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finate BILA NO. 257 1 INTRODUCED BY 2 3

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,
68-1905, 68-2001, 68-2003, 68-2004, 68-2101, 68-2504, AND
68-2513, R.C.M. 1947."

9

10 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:

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

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

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

INTRODUCED BILL

(3) persons in state institutions principally for the 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 excluded from membership by his own election may become a 13 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 employee on July 1, 1974, may make such filing no later than 18 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 credit-under-any-circumstances except when such service 12 13 cualifies, 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 payable section 68-2301; employer benefit under 24 contributions on the basis of compensation earned by members 25 after the effective date of termination of membership herein

because of the membership in such other system, shall be 1 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 considered, because of such receipt, members of any other 6 7 retirement or pension system; provided, however, that where 8 an employer has entered into a collective bargaining a agreement which includes provisions for payments or 10 contributions by the employer in lieu of wages to a 11 retirement or pension plan cualified by the Internal Revenue Service for its employees, such employees shall remain 12 13 eligible, if otherwise gualified, 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 compensation for purposes of computing the employer or 16 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;

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

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(11) employees of county hospitals or county rest
 homes in the sixth and seventh class counties unless they
 elect to file with the board of administration an election
 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 gualify military service for 8 full credit. A member with ten (10) years or more of state 9 service eredited 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 this same service pursuant to section 68-1605. To cualify 15 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 recuired to cualify 20 this service with interest from the date he becomes eligible 21 for this benefit to the date he so contributes. He may not qualify more of this service than he has state service in 22 23 excess of ten (10) years."

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

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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 not ereditable gualified service may convert all or a 4 5 portion of such service to membership service by filing 6 written notice thereof with the board of administration. no 7 later--than--July-17-1975,-provided-that-any-such-person-who is-not-a-member-on-July-1,-1974,-may--make--such--filing--no 8 9 later--than--one--(1)--year--after--subsequently--becoming-a 10 member--In-either-eventy-such Such person must pay to the 11 retirement system the sum of the amount which he end-his 12 employer would have contributed during the period of service 13 so converted if the employer had then been a contracting employer and the interest which would have accumulated 14 15 thereon to the time of such payment; provided, that the employer may shall pay the employer's portion including 16 accrued interest. Payment may be made in one sum at the time 17 of such filing or on an installment basis. Installment 18 19 payments shall not exceed twenty-four (24) monthly payments. When the monthly payment, exceeds five percent (5%) of 20 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 monthly payments in any month where the member receives his 24 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:

"68-1608. Qualification of 6 prior service not previously credited. Credit for any prior service not 7 8 previously granted shall be granted to a member upon his 9 filing written notice thereof with the board of administration no--later--than-July-17-1975;-provided;-that 10 11 any-such-person-who-is-not-a-member-on--July--ly--1974,--may 12 make---such---filing--ne--later--than--ene--(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 ereditable 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-ereditable 2 servicey-the-amount-paid-shall-include-requiar--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 cualification for any other benefit under 9 act, a member having any accumulated normal this 10 contributions standing to his credit in the retirement fund 11 shall receive the benefit based upon the ereditabe qualified 12 service during which such contributions were made. The hoard 13 may, in its discretion, withhold for not more than one (1) 14 year after a member last rendered service, all or part of his accumulated normal contributions if after a previous 15 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.

(2)--Should-the-state-service-of-any-member,-regardless
of--years-of-service,-be-discontinued-other-than-by-death-or
retirement-after-July-1,-1974,-he-shall-be-paid-such-part-of
his-accumulated-contributions,--including--regular--interest
thereon,-as-he-requests."
Section 6. Section 68-2001, R.C.M. 1947, is amended to

1 read as follows:

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

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:

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

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

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l ereditable 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)** <u>sixtieth (1/60)</u> 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 "69-2101. 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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but has become disabled for duty-related reasons, as defined
 in subsections (3) and (4) of this section, is eligible for
 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 ereditable gualified 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

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1 hearings, administer oaths and affirmations. take 2 depositions, certify to official acts and issue subpoenas to compel the attendance of witnesses and the production of 3 4 books, papers, correspondence, memoranda and other records 5 deemed necessary as evidence in connection with a claim for disability retirement. The board shall secure medical 6 7 service and advice necessary to carry out the purposes of this section and of sections 68-2201 and 68-2202 and shall 8 pay for those medical services and advice compensation the 9 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 determination. (1) Each employer shall contribute to the 18 cost of benefits under the system. The amount of the 19 employer contributions shall be computed by applying to 20 member's compensation the sum of the current service 21 22 contribution rate and the unfunded liability contribution rate. The sum of these rates shall be four and six-tenths 23 24 percent (4.6%) from July 1, 1973, to June 30, 1975, and four and nine-tenths percent (4.9%) from July 1, 1975, to June 25

