

1 HOUSE BILL NO. 34
 2 INTRODUCED BY BARDANOUE
 3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE AND
 5 CLARIFY THE LAWS RELATING TO TEACHERS' RETIREMENT AND DEATH
 6 AND DISABILITY BENEFITS."
 7
 8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 9 Section 1. Section 75-6201, R.C.M. 1947, is amended to
 10 read as follows:
 11 "75-6201. Definitions. As used in this title, unless
 12 the context clearly indicates otherwise, the following
 13 definitions apply:
 14 (1) "Retirement system" means the teachers' retirement
 15 system of the state of Montana provided for in section
 16 75-6202.
 17 (2) "Retirement board" means the retirement system's
 18 governing board provided by section for in 82A-212.
 19 (3) "Employer" means the state of Montana, the
 20 trustees of any a district, or any other agency or
 21 subdivision of the state which employs a person who is
 22 designated a member of the retirement system.
 23 (4) "Member" means any a person who has an individual
 24 account in the annuity savings fund; an active member is any
 25 a person included under the provisions of section 75-6209;

1 an inactive member is any a person included under the
 2 provisions of section 75-6210.
 3 (5) "Beneficiary" means any a person in receipt of a
 4 pension, annuity, a retirement allowance, or other benefit
 5 as provided by the retirement system.
 6 (6) "Service" means the performance of such
 7 instructional duties or related activities as would entitle
 8 the person to active membership in the retirement system
 9 under the provisions of section 75-6209.
 10 (7) "Prior service" means employment of the same
 11 nature as service defined in subsection (6) of this section,
 12 but rendered before September 1, 1937.
 13 (8) "Creditable service" is that service defined by
 14 section 75-6212.
 15 (9) "Regular interest" means interest at four per cent
 16 (4%) per annum compounded annually, or at such other rate as
 17 may be set by the retirement board in accordance with
 18 subsection (2) of section 75-6206 (2).
 19 (10) "Accumulated contributions" means the sum of all
 20 the amounts deducted from the compensation of a member or
 21 paid by a member and credited to his individual account in
 22 the annuity savings fund, together with interest. Regular
 23 interest shall be computed and allowed to provide a benefit
 24 at the time of retirement.
 25 (11) "Earnable compensation" means the full rate of the

1 compensation, pay, or salary that would be payable to a
2 member if he worked the full normal working time. In cases
3 where compensation includes maintenance, the retirement
4 board shall fix the value of that part of the compensation
5 not paid in money.

6 (12) "Average final compensation" means the average of
7 the earnable compensation of any ~~three~~ (3) consecutive years
8 on which contributions have been made by the member.

9 (13) "Annuity" means the payments made to a beneficiary
10 for life which are derived from a member's accumulated
11 contributions. All annuities shall be paid in equal monthly
12 installments. The retirement board may make an annual
13 payment to the beneficiaries of the difference between the
14 rate of interest used in calculating the benefit from the
15 annuity reserve fund and the interest earned on investments.

16 (14) "Pension" means the payments made to a beneficiary
17 for life which are paid ~~into~~ out of the pension accumulation
18 fund derived from money accumulated by employers. All
19 pensions shall be paid in equal monthly installments.

20 (15) "Retirement allowance" means the annuity plus the
21 pension.

22 (16) "Annuity reserve" means the present value of all
23 payments to be made on account of a member's annuity ~~and~~
24 computed, with regular interest, on upon the basis of ~~such~~
25 the mortality tables as shall be adopted by the retirement

1 board ~~with regular interest.~~

2 (17) "Pension reserve" means the present value of all
3 payments to be made on account of a pension ~~and~~ computed,
4 with regular interest, on the basis of ~~such~~ the mortality
5 tables ~~as shall be~~ adopted by the retirement board ~~with~~
6 regular interest.

7 (18) "Actuarial equivalent" means a benefit of equal
8 value when computed, with regular interest, on upon the
9 basis of ~~such~~ the mortality tables ~~as shall be~~ adopted by
10 the retirement board ~~with regular interest.~~

11 (19) "Former retirement system" means the retirement
12 system established under ~~sections~~ 1113 ~~to~~ through 1132
13 ~~inclusive,~~ of the Revised Codes of Montana, 1935."

14 Section 2. Section 75-6205, R.C.M. 1947, is amended to
15 read as follows:

16 "75-6205. Powers and duties of retirement board. The
17 retirement board ~~shall have the power and it shall be its~~
18 duty to shall administer and operate the retirement system
19 within the limitations prescribed by this ~~Title, To~~ title
20 and, to this end, it ~~shall be~~ is the duty of the retirement
21 board to:

22 (1) establish rules ~~and regulations~~ necessary for the
23 proper administration and operation of the retirement
24 system;

25 (2) elect a chairman from its membership;

1 (3) appoint a secretary who may be one ~~(1)~~ of its
2 members;

3 (4) employ technical or administrative employees who
4 are necessary for the transaction of the business of the
5 retirement system;

6 (5) approve or disapprove all expenditures necessary
7 for the proper operation of the retirement system;

8 (6) keep a record of all its proceedings, which ~~shall~~
9 must be open to public inspection;

10 (7) publish a biennial report by ~~the first day of~~
11 January 1 of each year the ~~legislative assembly~~ legislature
12 ~~meets, that shall report which reports~~ in detail the fiscal
13 transactions for the ~~two~~ ~~(2)~~ fiscal years immediately
14 preceding the report due date, the amount of the accumulated
15 cash and securities of the retirement system, and the last
16 fiscal year balance sheet showing the assets and liabilities
17 of the retirement system, and submit ~~such~~ the biennial
18 report to the governor and furnish copies to the ~~legislative~~
19 ~~assembly~~ legislature;

20 (8) when the retirement board ~~deems~~ considers it
21 necessary, designate a medical board to be composed of three
22 physicians, who are not eligible to participate in the
23 retirement system to investigate and report to the
24 retirement board on all medical matters related to the
25 administration of the retirement system;

1 (9) keep in convenient form that data which is
2 necessary for actuarial valuation of the various funds of
3 the retirement system and for checking the experience of the
4 retirement system;

5 (10) designate an actuary to assist the retirement
6 board with the technical actuarial aspects of the operation
7 of the retirement system, which ~~shall include~~ includes
8 establishing mortality and service tables and making an
9 actuarial investigation at least once every ~~five~~ ~~(5)~~ years
10 into the mortality, service, and compensation experience of
11 the members and beneficiaries of the retirement system;

12 (11) prepare an annual valuation of the assets and
13 liabilities of the retirement system;

14 (12) determine the eligibility of a person to become a
15 member of the retirement system in accordance with the
16 provisions of ~~section~~ 75-6209;

17 (13) prescribe a form for membership application which
18 will provide adequate and necessary information for the
19 proper operation of the retirement system;

20 (14) adopt policies for the determination of
21 creditable service in the retirement system implementing the
22 following guidelines:

23 (a) ~~One~~ ~~(1)~~ year's creditable service shall be awarded
24 for each year of full-time service, outside of vacation
25 periods, but no more than ~~one~~ ~~(1)~~ year's creditable service

1 shall be awarded for service during the same school fiscal
2 year;

3 (b) ~~a proportion of a year's creditable service shall~~
4 ~~be allowed for part-time service. As an~~ equitable proration
5 of a year's creditable service shall be awarded for
6 part-time service;

7 (c) ~~Not not~~ more than ~~one~~ (1) month's creditable
8 service shall be awarded for ~~one~~ (1) or more continuous
9 months of absence without pay;

10 (15) grant retirement, disability, and other benefits
11 under the provisions of ~~section~~ 75-6208;

12 (16) annually determine the rate of regular interest
13 as prescribed in ~~section~~ 75-6206;

14 (17) establish and maintain the funds of the
15 retirement system in accordance with the provisions of
16 ~~section~~ 75-6207; and

17 (18) perform such other duties and functions as are
18 required to properly administer and operate the retirement
19 system."

