensation shall thereafter, forfeit such person's right
 4 to make any further installment payments, unless permission
 5 is granted to do so by the board of administration."

6 Section 4. Section 68-1608, R.C.M. 1947, is amended to
 7 read as follows:

8 "68-1608. Qualification of prior service not
 9 previously credited. Credit for any prior service not
 10 previously granted shall be granted to a member upon his
 11 filing written notice thereof with the board of
 12 administration ~~no later than July 1, 1975, provided, that~~
 13 ~~any such person who is not a member on July 1, 1974, may~~
 14 ~~make such filing no later than one (1) year after~~
 15 ~~subsequently becoming a member and further,~~ NO LATER THAN
 16 JULY 1, 1975, PROVIDED, THAT ANY SUCH PERSON WHO IS NOT A
 17 MEMBER ON JULY 1, 1974, MAY MAKE SUCH FILING NO LATER THAN
 18 ONE (1) YEAR AFTER SUBSEQUENTLY BECOMING A MEMBER AND
 19 FURTHER provided he otherwise has not less than ~~ten (10)~~
 20 five (5) years of creditable qualified CREDITABLE service of
 21 which not less than three (3) years have been as a
 22 contributing member of the retirement system. Proper
 23 certification of such service must be furnished."

24 SECTION 5. SECTION 68-1902, R.C.M. 1947, IS AMENDED TO
 25 READ AS FOLLOWS:

1 "68-1902. Member's contributions--deduction from pay.
 2 The normal contribution of each member shall be equal to
 3 ~~five--and--seventy-five--one--hundredths-percent-(5.75%)~~ six
 4 percent (6%) of his compensation. The chief administrative
 5 officer of each employer shall deduct the contribution from
 6 the compensation of each member and remit the total of the
 7 contributions to the board. Payment of salaries or wages
 8 less the contribution shall be full and complete discharge
 9 and acquittance of all claims and demands whatsoever for the
 10 service rendered by members during the period covered by the
 11 payment, except their claims to the benefits to which they
 12 may be entitled under the provisions of this act."

13 Section 6. Section 68-1905, R.C.M. 1947, is amended to
 14 read as follows:

15 "68-1905. Refund of contributions on termination of
 16 service. ~~(1)~~ Except as provided in this section, any member
 17 whose service has been discontinued by other than death or
 18 retirement shall be paid such part of his accumulated
 19 contributions, including regular interest thereon, as he
 20 requests. ~~if--he--has--ten--(10)--or--more--years--of--creditable~~
 21 ~~service--the--amount--paid--shall--include--regular--interest--on~~
 22 ~~the--accumulated--normal--contributions.~~ If he has less than
 23 ~~ten--(10)~~ five (5) years of service and he does not re-enter
 24 service for a period of five (5) years after such
 25 discontinuance, he shall automatically be paid any portion

1 of his total accumulated contributions not previously
 2 withdrawn. Upon qualification for any other benefit under
 3 this act, a member having any accumulated normal
 4 contributions standing to his credit in the retirement fund
 5 shall receive the benefit based upon the ~~creditable~~ qualified
 6 CREDITABLE service during which such contributions were
 7 made. The board may, in its discretion, withhold for not
 8 more than one (1) year after a member last rendered service,
 9 all or part of his accumulated normal contributions if after
 10 a previous discontinuance of service he withdrew all or part
 11 of his normal contributions and failed to redeposit such
 12 withdrawn amount in the retirement fund as provided in
 13 section 68-1906.

14 ~~(2)--Should-the-state-service-of-any-member,regardless~~
 15 ~~of-years-of-service,be-discontinued-other-than-by-death-or~~
 16 ~~retirement-after-July-17-1974,he-shall-be-paid-such-part-of~~
 17 ~~his--accumulated--contributions,--including-regular-interest~~
 18 ~~thereon,--as-he-requests."~~

19 SECTION 7. SECTION 68-1906, R.C.M. 1947, IS AMENDED TO
 20 READ AS FOLLOWS:

21 "68-1906. Reinstatement after withdrawal of
 22 contributions--redeposit of contributions. Except as
 23 otherwise provided in this section, any person who again
 24 becomes a member subsequent to the refund of his accumulated
 25 normal contributions after a termination of previous

1 membership is considered a new member without credit for any
 2 previous membership service, and he may reinstate that
 3 membership service by repositing, ~~within two (2) years of~~
 4 ~~his reentering the retirement system,~~ the sum of the
 5 accumulated normal contributions which were refunded to him
 6 at the last termination of his membership plus the interest
 7 which would have been credited to his account had the refund
 8 not taken place. If he makes this reposit, his membership
 9 shall be the same as if unbroken by such last termination.
 10 Regardless of whether this reposit is made, the documents
 11 held by the retirement system as executed by the member
 12 prior to termination of membership shall be held by the
 13 system for the same purposes as prior to termination, and
 14 beneficiaries nominated in the documents shall continue
 15 unchanged until changed as provided herein."