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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 in respect of all persons then entitled to benefits under 16 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-meany-for-any-calendar-yeary
 25 that-year's-annual-average-consumer-price--index--for--urban

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1 wage-carners-and-cicrical-workersy-all-items-f1957-1959-1984 2 compiled--by--the--bureau-of-labor-statistics--United-States 3 department-of-labory-or-successor-agency-4 5 disability--retirement--allowance--then-payable-to-a-retired 6 member-or--to--his--beneficiary--shall--be--increased--by--a 7 percentage--couli--to--the--lesser--of-one-half-41/2)-of-the percentage-increase-in-the-index-for-1972-from-the-index-for 8 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)--Bffeetive-July-17-19737-every-survivership-annuity 13 then-payable-to-a-memberis-beneficiary-shall-be-increased-by 14 a-percentage-equal-to-the-lesser-of-one-half--(1/2)--of--the 15 percentage-ingrease-in-the-index-for-1972-from-the-index-for the--ealendar--vear--1970-or-for-the-index-for-1972-from-the 16 17 index-for-the-calendar-year-preseding-the-date-of--death--of the-deceased-member-18 19 (1) Effective July 1, 1975, every service or 20 disability retirement allowance then payable to a retired member or to his beneficiary shall be increased by one 21 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.

(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."

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STATE OF MONTANA

REQUEST NO. 102-75

FISCAL NOTE

Form BD-15

In compliance with a written request received <u>Jan 28</u>, <u>19 75</u>, there is hereby submitted a Fiscal Note for <u>Senate Bill 257</u> 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%, FY 76 -27%, FY 77-7%.

FISCAL IMPACT:	EV/70	F1/37
Estimated employers' contributions to Public	FY76	FY77
Employees Retirement System under present law.	\$9,976,263	\$10,674,602
Estimated employers contribution to Public		
Employees Retirement System under proposed law.	9,976,263	13,450,000
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 & Rn

BUDGET DIRECTOR Office of Budget and Program Planning Date: 2/1/15

SB 0257/02

Approved by Committee on State Administration

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	<u>68-1902,</u> 68-1905, <u>68-1906,</u> 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;

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

SECOND READING

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	l, 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 United States government, any state government or political 6 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 eredit-under-any-circumstances except when such service qualifies, is applied for, and purchased pursuant to section 13 68-1605--or 68-1605.1; any member of the retirement system 14 who, because of his employment by the state, shall be 15 16 required to become a member of any such other systems, shall 17 be considered solely for the purposes of making normal contributions as permanently separated from service; the 18 accumulated contributions of any member who shall have died 19 after becoming a member of such other system and before 20 21 receiving said accumulated contributions, shall be paid to 22 the beneficiary nominated by him to receive any death 23 section 68-2301; employer benefit payable under 24 contributions on the basis of compensation earned by members 25 after the effective date of termination of membership herein - 3-SB 257

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

(10) persons who become employees after they have
 reached their sixtieth birthday and have no ereditable
 <u>qualified</u> <u>CREDITABLE</u> service in this system, and who do not
 file with the board of administration an election to become

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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 <u>-</u> nolaterthan-July-1y-1975y-provided-that
20	any-such-person-who-is-not-a-member-onJulyly19747may
21	makesuchfilingnolaterthanone(l)yearafter
22	subsequently-becoming-a-membert-in-either-eventysuch <u>Such</u>
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
	-6- SB 257

1 members;

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

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

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

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

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1 MEMBER. IN EITHER EVENT, SUCH person must pay to the retirement system the sum of the amount which he and-his 2 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 27- SB 257

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 nolaterthan-July-17-1975;-provided;-that
13	any-such-person-who-is-not-a-member-onJulyly1974ymay
14	makesuchfilingnolaterthanone(l)yearafter
15	subsequently-becoming-s-member-and-furthery 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 ereditable 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:

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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-{5.758} six 4 percent (6%) of his compensation. The chief administrative officer of each employer shall deduct the contribution from 5 the compensation of each member and remit the total of the 6 7 contributions to the board. Payment of salaries or wages 8 less the contribution shall be full and complete discharge and acquittance of all claims and demands whatsoever for the 9 10 service rendered by members during the period covered by the payment, except their claims to the benefits to which they 11 12 may be entitled under the provisions of this act."