20 Section 3. Section 75-6206, R.C.M. 1947, is amended to
21 read as follows:

22 "75-6206. Financial administration of moneys. The
23 ~~members of the~~ retirement board ~~shall be~~ are the trustees of
24 all moneys collected for the retirement system, and, as such
25 trustees, they shall provide for the financial

1 administration of the moneys in the following manner:

2 (1) The moneys shall be invested and ~~re-invested~~
3 reinvested by the state board of investments.

4 (2) The retirement board annually shall establish the
5 rate of regular interest.

6 (3) The retirement board annually shall divide among
7 the several funds of the retirement system an amount equal
8 to the average balance of ~~such~~ the funds during the
9 preceding fiscal year multiplied by the rate of regular
10 interest. In accordance with the provisions of ~~subsection~~
11 ~~(3) (e) of section~~ 75-6207 (4) (e), the amount to be credited
12 to each fund shall be allocated from the interest and other
13 earnings on the moneys of the retirement system actually
14 realized during the preceding fiscal year, less the amount
15 allocated to the expense fund under the provisions of
16 ~~subsection (5) (b) of section 75-6207~~ 75-6207 (5).

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

1 approving such claims.

2 (5) Except as herein provided, no member of the
3 retirement board ~~nor~~ or any of its employees ~~shall~~ may have
4 an interest, direct or indirect, in the gains or profits of
5 any investment of moneys of the retirement system. No
6 member of the retirement board ~~nor~~ or any of its employees
7 ~~shall~~ may, directly or indirectly, for himself or as an
8 agent, in any manner use the moneys or deposits of the
9 retirement system except to make such current and necessary
10 expenditures as are authorized by the retirement board. No
11 member of the retirement board ~~nor~~ or any of its employees
12 ~~shall~~ may become an endorser or surety or in any manner an
13 obligor for moneys loaned by or borrowed from the retirement
14 system.

15 (6) The retirement board may, in its discretion,
16 transfer the amount in the annuity savings account of an
17 inactive member to the pension accumulation fund if the
18 account has been dormant for a period of ~~seven~~ (7) years. No
19 right of the member ~~shall~~ may be jeopardized by such
20 transfer, and the amount shall be transferred back to the
21 member's annuity savings account upon his request.

22 (7) All the funds established by ~~section~~ 75-6207,
23 except the expense fund, shall be accounts in the agency
24 fund of the treasury fund structure of the state. The
25 expense fund shall be an account in the earmarked revenue

1 fund of the same treasury fund structure."

2 Section 4. Section 75-6207, R.C.M. 1947, is amended to
3 read as follows:

4 "75-6207. Method of financing. (1) The retirement
5 board shall establish and maintain the ~~following~~ funds
6 described in subsections (2) through (5), in which all of
7 the assets of the retirement system shall be credited
8 according to the purpose for which the assets are held.

9 ~~(1) (2) Annuity savings fund. The the annuity savings~~
10 ~~fund shall be is~~ a fund in which the contributions from the
11 members to provide for their annuities shall be accumulated
12 in individual accounts for each member. Contributions to
13 and payments from the annuity savings fund shall be made in
14 the following manner:

15 (a) Each employer shall deduct from the compensation
16 of each active member on ~~each and every~~ the payroll of ~~such~~
17 ~~member~~ for each ~~and every~~ payroll period subsequent to the
18 date on which ~~such~~ the member became a member an amount
19 equal to ~~six and one eighth percent (6 1/8%)~~ of ~~such~~ the
20 member's earnable compensation, but no employer ~~shall~~ may
21 make any deductions for annuity purposes from the
22 compensation of a member who has attained the age of ~~sixty~~
23 ~~(60)~~ and rendered ~~thirty~~ (30) years of creditable service if
24 such member elects not to contribute.

25 (b) ~~Such~~ The deductions shall be made notwithstanding

1 that the minimum compensation provided by law for a member
 2 may be reduced thereby. Every member ~~shall be deemed is~~
 3 considered to consent ~~and agree~~ to the deductions prescribed
 4 by this section, and payment of salary or compensation less
 5 the deductions ~~shall be a full and is a~~ complete discharge
 6 of all claims whatsoever for the services rendered by ~~each~~
 7 ~~person~~ the member during the period covered by ~~each~~ the
 8 payment, except as to the benefits provided by the
 9 retirement system.

10 (c) In addition to the contributions deducted from
 11 compensation and subject to the approval of the retirement
 12 board, any member may redeposit in the annuity savings fund,
 13 by a single payment or by an increased rate of contribution,
 14 an amount equal to ~~the any~~ accumulated contributions which
 15 he has previously withdrawn, or any part thereof, plus
 16 interest in the amount the contributions would have earned
 17 had the contributions not been withdrawn, ~~or any part~~
 18 ~~thereof, which he had previously withdrawn.~~

19 (d) The accumulated contributions of a member,
 20 withdrawn by him, or paid to his estate or to his designated
 21 beneficiary in event of his death, shall be paid from the
 22 annuity savings fund, and an amount equivalent to the
 23 difference between the accumulated contributions calculated
 24 at regular interest and the amount paid shall be transferred
 25 to the pension accumulation fund. Upon the retirement of a

1 member, his accumulated contributions shall be transferred
 2 from the annuity savings fund to the annuity reserve fund.

3 ~~(2)(3)~~ Annuity reserve fund. ~~The the~~ the annuity reserve
 4 fund ~~shall be is~~ the fund in which ~~shall be held~~ the
 5 reserves on all annuities in force shall be held and from
 6 which shall be paid all annuities and all benefits in lieu
 7 of annuities shall be paid. ~~Should~~ If a beneficiary retired
 8 on account of disability ~~be is~~ restored to active service
 9 with a compensation not less than his average final
 10 compensation at the time of his last retirement, his annuity
 11 reserve shall be transferred from the annuity reserve fund
 12 to the annuity savings fund and credited to his individual
 13 account therein.

14 ~~(3)(4)~~ Pension accumulation fund. ~~The the~~ pension
 15 accumulation fund ~~shall be is~~ the fund in which ~~shall be~~
 16 ~~accumulated all the~~ reserves for ~~the~~ payment of all pensions
 17 shall be accumulated and from which pensions and benefits in
 18 lieu thereof shall be paid to or on account of beneficiaries
 19 credited with prior service. Contributions to and payments
 20 from the pension accumulation fund shall be made as follows:
 21 (a) Each employer shall pay into the pension
 22 accumulation fund an amount equal to ~~six and one fourth~~
 23 ~~percent~~ ~~(6 1/4%)~~ of the earnable compensation of each member
 24 employed during the whole or part of the preceding payroll
 25 period.

1 (b) If the employer is a district or community college
2 district, the trustees shall budget and pay for the
3 employer's contribution under the provisions of ~~section~~
4 75-7204.

5 (c) If the employer is the superintendent of public
6 instruction, a public institution of the state of Montana, a
7 unit of the Montana university system, or the Montana state
8 school for the deaf and blind school, the ~~legislative~~
9 ~~assembly legislature~~ shall appropriate to ~~each the~~ employer
10 an adequate amount to allow the payment of the employer's
11 contribution.

12 (d) If the employer is a county, the county
13 commissioners shall budget and pay for the employer's
14 contribution in the manner provided by law for the adoption
15 of a county budget and for payments under ~~such the~~ budget.

16 (e) All interest and other earnings realized on the
17 moneys of the retirement system shall be credited to the
18 pension accumulation fund, and the amounts required to allow
19 regular interest on the annuity savings fund, and the
20 annuity reserve fund shall be transferred to the respective
21 funds from the pension accumulation fund.