16 Section 8. Section 68-2001, R.C.M. 1947, is amended to
 17 read as follows:

18 "68-2001. Eligibility for service retirement--early
 19 retirement. (1) A member who has attained the age of sixty
 20 (60) and completed ~~ten--(10)~~ five (5) years of ~~creditable~~
 21 qualified service is eligible for service retirement. A
 22 member who has attained age sixty-five (65) is eligible for
 23 service retirement regardless of his years of ~~creditable~~
 24 qualified CREDITABLE service. A member who has completed
 25 thirty (30) years or more of state service is eligible for

1 service retirement regardless of his age.

2 (2) A member who is not eligible for service
 3 retirement but has attained age fifty-five (55) and
 4 completed ~~ten--(10)~~ five (5) years of ~~creditable~~ qualified
 5 services is eligible for early retirement."

6 Section 9. Section 68-2003, R.C.M. 1947, is amended to
 7 read as follows:

8 "68-2003. Annual amount of retirement allowance
 9 payable. The annual amount of retirement allowance payable
 10 to a member following his service retirement is the sum of
 11 (1), (2) and (3) as follows:

12 (1) an annuity which is the actuarial equivalent of
 13 his accumulated additional contributions on the day his
 14 retirement allowance commences;

15 (2) one ~~sixty-fifth--(1/65)~~ sixtieth (1/60) of his
 16 final compensation multiplied by the number of years of his
 17 ~~creditable~~ qualified CREDITABLE service;

18 (3) any retirement allowance payable under section
 19 68-2004."

20 Section 10. Section 68-2004, R.C.M. 1947, is amended
 21 to read as follows:

22 "68-2004. Excess allowance to members on July 1, 1973.
 23 The annual amount of retirement allowance payable to a
 24 person who was a member on July 1, 1973, shall be increased
 25 by the excess, if any, of the greater of (1) or (2) as

1 follows over subsection (2) of section 68-2003:

2 (1) the sum of a pension for prior service equal to
3 one ~~sixty-fifth---(1/65)~~ sixtieth (1/60) of his final
4 compensation multiplied by the number of years of his prior
5 service, an annuity which is the actuarial equivalent of his
6 accumulated normal contributions with regular interest to
7 the day his retirement allowance commences, and a pension
8 for membership service equal to such annuity;

9 (2) if the member attained age seventy (70) in
10 service, the lesser of four hundred eighty dollars (\$480) or
11 one-half (1/2) of his final compensation."

12 Section 11. Section 68-2101, R.C.M. 1947, is amended
13 to read as follows:

14 "68-2101. Disability retirement eligibility --
15 definitions -- medical examinations -- hearings -- waiver.

16 (1) A member who has not reached seventy (70) years of age
17 but has become disabled for duty-related reasons, as defined
18 in subsections (3) and (4) of this section, is eligible for
19 disability retirement.

20 (2) A member who is not eligible for service or early
21 retirement but has completed ~~ten--(10)~~ five (5) years of
22 ~~creditable~~ qualified CREDITABLE service and has become
23 disabled while in active service for other than duty-related
24 reasons, as defined in subsections (3) and (4) of this
25 section, is eligible for disability retirement.

1 (3) "Disabled" means unable to perform his duties by
2 reason of physical or mental incapacity.

3 (4) "Duty-related" means as a result of an injury or
4 disease arising out of or in the course of his employment
5 with an employer.

6 (5) "Injury" means a tangible happening of a traumatic
7 nature from an unexpected cause, or unusual strain,
8 resulting in either external or internal physical harm, and
9 such physical conditions as result therefrom, and excluding
10 disease not traceable to injury.

11 (6) The board shall determine whether a member has
12 become disabled and whether a disabled member became
13 disabled for duty-related reasons. In the discharge of its
14 duty regarding such determinations, the board, any member
15 thereof or any duly authorized representative of the board
16 shall have power to order medical examinations, conduct
17 hearings, administer oaths and affirmations, take
18 depositions, certify to official acts and issue subpoenas to
19 compel the attendance of witnesses and the production of
20 books, papers, correspondence, memoranda and other records
21 deemed necessary as evidence in connection with a claim for
22 disability retirement. The board shall secure medical
23 service and advice necessary to carry out the purposes of
24 this section and of sections 68-2201 and 68-2202 and shall
25 pay for those medical services and advice compensation the

1 board deems reasonable.