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

*68-1905. Refund of contributions on termination of 15 service. {+ Except as provided in this section, any member 16 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 If--he--has-ten-(18)-or-more-vears-of-creditable requests. servicey-the-amount-paid-shall-include-regular--interest--on 21 22 the--accumulated--normal--contributions. If he has less than ten-(10) five (5) years of service and he does not re-enter 23 service for a period of five (5) years after such 24 discontinuance, he shall automatically be paid any portion 25 -9-SB 257

1 of his total accumulated contributions not previously 2 withdrawn. Upon qualification for any other benefit under this act, a member having any accumulated 3 normal contributions standing to his credit in the retirement fund 4 5 shall receive the benefit based upon the ereditabe qualified 6 CRECITABLE 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. q all or part of his accumulated normal contributions if after a previous discontinuance of service he withdrew all or part 10 11 of his normal contributions and failed to redeposit such withdrawn amount in the retirement fund as provided in 12 13 section 68-1906. (2)--Should-the-state-service-of-any-memberg-regardless 14 15 of-years-of-service,-be-discontinued-other-than-by-death--or retirement-ofter-July-1-1974-he-shall-be-paid-such-part-of 16 17 his--accumulated--contributions,--including-regular-interest 18 thereony-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 otherwise provided in this section, any person who again 23 becomes a member subsequent to the refund of his accumulated 24 25 normal contributions after a termination of previous SB 257 -10-

1 membership is considered a new member without credit for any 2 previous membership service, and he may reinstate that membership service by redepositing-within-two-(2)-years--of 3 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. Regardless of whether this redeposit is made, the documents 10 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 -11-SB 257 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 gualified
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} <u>sixtieth</u> (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 <u>10</u>. Section 68-2004, R.C.M. 1947, is amended 21 to read as follows:

*68-2004. Excess allowance to members on July 1, 1973.
The annual amount of retirement allowance payable to a
person who was a member on July 1, 1973, shall be increased
by the excess, if any, of the greater of (1) or (2) as
-12- SB 257

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

(1) the sum of a pension for prior service equal to
one sixty-fifth---(1/65) sixtieth (1/60) of his final
compensation multiplied by the number of years of his prior
service, an annuity which is the actuarial equivalent of his
accumulated normal contributions with regular interest to
the day his retirement allowance commences, and a pension
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 <u>11</u>. 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.

(2) A member who is not eligible for service or early
retirement but has completed ten--(10) five (5) years of
ereditable <u>qualified</u> <u>CREDITABLE</u> service and has become
disabled while in active service for other than duty-related
reasons, as defined in subsections (3) and (4) of this
section, is eligible for disability retirement.

(3) "Disabled" means unable to perform his duties by
 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 thereof or any duly authorized representative of the board 15 16 shall have power to order medical examinations, conduct administer oaths and hearings, affirmations. take 17 depositions, certify to official acts and issue subpoenas to 18 compel the attendance of witnesses and the production of 19 books, papers, correspondence, memoranda and other records 20 21 deemed necessary as evidence in connection with a claim for 22 disability retirement. The board shall secure medical service and advice necessary to carry out the purposes of 23 this section and of sections 68-2201 and 68-2202 and shall 24 25 pay for those medical services and advice compensation the -14-SB 257

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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 <u>12</u>. 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 thereafter. 22

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
 -15- SB 257

entering the system which equals the then present value of
 the excess of all prospective benefits in respect of such
 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 the determination which is equal to the unfunded liability 8 on that date. The unfunded liability at any time is the 9 10 excess of the present value of all future benefits payable in respect of all persons then entitled to benefits under 11 12 the system over the sum of the retirement fund and the 13 present values of the future current service contributions and normal contributions payable in respect of all such 14 15 persons."