22 (f) All pensions and benefits in lieu thereof,
23 including pensions payable under ~~section~~ 75-6218, shall be
24 paid from the pension accumulation fund.

25 (g) The retirement board may, in its discretion,

1 transfer to and from the pension accumulation fund the
2 amount of any surplus or deficit which may develop in the
3 reserve creditable to the annuity reserve fund, as shown by
4 actuarial valuation, and also ~~such expenses as hereinafter~~
5 ~~provided an amount to cover expenses of administration.~~

6 ~~(4) (5) Expense fund. The the expense fund shall be is~~
7 the fund to which ~~shall be credited~~ all moneys for the
8 administrative expenses of the retirement system shall be
9 credited and from which the expenses of administration of
10 the retirement system shall be paid, exclusive of amounts
11 payable as retirement allowances or other benefits. The
12 retirement board shall determine annually the amount
13 required for the expense fund to defray the administrative
14 expense in the ensuing fiscal year and shall credit such an
15 amount to the expense fund from interest and other earnings
16 realized on the moneys of the retirement system."

17 Section 5. Section 75-6208, R.C.M. 1947, is amended to
18 read as follows:

19 "75-6208. Benefits. (1) The retirement, disability,
20 and other benefits of the retirement system shall be granted
21 on the basis of the ~~following provisions~~ of subsections (2)
22 through (8).

23 ~~(4) (2) Superannuation member retirement:~~

24 (a) ~~Any A member with five who has at least (5) years~~
25 of creditable service, ~~the whose~~ last ~~five (5) years~~ of

1 ~~which shall have been creditable service were~~ in this state,
 2 and who has attained the age of ~~sixty~~ (60), or ~~he~~ has
 3 completed ~~thirty~~ (30) years of creditable service, may
 4 retire from service, if he files with the retirement board
 5 his written application setting forth the fact of his
 6 retirement.

7 (b) (i) Any member in service who has attained the age
 8 of ~~seventy~~ (70) years during any school year shall be
 9 retired on ~~the first day of~~ September 1 following his
 10 ~~seventieth 70th birthday,~~ except that this This provision
 11 ~~shall does~~ not apply to teachers in the Montana university
 12 system, who may be employed beyond the age of ~~seventy~~ (70)
 13 upon the recommendation of the president of the employing
 14 unit to the board of regents.

15 (ii) Members over ~~seventy~~ (70) years of age shall may
 16 not:

17 (1) (A) be allowed creditable service for services
 18 rendered after the end of the school year in which the age
 19 of ~~seventy~~ (70) ~~is~~ was attained;

20 (2) (B) contribute to the retirement system after the
 21 end of such school year; and

22 (3) (C) have the compensation received after the end of
 23 such school year used in computing average final salary.

24 (c) Initial employment of teachers in the Montana
 25 university system beyond the age of ~~seventy~~ (70) may be made

1 upon the recommendation of the president of the employing
 2 unit and the approval of the board of regents, but such
 3 employees shall be denied membership in the retirement
 4 system.

5 ~~(e) (d)~~ Any retired member may be employed as a
 6 part-time or substitute teacher in Montana and may earn an
 7 amount not to exceed one-fourth ~~(1/4)~~ of his average final
 8 compensation without loss of retirement benefits.

9 ~~(2) (3)~~ Allowance for superannuation retirement;

10 (a) Upon superannuation retirement a member shall
 11 receive a retirement allowance ~~which shall consist~~
 12 consisting of:

13 ~~(1) (i)~~ a pension which, together with an annuity,
 14 shall ~~provide~~ provides a retirement allowance equal to
 15 one-half ~~(1/2)~~ of his average final compensation, ~~provided~~
 16 if his creditable service is at least ~~thirty~~ (30) years; or

17 (ii) otherwise a pension together with his an annuity
 18 of equal to ~~one sixtieth~~ (1/60) ~~one sixtieth~~ of his average
 19 final compensation multiplied by the number of years of
 20 creditable service, if his creditable service is less than
 21 30 years.

22 (b) The minimum annual retirement allowance for a
 23 member who has completed ~~thirty~~ (30) or more years of
 24 service ~~shall be twenty-four hundred dollars (~~ is \$2,400),
 25 and the minimum retirement allowance for a member whose

1 service is less than ~~thirty (30) years shall be~~ is based on
 2 ~~the proportionate amount of twenty-four hundred dollars (an~~
 3 ~~amount which bears the same ratio to \$2,400) that as his~~
 4 service bears to ~~thirty (30) years of service.~~

5 (c) On July 1, 1975, and July 1, 1976, every
 6 beneficiary receiving a retirement allowance ~~shall~~ will be
 7 entitled to an increase in his monthly retirement allowance
 8 of ~~one-fourth of one percent (.25%)~~ 1/4 of 1% multiplied by
 9 the number of months he has been retired during the
 10 preceding fiscal year.

11 (d) ~~Any~~ A member who has ~~completed five (at least 5)~~
 12 years of creditable service, ~~the whose~~ last ~~five 5~~ years of
 13 ~~which shall have been creditable service were~~ in this state,
 14 and who has attained the age of ~~fifty-five (55)~~ may retire
 15 from service and be eligible ~~to~~ for an early retirement
 16 allowance, if he files with the retirement board his written
 17 application setting forth the fact of his retirement. The
 18 early retirement allowance shall be determined as prescribed
 19 in ~~subsections (a) through (f) above~~ subsections (3) (a) and
 20 (3) (b), with the further provision exception that such the
 21 allowance will be reduced by ~~one-half of one percent (.5%)~~
 22 1/2 of 1% multiplied by the number of months by which the
 23 retirement date precedes the date on which he would have
 24 retired had he attained ~~sixty (60)~~ years of age or had he
 25 completed ~~thirty (30)~~ years of creditable service.

1 (e) In the event of the death of a member after
 2 retirement, a death benefit of ~~five hundred dollars (\$500)~~
 3 ~~will be~~ is payable to his designated beneficiary.

4 (f) In the event payments made to an annuitant do not
 5 equal the amount of the member's accumulated contributions
 6 prior to the annuitant's death, the difference between the
 7 total retirement allowance paid and the amount of the
 8 accumulated contributions shall be paid to the beneficiary.

9 ~~(3) (4)~~ Disability member retirement:

10 (a) Upon the application of an active member or of his
 11 employer for a disability retirement allowance, any active
 12 member who has ~~five (5)~~ or more years of creditable service
 13 may be retired by the retirement board the month immediately
 14 following the month in which his disability caused his
 15 retirement, ~~upon filing an application for a disability~~
 16 ~~retirement allowance. Before any~~ In order for a member shall
 17 to be eligible for a disability retirement, the retirement
 18 ~~board of the retirement system shall~~ must certify that he is
 19 mentally or physically incapacitated for the further
 20 performance of his duties, that such incapacity is likely to
 21 be permanent, and that he should be retired.

22 (b) ~~Re-examination of beneficiaries retired on account~~
 23 ~~of disability.~~ Once each year during the first ~~five (5)~~
 24 years following the retirement of a member on a disability
 25 retirement allowance, and once in every ~~three (3)~~ year

1 period thereafter, the retirement board may require, and
 2 upon ~~his~~ the beneficiary's application, shall, ~~require~~
 3 permit a disability beneficiary who has not yet attained the
 4 age of ~~sixty~~ (60) to undergo a medical examination by the
 5 medical board or a physician or physicians designated by the
 6 medical board. The examination shall be made at the place of
 7 residence of the beneficiary or other place mutually agreed
 8 upon. Should ~~any~~ a disability beneficiary who has not yet
 9 attained the age of ~~sixty~~ (60) refuse to submit to at least
 10 one (1) medical examination in any year by the medical board
 11 or its representative, his allowance may be discontinued
 12 until his withdrawal of such refusal, and, should his
 13 refusal continue for ~~one~~ (1) year, all his rights in and to
 14 his disability pension may be revoked by the retirement
 15 board.