2 (7) A member eligible for early retirement may
3 conditionally waive such eligibility by written application,
4 such waiver to be effective only upon approval by the board
5 of his application for disability retirement."

6 Section 12. Section 68-2504, R.C.M. 1947, is amended
7 to read as follows:

8 "68-2504. Employer contribution rates -- actuarial
9 determination. (1) Each employer shall contribute to the
10 cost of benefits under the system. The amount of the
11 employer contributions shall be computed by applying to
12 member's compensation the sum of the current service
13 contribution rate and the unfunded liability contribution
14 rate. The sum of these rates shall be four and six-tenths
15 percent (4.6%) from July 1, 1973, to June 30, 1975, and four
16 and nine-tenths percent (4.9%) from July 1, 1975, to June
17 30, 1976, and six-and-one-fourth-percent (6.25%) from July
18 17-1976 FIVE AND ONE-QUARTER PERCENT (5.25%) FROM JULY 1,
19 1976, TO JUNE 30, 1977 AND FIVE AND SIXTY-FIVE HUNDREDTHS
20 PERCENT (5.65%) FROM JULY 1, 1977 TO JUNE 30, 1978 AND FIVE
21 AND NINETY HUNDREDTHS PERCENT (5.90%) FROM JULY 1, 1978, and
22 thereafter.

23 (2) The actuary shall determine the current service
24 contribution rate to be that level percentage of the present
25 value of the future compensation of the average new member

1 entering the system which equals the then present value of
2 the excess of all prospective benefits in respect of such
3 member over the member's own normal contributions.

4 (3) The actuary shall determine the minimum unfunded
5 liability contribution rate to be that level percentage of
6 the present value of the prospective compensation of all
7 members for the forty (40) year period following the date of
8 the determination which is equal to the unfunded liability
9 on that date. The unfunded liability at any time is the
10 excess of the present value of all future benefits payable
11 in respect of all persons then entitled to benefits under
12 the system over the sum of the retirement fund and the
13 present values of the future current service contributions
14 and normal contributions payable in respect of all such
15 persons."

16 Section 13. Section 68-2513, R.C.M. 1947, is amended
17 to read as follows:

18 "68-2513. Cost-of-living increases. ~~{1}--"Index"--for~~
19 ~~purposes--of--this--section--shall--mean--for--any--calendar--year,~~
20 ~~that--year's--annual--average--consumer--price--index--for--urban~~
21 ~~wage--earners--and--clerical--workers--all--items--(1957-1959-100)~~
22 ~~compiled--by--the--bureau--of--labor--statistics--United--States~~
23 ~~department--of--labor--or--successor--agency.~~

24 ~~{2}--Effective--July--1--1973--every--service--or~~
25 ~~disability--retirement--allowance--then--payable--to--a--retired~~

1 member or to his beneficiary shall be increased by a
2 percentage equal to the lesser of one-half (1/2) of the
3 percentage increase in the index for 1972 from the index for
4 1970 or the index for 1972 from the index for the calendar
5 year preceding the effective date of retirement of the
6 member.

7 (3) Effective July 1, 1973, every survivorship annuity
8 then payable to a member's beneficiary shall be increased by
9 a percentage equal to the lesser of one-half (1/2) of the
10 percentage increase in the index for 1972 from the index for
11 the calendar year 1970 or for the index for 1972 from the
12 index for the calendar year preceding the date of death of
13 the deceased member.

14 (1) Effective July 1, 1975, every service or
15 disability retirement allowance then payable to a retired
16 member or to his beneficiary shall be increased by one
17 dollar (\$1) per month for each year of qualified CREDITABLE
18 service at the time of retirement and two dollars (\$2) per
19 month for each full calendar year he has been retired.

20 (2) Effective July 1, 1975 every survivorship annuity
21 then payable to a member's beneficiary shall be increased by
22 one dollar (\$1) per month for each year of qualified
23 CREDITABLE service of the deceased member and two dollars
24 (\$2) per month for each full calendar year since the
25 deceased member retired."

-End-
-17-

1 SENATE BILL NO. 257

2 INTRODUCED BY DUNKLE, DRAKE

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE THE
5 LAWS RELATING TO THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM;
6 AMENDING SECTIONS 68-1602, 68-1605.1, 68-1607, 68-1608,
7 68-1902, 68-1905, 68-1906, 68-2001, 68-2003, 68-2004,
8 68-2101, 68-2504, AND 68-2513, R.C.M. 1947."