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

18 purposes--of-this-section-shall-meany-for-any-calendar-yeary 19 that-year's-annual-average-consumer-price--index--for--urban 20 21 wage-earners-and-elerical-workers;-all-items-(1957-1959=100) 22 compiled--by--the--bureau-of-labor-statistics;-United-States 23 department-of-labory-or-successor-agency; +2)--Bffective--July--17---19737---every---service---or 24 25 disability--retirement--allowance--then-payable-to-a-retired -16-SB 257

SB 0257/02

1	member-ortohisbeneficiaryshallbeincreasedbya
2	percentagecqualtothelesserof-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-forthecalendar
5	yearprecedingtheeffectivedateofretirement-of-the
б	membert
7	(3)Effective-July-17-19737-every-survivorship-annuity
8	then-payable-to-a-member's-beneficiary-shall-bc-increased-by
9	a-percentage-equal-to-the-lesser-of-one-half{1/2}ofthe
10	percentage-increase-in-the-index-for-1972-from-the-index-for
11	thecalendaryear1970-or-for-the-index-for-1972-from-the
12	index-for-the-calendar-year-preceding-the-date-ofdeathof
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 gaalified 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- SB 257

1 SENATE BILL NO. 257 (3) persons in state institutions principally for the 1 2 2 INTRODUCED BY DUNKLE, DRAKE purpose of training, but who receive compensation: 3 3 (4) independent contractors unless written contract 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE THE 4 specifies the creation of an employer-employee relationship LAWS RELATING TO THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM; 5 5 for purposes of retirement coverage under the Public 6 AMENDING SECTIONS 68-1602, 68-1605.1, 68-1607, 68-1608, 6 Employees' Retirement System Act: 7 7 68-1902, 68-1905, 68-1906, 68-2001, 68-2003, 68-2004, (5) employees serving in employment which does not 8 exceed the equivalent of sixty (60) working days in any 8 68-2101, 68-2504, AND 68-2513, R.C.M. 1947." 9 fiscal year; 9 10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: 10 (6) employees in service on July 1, 1945, or prior Section 1. Section 68-1602, R.C.M. 1947, is amended to 11 11 thereto who filed with the board of administration an 12 read as follows: election not to become members; provided, any person so 12 *68-1602. Exclusions. The following persons shall not excluded from membership by his own election may become a 13 13 14 become members of the retirement system: 14 member by meeting the requirements of the balance of this (1) elective officers who have not filed with the 15 15 subsection. Such a person must file an election to become a member with the board of administration no later than July board of administration written requests to become members; 16 16 17 1, 1975; provided, that any such person who is not an 17 provided that any person so excluded from membership may 18 employee on July 1, 1974, may make such filing no later than later become a member by otherwise becoming an employee or 18 19 one (1) year after subsequently becoming an employee. In by written request after a subsequent election to office: 19 20 either event, such person must thereupon pay to the 20 and provided further that if he shall affirmatively exercise retirement system the amount which he and his employer would the option, the contributions of the employer, because of 21 21 22 his membership, shall be the same as they would have been 22 have contributed had he not been so excluded plus interest 23 had he not been so excluded; 23 which would have accumulated thereon. All benefits payable 24 (2) inmates of state institutions who are allowed thereafter to such person shall be the same as if such 24 person had never filed an election not to be a member; 25 compensation for such service as they are able to perform; 25

THIRD READING

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(7) persons directly appointed by the governor, who do
 not file with the board of administration an election in
 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 or in part by public funds, and-no-person-shall-receive-such 11 credit-under-any-circumstances except when such service 12 qualifies, is applied for, and purchased pursuant to section 13 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 after becoming a member of such other system and before 20 21 receiving said accumulated contributions, shall be paid to the beneficiary nominated by him to receive any death 22 23 benefit pay able 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 - 3-SB 257

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 payments, from any source, on account of employment other 5 than as an employee as defined in this act. shall not be considered, because of such receipt, members of any other 6 retirement or pension system; provided, however, that where 7 employer has entered into a collective bargaining 8 an 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 eligible, if otherwise qualified, for membership in the 13 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 of 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;

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

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SB 257

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 ereditable 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 <u>-</u> nolaterthan-July-1,-1975;-provided-that
20	any-such-person-who-is-not-a-member-onJulylyl974ymay
21	makesuchfilingnolaterthanone{l}yearafter
22	subsequently-becoming-a-memberr-In-cither-eventysuch <u>Such</u>
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
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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:

*68-1605.1. Election to qualify military service for 8 full credit. (1) A member with ten (10) years or more of 9 10 state service eredited qualified under this act may at any time prior to retirement make a written election with the 11 12 board to qualify all or any portion of his active service in the armed forces of the United States for the purpose of 13 calculating retirement benefits up to a maximum of five (5) 14 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 for this benefit to the date he so contributes. He may not 22 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 -5- SB 257