16 (c) ~~Should~~ If the medical board ~~report~~ reports and
 17 ~~certify~~ certifies to the retirement board that any
 18 disability beneficiary is engaged in or is able to engage in
 19 a gainful occupation paying more than the difference between
 20 his retirement allowance and his average final compensation
 21 and ~~should~~ if the retirement board ~~concur~~ concurs in such
 22 report, ~~then the amount of~~ his pension shall be reduced to
 23 an amount which, together with his annuity and the amount
 24 earnable by him, ~~shall equal the amount of~~ is equal to his
 25 average final compensation. ~~Should~~ If his earning capacity

1 ~~be~~ is changed later, ~~the amount of~~ his pension may be
 2 further modified, but the new pension ~~shall~~ may not exceed
 3 ~~the amount of~~ the pension originally granted, ~~nor~~ or an
 4 amount which, when added to the amount earnable by the
 5 beneficiary, together with his annuity, equals ~~the amount of~~
 6 his average final compensation. A beneficiary restored to
 7 active service at a salary less than the average final
 8 compensation upon the basis of which he was retired ~~shall~~
 9 may not become a member of the retirement system while
 10 receiving a reduced benefit.

11 (d) ~~Should~~ If a disability beneficiary under age ~~sixty~~
 12 ~~(60)~~ is restored to active service at a compensation not
 13 less than his average final compensation, his retirement
 14 allowance shall cease, and he shall again become an active
 15 member of the retirement system. Any prior service
 16 certificate on the basis of which his service was computed
 17 at the time of his disability retirement shall be restored
 18 to full force, and ~~effect an addition~~, upon his subsequent
 19 retirement, and he shall be credited with such prior service
 20 and all his subsequent service as a member. ~~Should~~ If he ~~be~~
 21 is restored to active service on or after the attainment of
 22 the age of ~~fifty-five~~ (55) years, his pension upon
 23 subsequent retirement ~~shall~~ may not exceed the pension that
 24 he would have received had he remained in service during the
 25 period of his previous retirement ~~nor~~ or the sum of the

1 pension which he was receiving immediately prior to his last
2 restoration to service and the pension that he would have
3 received on account of his service since his last
4 restoration had he entered service at that time as a new
5 member.

6 ~~(4)~~ (5) Allowance for disability retirement;

7 (a) Upon retirement for disability, a member shall
8 receive a the superannuation allowance and other benefits
9 prescribed under subsection ~~(2)~~ above (3), if he is
10 eligible;

11 (b) otherwise if he is not eligible for the benefits
12 prescribed under subsection (3), he shall receive a
13 disability retirement allowance which ~~shall consist~~ consists
14 of:

15 ~~(a) (i)~~ as an annuity which ~~shall be~~ is the actuarial
16 equivalent of his accumulated contributions at the time of
17 retirement; and

18 ~~(b) (ii)~~ a pension which, together with his annuity,
19 ~~shall provide~~ provides a total retirement allowance equal to
20 ~~one-sixtieth (1/60)~~ one-sixtieth of his average final
21 compensation multiplied by the number of years of his
22 creditable service, if such retirement allowance exceeds
23 ~~one-quarter (1/4)~~ one-fourth of his average final
24 compensation; otherwise, a pension which, together with his
25 annuity, ~~shall provide~~ provides a total retirement allowance

1 equal to ~~one-quarter (1/4)~~ one-fourth of his average final
2 compensation, ~~provided, however, that~~

3 (c) ~~no such~~ no allowance shall under subsection (5) (b)
4 may exceed ~~one-sixtieth (1/60)~~ one-sixtieth of his average
5 final compensation multiplied by the number of years which
6 would be creditable to him were his service to continue
7 until the attainment of the minimum age for superannuation
8 retirement.

9 ~~(e) (d)~~ In the event payments made to ~~a person retired~~
10 ~~because of disability an annuitant~~ do not equal the amount
11 of his the member's accumulated contributions prior to his
12 the annuitant's death, the difference between the total
13 retirement allowance paid and the amount of the accumulated
14 contributions ~~of the member~~ shall be paid to the
15 beneficiary.

16 ~~(5) (6)~~ Withdrawal of accumulated contributions. ~~Any~~
17 any inactive member electing to do so or any person whose
18 membership terminates may withdraw his accumulated
19 contributions ~~to~~ from his annuity account in the retirement
20 system in accordance with the following provisions:

21 (a) An inactive member under the provisions of
22 ~~subsections~~ subsection (1) or (3) of ~~section~~ 75-6210 may
23 elect, without right of revocation, to withdraw his
24 accumulated contributions, ~~and if~~ If he does not withdraw
25 his accumulated contributions, he ~~shall thereafter remain~~

1 remains an inactive member of the retirement system with the
2 right to qualify for ~~the~~ its benefits ~~of the retirement~~
3 ~~system.~~

4 (b) Upon recovery from a disabling illness or
5 separation from the armed forces, any person qualifying as
6 an inactive member under the provisions of ~~subsection (2) of~~
7 ~~section~~ 75-6210 (2) may withdraw his accumulated
8 contributions unless he returns to active membership.

9 (c) Any person whose membership terminates under the
10 provisions of ~~subsection (4) of section~~ 75-6211 (4) may
11 withdraw his accumulated contributions.

12 ~~(6)(7)~~ Allowances for death of member:

13 (a) ~~Should~~ If a member ~~die~~ dies before retirement, ~~the~~
14 ~~amount of the member's~~ his accumulated contributions shall
15 be paid to his estate or such person as he may have
16 ~~designated in the manner prescribed by the retirement board~~
17 ~~which shall be filed with the board prior to the member's~~
18 death nominated by a written designation filed with the
19 retirement board prior to his death in the manner prescribed
20 by the board.

21 (b) (i) In lieu of benefits provided for in subsection
22 (7)(a) above, if the deceased member had qualified by reason
23 of service for a retirement benefit, the beneficiary
24 nominated by the deceased member may elect to receive a
25 monthly life annuity. The monthly life annuity shall be

1 determined as prescribed in subsections ~~(2) (a) through (2)~~
2 ~~(4) assuming (3)(a), (b), and (d) in the same manner as if~~
3 the member had elected option A ~~as prescribed provided for~~
4 in subsection ~~(7) (a) below~~ (8)(b)(i).

5 (ii) In the event payments made to an annuitant do not
6 equal the amount of the member's accumulated contributions
7 prior to the annuitant's death, the difference between the
8 total annuity payments made and the amount of the
9 accumulated contributions shall be paid to the beneficiary.

10 (c) ~~In addition, if~~ If the deceased member had ~~five~~
11 ~~(5)~~ or more years of creditable service and was an active
12 member in the state of Montana within ~~one (1)~~ year prior to
13 his death, a ~~lump-sum~~ lump-sum death benefit of \$500 ~~will be~~
14 is payable to his designated beneficiary.

15 ~~(e)(d)~~ If the deceased member had ~~five (5)~~ or more
16 years of creditable service and was an active member in the
17 state of Montana within ~~one (1)~~ year prior to his death, the
18 sum of ~~one hundred dollars (\$100)~~ per month shall be paid to
19 each minor child of the deceased member until such child
20 reaches his ~~eighteenth (18th)~~ birthday.