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

11 Section 1. Section 68-1602, R.C.M. 1947, is amended to
12 read as follows:

13 "68-1602. Exclusions. The following persons shall not
14 become members of the retirement system:

15 (1) elective officers who have not filed with the
16 board of administration written requests to become members;
17 provided that any person so excluded from membership may
18 later become a member by otherwise becoming an employee or
19 by written request after a subsequent election to office;
20 and provided further that if he shall affirmatively exercise
21 the option, the contributions of the employer, because of
22 his membership, shall be the same as they would have been
23 had he not been so excluded;

24 (2) inmates of state institutions who are allowed
25 compensation for such service as they are able to perform;

1 (3) persons in state institutions principally for the
2 purpose of training, but who receive compensation;

3 (4) independent contractors unless written contract
4 specifies the creation of an employer-employee relationship
5 for purposes of retirement coverage under the Public
6 Employees' Retirement System Act;

7 (5) employees serving in employment which does not
8 exceed the equivalent of sixty (60) working days in any
9 fiscal year;

10 (6) employees in service on July 1, 1945, or prior
11 thereto who filed with the board of administration an
12 election not to become members; provided, any person so
13 excluded from membership by his own election may become a
14 member by meeting the requirements of the balance of this
15 subsection. Such a person must file an election to become a
16 member with the board of administration no later than July
17 1, 1975; provided, that any such person who is not an
18 employee on July 1, 1974, may make such filing no later than
19 one (1) year after subsequently becoming an employee. In
20 either event, such person must thereupon pay to the
21 retirement system the amount which he and his employer would
22 have contributed had he not been so excluded plus interest
23 which would have accumulated thereon. All benefits payable
24 thereafter to such person shall be the same as if such
25 person had never filed an election not to be a member;

REFERENCE BILL

1 (7) persons directly appointed by the governor, who do
2 not file with the board of administration an election in
3 writing to become members;

4 (8) persons who are members of any other retirement or
5 pension system supported wholly or in part by funds of the
6 United States government, any state government or political
7 subdivision thereof and who are receiving credit in such
8 other system for service, it being the purpose of this
9 section to prevent a person from receiving credit for the
10 same service in two (2) retirement systems supported wholly
11 or in part by public funds, ~~and no person shall receive such~~
12 ~~credit under any circumstances~~ except when such service
13 qualifies, is applied for, and purchased pursuant to section
14 68-1605--or 68-1605.1; any member of the retirement system
15 who, because of his employment by the state, shall be
16 required to become a member of any such other systems, shall
17 be considered solely for the purposes of making normal
18 contributions as permanently separated from service; the
19 accumulated contributions of any member who shall have died
20 after becoming a member of such other system and before
21 receiving said accumulated contributions, shall be paid to
22 the beneficiary nominated by him to receive any death
23 benefit payable under section 68-2301; employer
24 contributions on the basis of compensation earned by members
25 after the effective date of termination of membership herein

1 because of the membership in such other system, shall be
2 repaid to the employer; for the purpose of this section,
3 persons receiving pensions, retirement allowances or other
4 payments, from any source, on account of employment other
5 than as an employee as defined in this act, shall not be
6 considered, because of such receipt, members of any other
7 retirement or pension system; provided, however, that where
8 an employer has entered into a collective bargaining
9 agreement which includes provisions for payments or
10 contributions by the employer in lieu of wages to a
11 retirement or pension plan qualified by the Internal Revenue
12 Service for its employees, such employees shall remain
13 eligible, if otherwise qualified, for membership in the
14 retirement system, and the payments or contributions in lieu
15 of wages shall not be deemed a part of the employee's
16 compensation for purposes of computing the employer or
17 employee contributions to the retirement system;

18 (9) court commissioners or appointive members of any
19 board or commission who serve the state or any contracting
20 employer intermittently and who are paid on a per diem
21 basis;

22 (10) persons who become employees after they have
23 reached their sixtieth birthday and have no **creditable**
24 **qualified CREDITABLE** service in this system, and who do not
25 file with the board of administration an election to become

1 members;

2 (11) employees of county hospitals or county rest
3 homes in the sixth and seventh class counties unless they
4 elect to file with the board of administration an election
5 in writing to become members."