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1 MEMBER. IN EITHER EVENT, SUCH person must pay to the 2 retirement system the sum of the amount which he and - his employer AND HIS EMPLOYER would have contributed during the з period of service so converted if the employer had then been 4 5 s-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 MIL 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 INDIVIDUAL MERITS AND WILL NOT BIND THE EMPLOYER TO PAY 17 ITS 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 -7- SB 257 tmenty-four (24) months. Failure to make regular monthly payments in any month where the member receives his normal compensation shall thereafter, forfeit such person's right to make any further installment payments, unless permission is granted to do so by the hoard of administration." Section 4. Section 68-1608, R.C.M. 1947, is amended to read as follows: *68-1608. Qualification of prior service not previously credited. Credit for any prior service not previously granted shall be granted to a member upon his filing written notice thereof with the board of administration ac--later--than-July-ly-19-19959-providedy-that any-such-yerson-who-io-net-a-member-on--July--ly--ly--may subsequently-becoming-a-member-and-furthery NO LATER THAN JULY 1, 1975, PROVIDED, THAT ANY SUCH PERSON WHO IS NOT A MEMBER ON JULY 1, 1974, MAY MAKE SUCH FILING NO LATER THAN ONE (1) YEAR AFTER SUBSEQUENTLY BECOMING A MEMBER AND FURTHER provided he otherwise has not less than tes (10) five (5) years of ereditable qualified CREDITABLE service of which not less than three (3) years have been as a contributing member of the retirement system. Proper certification of such service must be furnished."

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

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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-sereent-{5.75%} six percent (6%) of his compensation. The chief administrative 4 5 officer of each employer shall deduct the contribution from the compensation of each member and remit the total of the 6 7 contributions to the board. Payment of salaries or wages less the contribution shall be full and complete discharge 8 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 whose sorvice has been discontinued by other than death or 17 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 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 -9-SB 257

1 of his total accumulated contributions not previously withdrawn. Upon qualification for any other benefit under 2 this act, a member having any accumulated normal 3 contributions standing to his credit in the retirement fund 4 shall receive the benefit based upon the ereditabe qualified 5 CREDITABLE service during which such contributions were 6 made. The board may, in its discretion, withhold for not 7 more than one (1) year after a member last rendered service, 8 all or part of his accumulated normal contributions if after 9 a previous discontinuance of service he withdrew all or part 10 of his normal contributions and failed to redeposit such 11 withdrawn amount in the retirement fund as provided in 12 section 68-1906. 13 (2)--Should-the-state-service-of-any-membery-regardless 14 15 of-years-of-service--be-discontinued-other-than-by-death--or retirement-after-July-1-19747-he-shall-be-paid-such-part-of 16 17 his--accumulated--contributions7--including-regular-interest 18 thereony-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 becomes a member subsequent to the refund of his accumulated 24 normal contributions after a termination of previous 25 -10-SB 257

membership is considered a new member without oredit for any Ł 2 previous membership service, and he may reinstate that membership service by redepositingy-within-two-(2)-years-of 3 his - receivering -- the -- retireation over the sum of the 4 5 accumulated normal contributions which were refunded to him 6 at the last termination of his membership plus the interest which would have been credited to his account had the refund 7 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 <u>8</u>. 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 sreditable 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 -11-SB 257

1 service retirement recardless of his age. 2 (2) A member who is not eligible for service retirement but has attained age fifty-five (55) 3 and 4 completed gen--- (16) five (5) years of greatening 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 payable. The annual amount of retirement allowance payable 9 to a member following his service retirement is the sum of 10 11 (1), (2) and (3) as follows: 12 (1) an annuity which is the actuarial equivalent of his accumulated additional contributions on the day his 13 retirement allowance commences; 14

15 (2) one sixty-fifth--(1/65) sixtieth (1/60) of his final compensation multiplied by the number of years of his ereditable <u>qualified CREDITABLE</u> service; 18 (3) any retirement allowance payable under section 19 68-2004."

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

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

(1) the sum of a pension for prior service equal to
one sixty-fifth----(1/65) sixtieth (1/60) of his final
compensation multiplied by the number of years of his prior
service, an annuity which is the actuarial equivalent of his
accumulated normal contributions with regular interest to
the day his retirement allowance commences, and a pension
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 <u>11</u>. 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.

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

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(3) "Disabled" means unable to perform his duties by
 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.