21 ~~(7)(8)~~ Optional allowances: ~~With the provision that~~
22 ~~no optional selection shall be effective in case a~~
23 ~~beneficiary dies within thirty (30) days after retirement,~~
24 ~~and that such a beneficiary shall be considered as an active~~
25 ~~member at the time of his death; until the first payment on~~

1 ~~account of any benefit becomes normally due, any member may~~
 2 ~~elect to receive his benefit in a retirement or disability~~
 3 ~~allowance payable throughout life as hereinabove provided.~~
 4 ~~This benefit shall be referred to as the normal form of~~
 5 ~~retirement allowance.~~

6 (a) Until the first payment on account of any benefit
 7 becomes normally due, any member may elect to receive one of
 8 the optional allowances described in subsection (8)(b) in
 9 lieu of the normal form of retirement allowance, which is
 10 provided for in subsections (3) and (5). If a beneficiary
 11 dies within 30 days after retirement, his election to
 12 receive an optional allowance is void and his death will be
 13 considered as that of an active member.

14 ~~(b) In lieu of normal form of retirement allowance,~~
 15 ~~the member may elect an optional allowance which would be~~
 16 ~~is the actuarial equivalent of the member's retirement or~~
 17 ~~disability allowance at the time of his retirement or~~
 18 ~~disability allowance and would provide provides an allowance~~
 19 ~~payable to him throughout his lifetime and, upon his death~~
 20 ~~continue, an allowance payable to such the person as that he~~
 21 ~~shall nominate nominated by written designation, duly~~
 22 ~~acknowledged and filed with the retirement board at the time~~
 23 ~~of his retirement, with the provision that in accordance~~
 24 ~~with one of the following options:~~

25 ~~(a)(i) Option A. The the optional allowance will~~

1 ~~continue be paid to the member during throughout his~~
 2 ~~lifetime and, upon his death, continue throughout the~~
 3 ~~lifetime of his designated beneficiary; or~~

4 ~~(b)(iii) Option B. The the optional allowance will~~
 5 ~~continue be paid to the member throughout his lifetime and,~~
 6 ~~upon his death, one-half (1/2) of his the optional allowance~~
 7 ~~will be continued throughout the lifetime of his designated~~
 8 ~~beneficiary; or~~

9 ~~(c)(iii) Option C. The the optional benefit allowance~~
 10 ~~will continue be paid to the member throughout his lifetime~~
 11 ~~and, upon his death, two-thirds (2/3) of the optional~~
 12 ~~allowance shall will be continued throughout the lifetime of~~
 13 ~~his designated beneficiary; or~~

14 ~~(d)(iv) Option D. The the optional allowance shall~~
 15 ~~continue will be paid to the member while both the member~~
 16 ~~and his designated beneficiary are living and, upon the~~
 17 ~~death of either, one-half (1/2) of the optional allowance~~
 18 ~~shall will be continued throughout the lifetime of the~~
 19 ~~survivor; or~~

20 ~~(e)(v) Option E. The the optional allowance will be~~
 21 ~~payable paid to the member while both the member and his~~
 22 ~~designated beneficiary are living and, upon the death of~~
 23 ~~either, two-thirds (2/3) of the optional allowance shall~~
 24 ~~will be continued throughout the lifetime of the survivor;~~

25 or

1 ~~(f)~~ (vi) Option P, ~~Some some~~ other benefit or ~~benefits~~
 2 ~~shall will~~ be paid either to the member or his surviving
 3 designated beneficiary. ~~The in accordance with~~ provisions of
 4 ~~this retirement allowance shall be~~ approved by the
 5 retirement board."

6 Section 6. Section 75-6209, R.C.M. 1947, is amended to
 7 read as follows:

8 "75-6209. Active membership. (1) ~~Any of Unless~~
 9 otherwise provided by this title, the following persons
 10 ~~shall must~~ be active members of the retirement system ~~unless~~
 11 ~~otherwise provided by this title, with the exception that~~
 12 ~~except for~~ those persons who became eligible for membership
 13 on ~~the first day of~~ September 1, ~~nineteen hundred and~~
 14 ~~thirty seven (1937),~~ or on ~~the first day of~~ September 1,
 15 ~~nineteen hundred and thirty nine (1939),~~ and who elected not
 16 to ~~be a member become members~~ under the provisions of the
 17 law at that time are not required to be members:

18 ~~(1)(a)~~ (1)(a) ~~Any any~~ person who is a teacher, principal, or
 19 district superintendent as defined ~~under the provisions of~~
 20 ~~section in~~ 75-6101;

21 ~~(2)(b)~~ (2)(b) ~~Any any~~ person who is an administrative officer
 22 or a member of the instructional or scientific staff of a
 23 unit of the Montana university system, except as provided
 24 in 75-6208(2)(c);

25 ~~(3)(c)~~ (3)(c) ~~Any any~~ person employed in an instructional

1 services capacity by the office of the superintendent of
 2 public instruction, the office of a county superintendent, a
 3 public institution of the state of Montana, the Montana
 4 state school for the deaf and blind ~~school,~~ or a school
 5 district;

6 ~~(4)(d)~~ (4)(d) ~~Any any~~ person who ~~shall have has~~ elected not
 7 to become a member of the retirement system and is
 8 ~~re-entering reentering~~ service in a capacity prescribed by
 9 ~~subsections (1), (2) and (3) above,~~ subsection (1)(a), (b),
 10 or (c);

11 ~~(5)(e)~~ (5)(e) ~~Any any~~ person who ~~shall have has~~ elected not
 12 to become a member of the retirement system, who has been
 13 continuously employed in a capacity prescribed by
 14 ~~subsections (1), (2) and (3) above,~~ subsection (1)(a), (b),
 15 or (c); time of such election, and who may thereafter elect
 16 to become a member of the retirement system;

17 (2) Any person who is designated a member by this
 18 section shall in order to be eligible for active membership,
 19 any person described in subsection (1) must:

20 (a) be employed full time, outside of vacation
 21 periods, in the capacity prescribed for his eligibility;
 22 except that, when a person is employed less than full time,
 23 the retirement board may allow ~~such person him~~ to become a
 24 member of the retirement system; and

25 (b) ~~The have the~~ compensation for ~~the his~~ creditable

1 service of ~~any person who is designated a member by this~~
 2 ~~section shall be~~ totally paid by an employer as defined
 3 herein; ~~except that,~~ when this requirement is not
 4 satisfied, the retirement board may allow ~~such a~~ the person
 5 to become a member of the retirement system.

6 (3) At any time a person's eligibility to become a
 7 member of the retirement system is in doubt, the retirement
 8 board shall determine his eligibility for membership."

9 Section 7. Section 75-6211, R.C.M. 1947, is amended to
 10 read as follows:

11 "75-6211. Membership termination. The active or
 12 inactive membership in the retirement system of any person
 13 shall ~~terminate~~ terminates when:

14 (1) he retires on a retirement allowance of the
 15 retirement system;

16 (2) he dies;

17 (3) he withdraws his accumulated ~~contribution~~
 18 contributions to the retirement system under the provisions
 19 of ~~subsection (5) of section~~ 75-6208 (6); or

20 (4) he ceases to be employed in a capacity that allows
 21 his membership, he has less than ~~five~~ (5) years of
 22 creditable service in the retirement system, and he cannot
 23 qualify under the provisions of ~~subsection (3) of section~~
 24 75-6210 (2)."

25 Section 8. Section 75-6212, R.C.M. 1947, is amended to

1 read as follows:

2 "75-6212. Membership application and creditable
 3 service. (1) Whenever a person becomes eligible for
 4 membership in the retirement system, he shall apply for ~~such~~
 5 membership on the application form prescribed by the
 6 retirement board.

7 (2) The creditable service of a member ~~shall begin~~
 8 begins on the receipt of the membership application by the
 9 retirement board and ~~shall accumulate~~ accumulates to the
 10 member's credit on the basis of the retirement board's
 11 policy governing creditable service.