6 Section 2. Section 68-1605.1, R.C.M. 1947, is amended
7 to read as follows:

8 "68-1605.1. Election to qualify military service for
9 full credit. (1) A member with ten (10) years or more of
10 state service ~~credited~~ qualified under this act may at any
11 time prior to retirement make a written election with the
12 board to qualify all or any portion of his active service in
13 the armed forces of the United States for the purpose of
14 calculating retirement benefits up to a maximum of five (5)
15 years if he is not otherwise eligible to receive credit for
16 this same service pursuant to section 68-1605. To qualify
17 this service he must contribute to the retirement fund the
18 amount determined by the board to be due based on his
19 compensation and normal contribution rate as of his eleventh
20 year and as many succeeding years as are required to qualify
21 this service with interest from the date he becomes eligible
22 for this benefit to the date he so contributes. He may not
23 qualify more of this service than he has state service in
24 excess of ten (10) years.

25 (2) IF A MEMBER HAS RETIRED FROM ACTIVE DUTY IN THE

1 ARMED FORCES OF THE UNITED STATES WITH A NORMAL SERVICE
2 RETIREMENT BENEFIT HE MAY NOT QUALIFY HIS MILITARY SERVICE
3 UNDER SUBSECTION (1) OF THIS SECTION; PROVIDED, HOWEVER,
4 THAT A MEMBER, WHO IS SERVING OR HAS SERVED IN THE MILITARY
5 RESERVES WITH THE EXPECTATION OF RECEIVING A MILITARY
6 SERVICE PENSION, MAY QUALIFY HIS ACTIVE MILITARY SERVICE
7 UNDER SUBSECTION (1) OF THIS SECTION IF HIS ACTIVE DUTY IN
8 THE ARMED FORCES OF THE UNITED STATES IS NOT MORE THAN
9 TWENTY-FIVE PERCENT (25%) OF THE TOTAL SUM OF ALL YEARS OF
10 MILITARY SERVICE INCLUDING RESERVE AND ACTIVE DUTY TIME."

11 Section 3. Section 68-1607, R.C.M. 1947, is amended to
12 read as follows:

13 "68-1607. Qualification of service with ~~contracting~~
14 employer. (1) Subject to the provisions of this section,
15 any person who has service with ~~a-contracting~~ AN employer
16 which is not ~~creditable~~ qualified CREDITABLE service may
17 convert all or a portion of such service to membership
18 service by filing written notice thereof with the board of
19 administration, ~~no-later-than-July-17-1975-provided-that~~
20 ~~any-such-person-who-is-not-a-member-on--July--17--1974--may~~
21 ~~make---such---filing--no-later--than--one--(1)--year--after~~
22 ~~subsequently-becoming-a-member--in-either-event7--such~~ Such
23 NO LATER THAN JULY 1, 1975, PROVIDED THAT ANY SUCH PERSON
24 WHO IS NOT A MEMBER ON JULY 1, 1974, MAY MAKE SUCH FILING NO
25 LATER THAN ONE (1) YEAR AFTER SUBSEQUENTLY BECOMING A

1 MEMBER. IN EITHER EVENT, SUCH person must pay to the
 2 retirement system the sum of the amount which he ~~and--his~~
 3 employer AND HIS EMPLOYER would have contributed during the
 4 period of service so converted if the employer had then been
 5 ~~a-contracting~~ AN employer and the interest which would have
 6 accumulated thereon to the time of such payment; provided,
 7 that the employer ~~may shall~~ MAY pay the employer's portion
 8 including accrued interest. THE EMPLOYER MUST ESTABLISH A
 9 POLICY AS TO THE RETROACTIVE EMPLOYER CONTRIBUTIONS AND
 10 APPLY THIS POLICY INDISCRIMINATELY FOR ALL EMPLOYEES AND
 11 FORMER EMPLOYEES. ALL EMPLOYEE APPEALS OF DISCRIMINATION
 12 WILL BE SUBJECT TO THE DETERMINATION OF THE BOARD OF
 13 ADMINISTRATION. ALL SUCCESSFUL APPEALS WILL OBLIGATE THE
 14 EMPLOYER TO PAY THE EMPLOYER AND EMPLOYEE CONTRIBUTIONS WITH
 15 ACCRUED INTEREST FOR THAT EMPLOYEE FILING SUCH APPEAL WITH
 16 THE BOARD OF ADMINISTRATION. EACH APPEAL WILL BE HEARD ON
 17 ITS INDIVIDUAL MERITS AND WILL NOT BIND THE EMPLOYER TO PAY
 18 ALL RETROACTIVE PAYMENTS FOR ALL FORMER AND PRESENT
 19 EMPLOYEES.