(6) The board shall determine whether a member has 11 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 hearings. administer oaths and affirmations. 17 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 deemed necessary as evidence in connection with a claim for 21 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 -14-SB 257 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 <u>12</u>. 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 cost of benefits under the system. The amount of the 10 11 employer contributions shall be computed by applying to member's compensation the sum of the current service 12 13 contribution rate and the unfunded liability contribution rate. The sum of these rates shall be four and six-tenths 14 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 17-1976 FIVE AND ONE-OUARTER PERCENT (5.25%) FROM JULY 1, 18 19 1976, TO JUNE 30, 1977 AND FIVE AND SIXTY-FIVE HUNDREDTHS PERCENT (5.65%) FROM JULY 1, 1977 TO JUNE 30, 1978 AND FIVE 20 AND NINETY HUNDREDTHS PERCENT (5.90%) FROM JULY 1, 1978, and 21 22 thereafter.

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

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

"68-2513. Cost-of-living increases. (1)--"Index"--for 18 surposes--of-this-section-shall-meany-for-any-calendar-yeary 19 that-year's-annual-average-consumer-price--index--for--urban 20 wage-carners-and-clorical-workers7-all-items-(1957-1959-100) 21 compiled--by--the--bureau-of-labor-statisticsy-United-States 22 department-of-labor-or-successor-agency. 23 24 disability--retirement--allowance--then-payable-to-a-retired 25 SB 257 -16-

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1	member-ortohisbeneficiaryshallbeincreasedbya
2	percentageequaltothelesserof-one-half-{1/2}-of-the
3	percentage-increase-in-the-index-for-1972-from-the-index-for
4	1978-or-the-index-for-1972-from-the-index-forthecalendar
5	yearprecedingtheeffectivedateofretirement-of-the
6	memberz
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)ofthe
10	percentage-increase-in-the-index-for-1972-from-the-index-for
11	thecalendaryear1970-or-for-the-index-for-1972-from-the
12	index-for-the-calendar-year-preceding-the-date-ofdeathof
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 gualified 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-
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1	SENATE BILL NO. 257	1	(3) persons
2	INTRODUCED BY DUNKLE, DRAKE	2	purpose of traini
3		3	(4) indepen
4	A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE THE	4	specifies the cre
5	LAWS RELATING TO THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM;	5	for purposes o
6	AMENDING SECTIONS 68-1602, 68-1605.1, 68-1607, 68-1608,	6	Employees' Retire
7	<u>68-1902,</u> 68-1905, <u>68-1906,</u> 68-2001, 68-2003, 68-2004,	7	(5) employe
8	68-2101, 68-2504, AND 68-2513, R.C.M. 1947."	8	exceed the equi
9		9	fiscal year;
10	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:	10	(6) employe
11	Section 1. Section 68-1602, R.C.M. 1947, is amended to	11	thereto who fil
12	read as follows:	12	election not to b
13	"68-1602. Exclusions. The following persons shall not	13	excluded from m
14	become members of the retirement system:	14	member by meeting
15	(1) elective officers who have not filed with the	15	subsection. Such
16	board of administration written requests to become members;	16	member with the h
17	provided that any person so excluded from membership may	17	1, 1975; provid
18	later become a member by otherwise becoming an employee or	18	employee on July
19	by written request after a subsequent election to office;	19	one (1) year afte
20	and provided further that if he shall affirmatively exercise	20	either event,
21	the option, the contributions of the employer, because of	21	retirement system
22	his membership, shall be the same as they would have been	22	have contributed
23	had he not been so excluded;	23	which would have
24	(2) inmates of state institutions who are allowed	24	thereafter to suc
25	compensation for such service as they are able to perform;	25	person had never

REFERENCE BILL

(3) persons in state institutions principally for the 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;

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

ees in service on July 1, 1945, or prior ed with the board of administration an become members; provided; any person so membership by his own election may become a g the requirements of the balance of this h a person must file an election to become a board of administration no later than July ded, that any such person who is not an 1, 1974, may make such filing no later than er subsequently becoming an employee. In such person must thereupon pay to the m the amount which he and his employer would had he not been so excluded plus interest ve accumulated thereon. All benefits payable ch person shall be the same as if such person had never filed an election not to be a member; 25

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

(8) persons who are members of any other retirement or 4 5 pension system supported wholly or in part by funds of the United States government, any state government or political 6 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 or in part by public funds, and-no-person-shall-receive-such 11 eredit-under-any-circumstances except when such service 12 13 qualifies, is applied for, and purchased pursuant to section 14 68-1605--or 68-1605.1; any member of the retirement system who, because of his employment by the state, shall be 15 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 pavable 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 - 3-SB 257