12 (3) The creditable service of ~~any a~~ member shall
 13 ~~include~~ includes the following:

14 ~~(4)(a)~~ each year of service ~~of a member~~ for which
 15 contributions to the retirement system were deducted from
 16 his compensation under the provisions of ~~chapter~~ Chapter 87,
 17 Laws of 1937, ~~chapter~~ Chapter 215, Laws of 1939, this act,
 18 and their subsequent amendments, except that no credit shall
 19 ~~may~~ be awarded for those years of service for which the
 20 contributions have been withdrawn and not replaced; ~~plus~~

21 ~~(2) any out of state employment service awarded by the~~
 22 ~~retirement board under the provisions of section 75-6211;~~
 23 ~~plus~~

24 ~~(3)(b)~~ any service awarded by a prior service
 25 certificate issued under the provisions of ~~chapter~~ Chapter

1 87, Laws of 1937, ~~chapter~~ Chapter 215, Laws of 1939, and
 2 their subsequent amendments, or under the provisions of
 3 ~~section~~ 75-6213; plus

4 (c) any out-of-state employment service awarded by the
 5 retirement board under the provisions of 75-6213;

6 ~~(4) the creditable service established by the~~
 7 ~~retirement board under the provisions of this section shall~~
 8 ~~be final and conclusive for the purposes of the retirement~~
 9 ~~system unless, at any time, the retirement board discovers~~
 10 ~~an error or fraud in the establishment of the creditable~~
 11 ~~service, in which case the retirement board shall~~
 12 ~~re-establish the creditable service; plus~~

13 ~~(5) (d) any service awarded for employment while on~~
 14 ~~leave under section 75-6213; and~~

15 (e) any service in the military, red cross, or
 16 merchant marine awarded by the retirement board under
 17 75-6213.

18 (4) The retirement board's determination of creditable
 19 service under this section is final and conclusive for the
 20 purposes of the retirement system unless, at any time, the
 21 board discovers an error or fraud in the establishment of
 22 creditable service, in which case the board shall
 23 redetermine the creditable service."

24 Section 9. Section 75-6213, R.C.M. 1947, is amended to
 25 read as follows:

1 "75-6213. Creditable service for out-of-state
 2 employment, employment while on leave, ~~for active~~ service in
 3 the ~~armed forces of the United States and the American~~
 4 ~~military,~~ red cross, or merchant marine, and ~~before~~
 5 ~~September, 1937~~ prior service. (f) ~~Any~~ A person applying for
 6 membership ~~also~~ may also apply for creditable service in the
 7 retirement system for out-of-state employment service that
 8 would have been acceptable under the provisions of this
 9 title if such service ~~were~~ had been performed in the state
 10 of Montana. The person shall be awarded creditable service,
 11 conditional upon his completing ~~five~~ (5) years of active
 12 membership in Montana, for the number of years, not
 13 exceeding 5, that the retirement board determines to be
 14 creditable service ~~but for not more than five (5) years,~~ if
 15 he contributes to the retirement system an amount equal to
 16 the employee contribution for his first full year's teaching
 17 salary earned in Montana after his out-of-state service for
 18 each year of creditable service plus interest at the rate
 19 the contribution would have earned had the contribution been
 20 in his account upon the completion of ~~five~~ (5) years of
 21 membership service in Montana. The contribution rate shall
 22 be that rate in effect at the time he is eligible for such
 23 service. The contributions may be made in a lump-sum payment
 24 or in installments as agreed between the person and the
 25 retirement board, ~~and~~

1 ~~(1)(2)~~ ~~Any~~ A person applying for membership ~~also~~ may
 2 also apply for creditable service in the retirement system
 3 for employment while on leave. The person shall be awarded
 4 creditable service, conditional upon his having been a
 5 member prior to his leave and upon his completing ~~five~~-(5)-
 6 years of active membership in Montana subsequent to his
 7 return, provided if his employment while on leave enhanced
 8 his teaching experience as determined by the board. The
 9 person shall be awarded creditable service as determined by
 10 the board ~~but for not more than two (2) years in an amount~~
 11 not exceeding 2 years, if he contributes to the retirement
 12 system an amount equal to the combined employer and employee
 13 contributions for his first full year's teaching salary
 14 earned in Montana after his return from leave for each year
 15 of creditable service plus interest at the rate the
 16 contribution would have earned had the contribution been in
 17 his account upon the completion of ~~five~~-(5)- years of
 18 membership service in Montana. The contribution rate shall
 19 be that rate in effect at the time he is eligible for such
 20 service. The contribution may be made in a lump-sum payment
 21 or in installments as agreed between the person and the
 22 retirement board~~;~~ ~~and~~

23 ~~(2)(3)~~ ~~Any~~ A person applying for membership ~~also~~ may
 24 also apply for creditable service in the retirement system
 25 for active service in the armed forces of the United States,

1 which includes the army, navy, marine corps, air force, and
 2 coast guard, or in the American red cross or merchant
 3 marine. The person shall be awarded creditable service,
 4 conditional upon his completing ~~five~~-(5)- years of active
 5 membership in Montana, for the number of years, not
 6 exceeding 2, that the retirement board determines to be
 7 creditable service ~~but for not more than two (2) years~~, if
 8 he contributes to the retirement system an amount equal to
 9 the combined employer and employee contributions for his
 10 first full year's teaching salary earned in Montana
 11 following the active service in the armed forces of the
 12 United States or in the American red cross or merchant
 13 marine for each year of creditable service plus interest at
 14 the rate the contribution would have earned had the
 15 contribution been in his account upon completion of ~~five~~-(5)-
 16 years of membership service in Montana. The contribution
 17 rate shall be that rate in effect at the time he is
 18 eligible for such service. The contribution may be made in
 19 a lump-sum payment or in installments as agreed between the
 20 person and the retirement board~~;~~ ~~however~~

21 ~~(3)(4)~~ ~~In no event will the~~ The total creditable
 22 service for out-of-state teaching, employment while on
 23 leave, ~~or while on~~ and active service in the armed forces of
 24 the United States or the American red cross or merchant
 25 marine may not exceed ~~five~~-(5)- years.

1 ~~(5)~~ Whenever a A member who is retiring with at least
 2 ~~five~~ (5) years of creditable service and he who has been an
 3 active member for at least ~~five~~ (5) consecutive school
 4 fiscal years, ~~he~~ may request creditable service for any
 5 employment service he rendered prior to ~~the first day of~~
 6 September 1, ~~nineteen hundred and thirty seven~~ (1937), for
 7 which he has not received a prior service certificate. In
 8 order to receive ~~such~~ the creditable service, he ~~shall~~ must
 9 apply for it and provide certification of ~~such~~ the prior
 10 service. The retirement board shall determine the amount of
 11 creditable service to be awarded, if any, and issue a prior
 12 service certificate."

13 Section 10. Section 75-6214, R.C.M. 1947, is amended
 14 to read as follows:

15 "75-6214. Duties of employer. ~~It shall be the duty of~~
 16 ~~each~~ Each employer ~~to shall~~:

17 (1) deduct the contribution of each member employed by
 18 him at the rate prescribed by ~~subsection (1) of section~~
 19 75-6207(2) from each salary payment for each payroll period,
 20 and transmit the contribution each month to the secretary of
 21 the retirement board;

22 (2) pay to the secretary of the retirement board the
 23 employer's contribution prescribed by ~~subsection (3) of~~
 24 ~~section~~ 75-6207(4), at the time that the employee
 25 contributions are transmitted to the secretary of ~~the~~

1 ~~retirement board;~~

2 (3) keep records and, as required by the retirement
 3 board, furnish information to the ~~retirement~~ board that is
 4 required in the discharge of the ~~retirement~~ board's duties;

5 (4) upon the employment of ~~any~~ a person who is
 6 required to become a member of the retirement system, inform
 7 him of his rights and obligations ~~related~~ relating to the
 8 retirement system; ~~Each~~ a person ~~accepting~~ such who accepts
 9 employment ~~shall be deemed to consent for which membership~~
 10 is required is considered to have consented to membership
 11 and to the withholding of ~~the~~ contributions from his
 12 compensation;

13 (5) at the request of the retirement board, certify
 14 the names of all persons who are eligible for membership or
 15 who are members of the retirement board; and

16 (6) notify the retirement board of the employment of a
 17 person eligible for membership and forward his membership
 18 application to the ~~retirement~~ board."