20 (2) Payment may be made in one sum at the time of such
 21 filing or on an installment basis. Installment payments
 22 shall not exceed twenty-four (24) monthly payments. When the
 23 monthly payment, exceeds five percent (5%) of compensation
 24 in the initial month of payment, the board of administration
 25 may allow smaller payments ~~of~~ over a period to exceed

1 twenty-four (24) months. Failure to make regular monthly
 2 payments in any month where the member receives his normal
 3 compensation shall thereafter, forfeit such person's right
 4 to make any further installment payments, unless permission
 5 is granted to do so by the board of administration."

6 Section 4. Section 68-1608, R.C.M. 1947, is amended to
 7 read as follows:

8 "68-1608. Qualification of prior service not
 9 previously credited. Credit for any prior service not
 10 previously granted shall be granted to a member upon his
 11 filing written notice thereof with the board of
 12 administration ~~no--later--than--July--17--1975;--provided;--that~~
 13 ~~any--such--person--who--is--not--a--member--on--July--17--1974;--may~~
 14 ~~make---such---filing---no---later---than---one---(1)---year---after~~
 15 ~~subsequently--becoming--a--member--and--further;~~ NO LATER THAN
 16 JULY 1, 1975, PROVIDED, THAT ANY SUCH PERSON WHO IS NOT A
 17 MEMBER ON JULY 1, 1974, MAY MAKE SUCH FILING NO LATER THAN
 18 ONE (1) YEAR AFTER SUBSEQUENTLY BECOMING A MEMBER AND
 19 FURTHER provided he otherwise has not less than ~~ten--(10)~~
 20 five (5) years of creditable qualified CREDITABLE service of
 21 which not less than three (3) years have been as a
 22 contributing member of the retirement system. Proper
 23 certification of such service must be furnished."

24 SECTION 5. SECTION 68-1902, R.C.M. 1947, IS AMENDED TO
 25 READ AS FOLLOWS:

1 "68-1902. Member's contributions--deduction from pay.
 2 The normal contribution of each member shall be equal to
 3 ~~five--and--seventy-five--one--hundredths-percent-(5.75%)~~ six
 4 percent (6%) of his compensation. The chief administrative
 5 officer of each employer shall deduct the contribution from
 6 the compensation of each member and remit the total of the
 7 contributions to the board. Payment of salaries or wages
 8 less the contribution shall be full and complete discharge
 9 and acquittance of all claims and demands whatsoever for the
 10 service rendered by members during the period covered by the
 11 payment, except their claims to the benefits to which they
 12 may be entitled under the provisions of this act."

13 Section 6. Section 68-1905, R.C.M. 1947, is amended to
 14 read as follows:

15 "68-1905. Refund of contributions on termination of
 16 service. ~~(1)~~ Except as provided in this section, any member
 17 whose service has been discontinued by other than death or
 18 retirement shall be paid such part of his accumulated
 19 contributions, including regular interest thereon, as he
 20 requests. ~~if--he--has--ten--(10)--or--more--years--of--creditable~~
 21 ~~service;--the--amount--paid--shall--include--regular--interest--on~~
 22 ~~the--accumulated--normal--contributions;--~~ If he has less than
 23 ~~ten--(10)~~ five (5) years of service and he does not re-enter
 24 service for a period of five (5) years after such
 25 discontinuance, he shall automatically be paid any portion

1 of his total accumulated contributions not previously
 2 withdrawn. Upon qualification for any other benefit under
 3 this act, a member having any accumulated normal
 4 contributions standing to his credit in the retirement fund
 5 shall receive the benefit based upon the ~~creditable~~ qualified
 6 CREDITABLE service during which such contributions were
 7 made. The board may, in its discretion, withhold for not
 8 more than one (1) year after a member last rendered service,
 9 all or part of his accumulated normal contributions if after
 10 a previous discontinuance of service he withdrew all or part
 11 of his normal contributions and failed to redeposit such
 12 withdrawn amount in the retirement fund as provided in
 13 section 68-1906.

14 ~~(2)--Should-the-state-service-of-any-member,--regardless~~
 15 ~~of--years--of--service,--be--discontinued--other--than--by--death--or~~
 16 ~~retirement--after--July--1,--1974,--he--shall--be--paid--such--part--of~~
 17 ~~his--accumulated--contributions,--including--regular--interest~~
 18 ~~thereon,--as--he--requests;--"~~

19 SECTION 7. SECTION 68-1906, R.C.M. 1947, IS AMENDED TO
 20 READ AS FOLLOWS:

21 "68-1906. Reinstatement after withdrawal of
 22 contributions--redeposit of contributions. Except as
 23 otherwise provided in this section, any person who again
 24 becomes a member subsequent to the refund of his accumulated
 25 normal contributions after a termination of previous

1 membership is considered a new member without credit for any
 2 previous membership service, and he may reinstate that
 3 membership service by redepositing, ~~within two (2) years of~~
 4 ~~his reentering the retirement system~~, the sum of the
 5 accumulated normal contributions which were refunded to him
 6 at the last termination of his membership plus the interest
 7 which would have been credited to his account had the refund
 8 not taken place. If he makes this redeposit, his membership
 9 shall be the same as if unbroken by such last termination.
 10 Regardless of whether this redeposit is made, the documents
 11 held by the retirement system as executed by the member
 12 prior to termination of membership shall be held by the
 13 system for the same purposes as prior to termination, and
 14 beneficiaries nominated in the documents shall continue
 15 unchanged until changed as provided herein."