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

(10) persons who become employees after they have
 reached their sixtieth birthday and have no ereditable
 <u>qualified</u> <u>CREDITABLE</u> service in this system, and who do not
 file with the board of administration an election to become

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:

*68-1605.1. Election to qualify military service for 8 9 full credit. (1) A member with ten (10) years or more of state service eredited qualified under this act may at any 10 time prior to retirement make a written election with the 11 board to qualify all or any portion of his active service in 12 the 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 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 year and as many succeeding years as are required to qualify 20 21 this service with interest from the date he becomes eligible 22 for this benefit to the date he so contributes. He may not qualify more of this service than he has state service in 23 excess of ten (10) years. 24

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

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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 gualified 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 nolaterthan-July-17-1975;-provided-that
20	any-such-person-who-is-not-a-member-onJuly1719747may
21	makesuchfilingnolaterthanone(1)yearafter
22	subsequently-becoming-a-memberIn-either-eventsuch <u>Buch</u>
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
	-6- S3 257

MEMBER. IN EITHER EVENT, SUCH person must pay to the 1 2 retirement system the sum of the amount which he and-his 3 employer AND HIS EMPLOYER would have contributed during the period of service so converted if the employer had then been 4 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 FORMER EMPLOYEES. ALL EMPLOYEE APPEALS OF DISCRIMINATION 11 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.

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

twenty-four (24) months, Failure to make regular monthly 1 payments in any month where the member receives his normal 2 compensation shall thereafter, forfeit such person's right 3 to make any further installment payments; unless permission 4 is granted to do so by the board of administration." 5 Section 4. Section 68-1608, R.C.M. 1947, is amended to 6 7 read as follows: 8 "68-1608. Qualification of prior service not previously credited. Credit for any prior service not 9 previously granted shall be granted to a member upon his 10 filing written notice thereof with the board of 11 administration no--later--than-July-17-1975;-provided;-that 12 any-such-person-who-is-not-a-member-on--July--ly--1974y--may 13 14 make---such---filing--no--later--than--one--(l)--year--after subsequently-becoming-a-member-and-further; NO LATER THAN 15 JULY 1, 1975, PROVIDED, THAT ANY SUCH PERSON WHO IS NOT A 16 MEMBER ON JULY 1, 1974, MAY MAKE SUCH FILING NO LATER THAN 17 ONE (1) YEAR AFTER SUBSEQUENTLY BECOMING A MEMBER AND 18 FURTHER provided he otherwise has not less than ten--(10) 19 five (5) years of creditable qualified CREDITABLE service of 20 which not less than three (3) years have been as a 21 contributing member of the retirement system. Proper 22 certification of such service must be furnished." 23 SECTION 5. SECTION 68-1902, R.C.M. 1947, IS AMENDED TO 24 25 READ AS FOLLOWS: -8-SB 257

"68-1902. Member's contributions--deduction from pav. 1 The normal contribution of each member shall be equal to 2 five--and--seventy-five--one--hundredths-percent-{5.75%} six 3 percent (6%) of his compensation. The chief administrative 4 officer of each employer shall deduct the contribution from 5 the compensation of each member and remit the total of the 6 contributions to the board. Payment of salaries or wages 7 less the contribution shall be full and complete discharge 8 and acquittance of all claims and demands whatsoever for the 9 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 <u>6</u>. Section 68-1905, R.C.M. 1947, is amended to
14 read as follows:

15 *68-1905. Refund of contributions on termination of service. 11 Except as provided in this section, any member 16 whose service has been discontinued by other than death or 17 retirement shall be paid such part of his accumulated 18 contributions, including regular interest thereon, as he 19 requests. If--he--has-ten-(10)-or-more-years-of-creditable 20 21 acryice--the-amount-paid-shall-include-regular--interest--on the -- accumulated -- normal -- contributions. If he has less than 22 ten-(10) five (5) years of service and he does not re-enter 23 service for a period of five (5) years after such 24 25 discontinuance, he shall automatically be paid any portion -9-S3 257

of his total accumulated contributions not previously 1 withdrawn. Upon qualification for any other benefit under 2 3 this act, a member having any accumulated normal contributions standing to his credit in the retirement fund 4 shall receive the benefit based upon the ereditabe qualified 5 CREDITABLE service during which such contributions were 6 made. The board may, in its discretion, withhold for not 7 8 more than one (1) year after a member last rendered service. 9 all or part of his accumulated normal contributions if after a previous discontinuance of service he withdrew all or part 10 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-servicey-be-discontinued-other-than-by-death-or 16 retirement-after-July-17-19747-he-shall-be-paid-such-part-of 17 his-accumulated-contributions,--including--regular--interest 18 thereony-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 becomes a member subsequent to the refund of his accumulated 24 25 normal contributions after a termination of previous -10-S3 257