19 Section 11. Section 75-6217, R.C.M. 1947, is amended
 20 to read as follows:

21 "75-6217. ~~Protection against~~ Penalty for fraud ~~—~~
 22 correction of erroneous payments. (1) ~~Any~~ A person who ~~shall~~
 23 knowingly ~~make~~ makes a false statement, or ~~shall~~ falsify
 24 who falsifies or ~~permit~~ permits to be falsified any record
 25 or records of ~~this~~ the retirement system in ~~any~~ an attempt

1 to defraud ~~such~~ the system as a result of such act, shall be
2 is guilty of a misdemeanor and ~~shall be~~ is punishable
3 ~~therefor under the laws of the state of Montana as provided~~
4 by law.

5 ~~(2) Should any~~ If a change or error in the records
6 ~~result results~~ in ~~any a~~ member or beneficiary receiving from
7 the retirement [-system-] more or less than he would have been
8 entitled to receive had the records been correct, then, on
9 discovery of ~~any such~~ the error, the retirement board shall
10 correct ~~such~~ the error, and, as far as practicable, shall
11 adjust the payments in such a manner that the actuarial
12 equivalent of the benefit to which ~~such~~ the member or
13 beneficiary was correctly entitled ~~shall~~ will be paid."

-End-

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LC 0028

1977 Legislature
Code Commissioner Bill - Summary

House Bill No. 34

TO GENERALLY REVISE AND CLARIFY THE LAWS RELATING TO TEACHERS' RETIREMENT.

This summary does not include discussion of routine form or grammatical changes.

Section 1. 75-6201. Definitions. In subsection (14), changed "into" to "out of" to correct an apparent error and deleted "derived from money accumulated by employers" as redundant with 75-6207 (3).

Section 2. 75-6205. Powers and duties of retirement board. Eliminated redundancy in subsection (14)(b).

Section 3. 75-6206. Financial administration of moneys. In subsection (3), the internal reference to 75-6207 (5)(b) has been changed to 75-6207 (4)(and in turn to 75-6207 (5) because of renumbering). To correct an error which arose when 75-6207 was amended in 1973. In subsection (4), "his" has been changed to "its" to correct an error; the change should have been made when "state controller" was changed to "dept. of administration" in 1973 - see Allen Smith's version which uses "its".

Section 4. 75-6207. Method of financing. Clarification only.

Section 5. 75-6208. Benefits. Generally rewritten for clarification.

In subsection (2)(d) (now (3)(d)), the internal reference to subsections (3)(a) through (3)(f) have been changed to subsections (3)(a) and (3)(b) for accuracy - subsection (3)(c) is temporary and has been implemented and subsections (3)(e) and (3)(f) are inapplicable.

In subsection (4), "and other benefits" has been added to ensure that the introductory sentence is not misinterpreted to mean that a disability retiree gets only the allowance. Subsection (5)(d), formerly (4)(c) has been changed to be identical with old subsection (2)(f) to correct an oversight subsection (2)(f) was amended in 1973 but subsection (4)(c) was, apparently inadvertently, left unchanged. The unamended version of subsection (4)(c) does not provide for the case in which a disability retiree chooses an optional retirement allowance.

In the introductory sentence of subsection (6) formerly (5), "to" has been changed to "from" to correct an apparent error.

In subsection (7)(b), formerly (6)(b), the internal reference to subsections (2)(a) through (2)(b) has been changed to (2)(a), (b), and (d) (now (3)(a), (b), and (d)) to correct an error and clarify - subsection (2)(c) is temporary and has been implemented, reference to subsection (2)(e) is redundant, the wording of subsection (2)(f) has been added as new subsection (7)(b)(ii) by this bill, and subsections (2)(g) to (2)(h) no longer exist. In the second sentence of subsection (6)(b), "assuming" has been changed to "in the same manner as if" to clarify that the election is not a condition precedent. Finally, the last sentence of subsection (6)(b) has been redesignated as (6)(c) (now (7)(c)) to avoid a misinterpretation that the \$500 benefit does not apply to a beneficiary who chooses a refund rather than an annuity.

Section 6. 75-6209. Active Membership. In subsection (1)(b), "except as provided in 75-6208 (2)(c)" has been added to correct an apparent error.

Section 7. 75-6211. Membership termination. Changed internal reference to 75-6208(5) because subsections of 75-6208 renumbered.

Section 8. 75-6212. Membership application and creditable service. Added a subsection to make list of creditable service more complete and to correct an apparent error of omission. The first paragraph and subsection (1) of 75-6213 were already listed (renumbered subsections (1) and (2)), subsection (2) (now (3)) has been added.

Section 9. 75-6213. Creditable service for out-of-state employment, etc. Grammar and clarification only.

Section 10. 75-6214. Duties of employer. Subsection (4) rewritten to aid recodification - second sentence will become separate section. Internal references to subsections of 75-6207 changed because of renumbering.

Section 11. 75-6217. Penalty for fraud - correction of erroneous payments. Brackets removed from word "system", which was added by publisher.

Approved by Committee
on State Administration

1 HOUSE BILL NO. 34
2 INTRODUCED BY BARDANOUE

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE AND
5 CLARIFY THE LAWS RELATING TO TEACHERS' RETIREMENT AND DEATH
6 AND DISABILITY BENEFITS."

7
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

9 Section 1. Section 75-6201, R.C.M. 1947, is amended to
10 read as follows:

11 "75-6201. Definitions. As used in this title, unless
12 the context clearly indicates otherwise, the following
13 definitions apply:

14 (1) "Retirement system" means the teachers' retirement
15 system of the state of Montana provided for in ~~section~~
16 75-6202.

17 (2) "Retirement board" means the retirement system's
18 governing board provided ~~by section~~ for in 82A-212.

19 (3) "Employer" means the state of Montana, the
20 trustees of ~~any~~ a district, or any other agency or
21 subdivision of the state which employs a person who is
22 designated a member of the retirement system.

23 (4) "Member" means ~~any~~ a person who has an individual
24 account in the annuity savings fund; an active member is ~~any~~
25 a person included under the provisions of ~~section~~ 75-6209;

1 an inactive member is ~~any~~ a person included under the
2 provisions of ~~section~~ 75-6210.

3 (5) "Beneficiary" means ~~any~~ a person in receipt of a
4 pension, annuity, a retirement allowance, or other benefit
5 as provided by the retirement system.

6 (6) "Service" means the performance of such
7 instructional duties or related activities as would entitle
8 the person to active membership in the retirement system
9 under the provisions of ~~section~~ 75-6209.

10 (7) "Prior service" means employment of the same
11 nature as service defined in subsection (6) of this section,
12 but rendered before September 1, 1937.

13 (8) "Creditable service" is that service defined by
14 ~~section~~ 75-6212.

15 (9) "Regular interest" means interest at ~~four per cent~~
16 ~~(4%)~~ per annum compounded annually, or at such other rate as
17 may be set by the retirement board in accordance with
18 ~~subsection (2) of section~~ 75-6206(2).

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

25 (11) "Earnable compensation" means the full rate of the

There are no changes in HB 34, & will not be re-run.
Please refer to white copy for complete text. SECOND READING

HB 34

1 compensation, pay, or salary that would be payable to a
 2 member if he worked the full normal working time. In cases
 3 where compensation includes maintenance, the retirement
 4 board shall fix the value of that part of the compensation
 5 not paid in money.