16 Section 8. Section 68-2001, R.C.M. 1947, is amended to
 17 read as follows:

18 "68-2001. Eligibility for service retirement--early
 19 retirement. (1) A member who has attained the age of sixty
 20 (60) and completed ~~ten (10)~~ five (5) years of creditabile
 21 qualified service is eligible for service retirement. A
 22 member who has attained age sixty-five (65) is eligible for
 23 service retirement regardless of his years of creditabile
 24 qualified CREDITABLE service. A member who has completed
 25 thirty (30) years or more of state service is eligible for

1 service retirement regardless of his age.

2 (2) A member who is not eligible for service
 3 retirement but has attained age fifty-five (55) and
 4 completed ~~ten (10)~~ five (5) years of creditabile qualified
 5 services is eligible for early retirement."

6 Section 9. Section 68-2003, R.C.M. 1947, is amended to
 7 read as follows:

8 "68-2003. Annual amount of retirement allowance
 9 payable. The annual amount of retirement allowance payable
 10 to a member following his service retirement is the sum of
 11 (1), (2) and (3) as follows:

12 (1) an annuity which is the actuarial equivalent of
 13 his accumulated additional contributions on the day his
 14 retirement allowance commences;

15 (2) one ~~sixty-fifth (1/65)~~ sixtieth (1/60) of his
 16 final compensation multiplied by the number of years of his
 17 creditabile qualified CREDITABLE service;

18 (3) any retirement allowance payable under section
 19 68-2004."

20 Section 10. Section 68-2004, R.C.M. 1947, is amended
 21 to read as follows:

22 "68-2004. Excess allowance to members on July 1, 1973.
 23 The annual amount of retirement allowance payable to a
 24 person who was a member on July 1, 1973, shall be increased
 25 by the excess, if any, of the greater of (1) or (2) as

1 follows over subsection (2) of section 68-2003:

2 (1) the sum of a pension for prior service equal to
3 one ~~sixty-fifth~~ ~~---(1/65)~~ sixtieth (1/60) of his final
4 compensation multiplied by the number of years of his prior
5 service, an annuity which is the actuarial equivalent of his
6 accumulated normal contributions with regular interest to
7 the day his retirement allowance commences, and a pension
8 for membership service equal to such annuity;

9 (2) if the member attained age seventy (70) in
10 service, the lesser of four hundred eighty dollars (\$480) or
11 one-half (1/2) of his final compensation."

12 Section 11. Section 68-2101, R.C.M. 1947, is amended
13 to read as follows:

14 "68-2101. Disability retirement eligibility --
15 definitions -- medical examinations -- hearings -- waiver.

16 (1) A member who has not reached seventy (70) years of age
17 but has become disabled for duty-related reasons, as defined
18 in subsections (3) and (4) of this section, is eligible for
19 disability retirement.

20 (2) A member who is not eligible for service or early
21 retirement but has completed ~~ten~~ ~~---(10)~~ five (5) years of
22 creditabile qualified CREDITABLE service and has become
23 disabled while in active service for other than duty-related
24 reasons, as defined in subsections (3) and (4) of this
25 section, is eligible for disability retirement.

1 (3) "Disabled" means unable to perform his duties by
2 reason of physical or mental incapacity.

3 (4) "Duty-related" means as a result of an injury or
4 disease arising out of or in the course of his employment
5 with an employer.

6 (5) "Injury" means a tangible happening of a traumatic
7 nature from an unexpected cause, or unusual strain,
8 resulting in either external or internal physical harm, and
9 such physical conditions as result therefrom, and excluding
10 disease not traceable to injury.