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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 his--reentering--the--retirement--system; the sum of the 4 accumulated normal contributions which were refunded to him 5 at the last termination of his membership plus the interest 6 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 held by the retirement system as executed by the member 11 12 prior to termination of membership shall be held by the system for the same purposes as prior to termination. and 13 14 beneficiaries nominated in the documents shall continue unchanged until changed as provided herein." 15 16 Section 8. Section 68-2001, R.C.M. 1947, is amended to read as follows: 17

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 ereditable 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 -11-SB 257

1 service retirement regardless of his age. 2 (2) A member who is not eligible for service retirement but has attained age fifty-five (55) and 3 completed ten--+++++ five (5) years of ereditable qualified 4 5 services is eligible for early retirement." Section 9. Section 68-2003, R.C.M. 1947, is amended to 6 7 read as follows: 8 "68-2003. Annual amount of retirement allowance payable. The annual amount of retirement allowance payable 9 to a member following his service retirement is the sum of 10 11 (1), (2) and (3) as follows: 12 (1) an annuity which is the actuarial equivalent of his accumulated additional contributions on the day his 13 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; (3) any retirement allowance payable under section 18 19 68-2004." Section 10. Section 68-2004, R.C.M. 1947, is amended 20 21 to read as follows: "68-2004. Excess allowance to members on July 1, 1973. 22 The annual amount of retirement allowance payable to a 23 person who was a member on July 1, 1973, shall be increased 24

- 25 by the excess, if any, of the greater of (1) or (2) as
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follows over subsection (2) of section 68-2003: 1

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

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

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

14 "68-2101. Disability retirement eligibility -definitions -- medical examinations -- hearings -- waiver. 15 (1) A member who has not reached seventy (70) years of age 16 but has become disabled for duty-related reasons, as defined 17 in subsections (3) and (4) of this section, is eligible for 18 19 disability retirement.

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

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

(4) "Duty-related" means as a result of an injury or 3 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, resulting in either external or internal physical harm, and 8 such physical conditions as result therefrom, and excluding 9 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 thereof or any duly authorized representative of the board 15 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 deemed necessary as evidence in connection with a claim for 21 22 disability retirement. The board shall secure medical 23 service and advice necessary to carry out the purposes of this section and of sections 68-2201 and 68-2202 and shall 24 pay for those medical services and advice compensation the 25 -14-

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l 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 <u>12</u>. 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
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entering the system which equals the then present value of
 the excess of all prospective benefits in respect of such
 member over the member's own normal contributions.

4 (3) The actuary shall determine the minimum unfunded liability contribution rate to be that level percentage of 5 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 q. 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 the system over the sum of the retirement fund and the 12 13 present values of the future current service contributions 14 and normal contributions payable in respect of all such persons," 15

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

"68-2513. Cost-of-living increases. +++--"Index"-for 18 19 purposes-of-this-section-shall-mean7-for-any-calendar-year7 20 that--year1s--annual--average-consumer-price-index-for-urban wage-earners-and-cierical-workers-all-items-(1957-1959=100) 21 22 compiled-by-the-bureau-of-labor--statistics7--United-States 23 department-of-labory-or-successor-agency-(2)---Bffective---July---l;---l973;---every--service--or 24 disability-retirement-allowance-then-payable--to--a--retired 25 -16-S3 257

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1	memberortohisbeneficiaryshallbeincreasedby-a
2	percentage-equal-to-the-lesser-ofone-half(1/2)ofthe
3	percentage-increase-in-the-index-for-1972-from-the-index-for
4	1978orthe-index-for-1972-from-the-index-for-the-calendar
5	year-preceding-theeffectivedateofretirementofthe
6	member.
7	{3}Effective-July-17-19737-every-survivorship-annuity
8	then-payable-to-a-member's-beneficiary-shall-be-increased-by
9	apercentageequalto-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-for1972fromthe
12	indexforthe-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 gualified
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- SB 257