11 (6) The board shall determine whether a member has
12 become disabled and whether a disabled member became
13 disabled for duty-related reasons. In the discharge of its
14 duty regarding such determinations, the board, any member
15 thereof or any duly authorized representative of the board
16 shall have power to order medical examinations, conduct
17 hearings, administer oaths and affirmations, take
18 depositions, certify to official acts and issue subpoenas to
19 compel the attendance of witnesses and the production of
20 books, papers, correspondence, memoranda and other records
21 deemed necessary as evidence in connection with a claim for
22 disability retirement. The board shall secure medical
23 service and advice necessary to carry out the purposes of
24 this section and of sections 68-2201 and 68-2202 and shall
25 pay for those medical services and advice compensation the

1 board deems reasonable.

2 (7) A member eligible for early retirement may
3 conditionally waive such eligibility by written application,
4 such waiver to be effective only upon approval by the board
5 of his application for disability retirement."

6 Section 12. Section 68-2504, R.C.M. 1947, is amended
7 to read as follows:

8 "68-2504. Employer contribution rates -- actuarial
9 determination. (1) Each employer shall contribute to the
10 cost of benefits under the system. The amount of the
11 employer contributions shall be computed by applying to
12 member's compensation the sum of the current service
13 contribution rate and the unfunded liability contribution
14 rate. The sum of these rates shall be four and six-tenths
15 percent (4.6%) from July 1, 1973, to June 30, 1975, and four
16 and nine-tenths percent (4.9%) from July 1, 1975, to June
17 ~~30, 1976, and six-and-one-fourth-percent-(6.25%)--from--July~~
18 ~~17--1976~~ FIVE AND ONE-QUARTER PERCENT (5.25%) FROM JULY 1,
19 1976, TO JUNE 30, 1977 AND FIVE AND SIXTY-FIVE HUNDREDTHS
20 PERCENT (5.65%) FROM JULY 1, 1977 TO JUNE 30, 1978 AND FIVE
21 AND NINETY HUNDREDTHS PERCENT (5.90%) FROM JULY 1, 1978, and
22 thereafter.

23 (2) The actuary shall determine the current service
24 contribution rate to be that level percentage of the present
25 value of the future compensation of the average new member

1 entering the system which equals the then present value of
2 the excess of all prospective benefits in respect of such
3 member over the member's own normal contributions.

4 (3) The actuary shall determine the minimum unfunded
5 liability contribution rate to be that level percentage of
6 the present value of the prospective compensation of all
7 members for the forty (40) year period following the date of
8 the determination which is equal to the unfunded liability
9 on that date. The unfunded liability at any time is the
10 excess of the present value of all future benefits payable
11 in respect of all persons then entitled to benefits under
12 the system over the sum of the retirement fund and the
13 present values of the future current service contributions
14 and normal contributions payable in respect of all such
15 persons."

16 Section 13. Section 68-2513, R.C.M. 1947, is amended
17 to read as follows:

18 "68-2513. Cost-of-living increases. ~~{1}--"index"--for~~
19 ~~purposes-of-this-section-shall-mean, for any calendar year~~
20 ~~that--year's--annual--average--consumer--price--index--for--urban~~
21 ~~wage-earners--and--clerical--workers,--all--items--(1957-1959-100)~~
22 ~~compiled-by-the-bureau-of-labor--statistics,--United--States~~
23 ~~department-of-labor,--or--successor--agency;~~

24 ~~{2}--Effective--July--1,--1973,--every--service--or~~
25 ~~disability-retirement-allowance-then-payable--to--a--retired~~

1 member or to his beneficiary shall be increased by a
 2 percentage equal to the lesser of one-half (1/2) of the
 3 percentage increase in the index for 1972 from the index for
 4 1970 or the index for 1972 from the index for the calendar
 5 year preceding the effective date of retirement of the
 6 member.

7 ~~(3) Effective July 1, 1973, every survivorship annuity~~
 8 ~~then payable to a member's beneficiary shall be increased by~~
 9 ~~a percentage equal to the lesser of one-half (1/2) of the~~
 10 ~~percentage increase in the index for 1972 from the index for~~
 11 ~~the calendar year 1970 or for the index for 1972 from the~~
 12 ~~index for the calendar year preceding the date of death of~~
 13 ~~the deceased member.~~

14 (1) Effective July 1, 1975, every service or
 15 disability retirement allowance then payable to a retired
 16 member or to his beneficiary shall be increased by one
 17 dollar (\$1) per month for each year of qualified CREDITABLE
 18 service at the time of retirement and two dollars (\$2) per
 19 month for each full calendar year he has been retired.

20 (2) Effective July 1, 1975 every survivorship annuity
 21 then payable to a member's beneficiary shall be increased by
 22 one dollar (\$1) per month for each year of qualified
 23 CREDITABLE service of the deceased member and two dollars
 24 (\$2) per month for each full calendar year since the
 25 deceased member retired."

-End-
 -17-