6 (12) "Average final compensation" means the average of
 7 the earnable compensation of any ~~three~~ (3) consecutive years
 8 on which contributions have been made by the member.

9 (13) "Annuity" means the payments made to a beneficiary
 10 for life which are derived from a member's accumulated
 11 contributions. All annuities shall be paid in equal monthly
 12 installments. The retirement board may make an annual
 13 payment to the beneficiaries of the difference between the
 14 rate of interest used in calculating the benefit from the
 15 annuity reserve fund and the interest earned on investments.

16 (14) "Pension" means the payments made to a beneficiary
 17 for life which are paid into out of the pension accumulation
 18 fund ~~derived from money accumulated by employers~~. All
 19 pensions shall be paid in equal monthly installments.

20 (15) "Retirement allowance" means the annuity plus the
 21 pension.

22 (16) "Annuity reserve" means the present value of all
 23 payments to be made on account of a member's annuity ~~and~~
 24 computed, with regular interest, on upon the basis of ~~such~~
 25 the mortality tables ~~as shall be~~ adopted by the retirement

1 board ~~with regular interest~~.

2 (17) "Pension reserve" means the present value of all
 3 payments to be made on account of a pension ~~and~~ computed,
 4 with regular interest, on the basis of ~~such the~~ mortality
 5 tables ~~as shall be~~ adopted by the retirement board ~~with~~
 6 ~~regular interest~~.

7 (18) "Actuarial equivalent" means a benefit of equal
 8 value when computed, with regular interest, on upon the
 9 basis of ~~such the~~ mortality tables ~~as shall be~~ adopted by
 10 the retirement board ~~with regular interest~~.

11 (19) "Former retirement system" means the retirement
 12 system established under ~~sections~~ 1113 to through 1132
 13 ~~inclusive~~, of the Revised Codes of Montana, 1935."

14 Section 2. Section 75-6205, R.C.M. 1947, is amended to
 15 read as follows:

16 "75-6205. Powers and duties of retirement board. The
 17 retirement board ~~shall have the power and it shall be its~~
 18 ~~duty to~~ shall administer and operate the retirement system
 19 within the limitations prescribed by this ~~title. To title~~
 20 ~~and, to~~ this end, it ~~shall be~~ is the duty of the retirement
 21 board to:

22 (1) establish rules ~~and regulations~~ necessary for the
 23 proper administration and operation of the retirement
 24 system;

25 (2) elect a chairman from its membership;

1 HOUSE BILL NO. 34
2 INTRODUCED BY BARDANOUE

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE AND
5 CLARIFY THE LAWS RELATING TO TEACHERS' RETIREMENT AND DEATH
6 AND DISABILITY BENEFITS."

7
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

9 Section 1. Section 75-6201, R.C.M. 1947, is amended to
10 read as follows:

11 "75-6201. Definitions. As used in this title, unless
12 the context clearly indicates otherwise, the following
13 definitions apply:

14 (1) "Retirement system" means the teachers' retirement
15 system of the state of Montana provided for in ~~section~~
16 75-6202.

17 (2) "Retirement board" means the retirement system's
18 governing board provided ~~by section~~ for in 82A-212.

19 (3) "Employer" means the state of Montana, the
20 trustees of ~~any~~ a district, or any other agency or
21 subdivision of the state which employs a person who is
22 designated a member of the retirement system.

23 (4) "Member" means ~~any~~ a person who has an individual
24 account in the annuity savings fund; an active member is ~~any~~
25 a person included under the provisions of ~~section~~ 75-6209;

1 an inactive member is ~~any~~ a person included under the
2 provisions of ~~section~~ 75-6210.

3 (5) "Beneficiary" means ~~any~~ a person in receipt of a
4 pension, annuity, a retirement allowance, or other benefit
5 as provided by the retirement system.

6 (6) "Service" means the performance of such
7 instructional duties or related activities as would entitle
8 the person to active membership in the retirement system
9 under the provisions of ~~section~~ 75-6209.

10 (7) "Prior service" means employment of the same
11 nature as service defined in subsection (6) of this section,
12 but rendered before September 1, 1937.

13 (8) "Creditable service" is that service defined by
14 ~~section~~ 75-6212.

15 (9) "Regular interest" means interest at ~~four per cent~~
16 ~~(4%)~~ per annum compounded annually, or at such other rate as
17 may be set by the retirement board in accordance with
18 ~~subsection (2) of section~~ 75-6206 (2).

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

25 (11) "Earnable compensation" means the full rate of the

There are no changes in HB 34, & will not be re-run.

Please refer to white copy for complete text.

THIRD READING

HB 34

1 compensation, pay, or salary that would be payable to a
2 member if he worked the full normal working time. In cases
3 where compensation includes maintenance, the retirement
4 board shall fix the value of that part of the compensation
5 not paid in money.

6 (12) "Average final compensation" means the average of
7 the earnable compensation of any ~~three~~ ~~(3)~~ consecutive years
8 on which contributions have been made by the member.

9 (13) "Annuity" means the payments made to a beneficiary
10 for life which are derived from a member's accumulated
11 contributions. All annuities shall be paid in equal monthly
12 installments. The retirement board may make an annual
13 payment to the beneficiaries of the difference between the
14 rate of interest used in calculating the benefit from the
15 annuity reserve fund and the interest earned on investments.

16 (14) "Pension" means the payments made to a beneficiary
17 for life which are paid into out of the pension accumulation
18 fund derived from money accumulated by employers. All
19 pensions shall be paid in equal monthly installments.

20 (15) "Retirement allowance" means the annuity plus the
21 pension.

22 (16) "Annuity reserve" means the present value of all
23 payments to be made on account of a member's annuity and
24 computed, with regular interest, on ~~upon~~ the basis of ~~such~~
25 the mortality tables as shall be adopted by the retirement

1 board ~~with regular interest.~~

2 (17) "Pension reserve" means the present value of all
3 payments to be made on account of a pension and computed,
4 with regular interest, on the basis of ~~such the~~ mortality
5 tables ~~as shall be~~ adopted by the retirement board ~~with~~
6 ~~regular interest.~~

7 (18) "Actuarial equivalent" means a benefit of equal
8 value when computed, with regular interest, on ~~upon~~ the
9 basis of ~~such the~~ mortality tables ~~as shall be~~ adopted by
10 the retirement board ~~with regular interest.~~

11 (19) "Former retirement system" means the retirement
12 system established under ~~sections~~ 1113 to through 1132
13 ~~inclusive,~~ of the Revised Codes of Montana, 1935."

14 Section 2. Section 75-6205, R.C.M. 1947, is amended to
15 read as follows:

16 "75-6205. Powers and duties of retirement board. The
17 retirement board ~~shall have the power and it shall be its~~
18 ~~duty to~~ shall administer and operate the retirement system
19 within the limitations prescribed by this ~~title. To title~~
20 and, to this end, it ~~shall be~~ is the duty of the retirement
21 board to:

22 (1) establish rules ~~and regulations~~ necessary for the
23 proper administration and operation of the retirement
24 system;

25 (2) elect a chairman from its membership;

HOUSE BILL NO. 34
INTRODUCED BY BARDANQUEVE

A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE AND CLARIFY THE LAWS RELATING TO TEACHERS' RETIREMENT AND DEATH AND DISABILITY BENEFITS."

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

Section 1. Section 75-6201, R.C.M. 1947, is amended to read as follows:

"75-6201. Definitions. As used in this title, unless the context clearly indicates otherwise, the following definitions apply:

(1) "Retirement system" means the teachers' retirement system of the state of Montana provided for in ~~section~~ 75-6202.

(2) "Retirement board" means the retirement system's governing board provided ~~by section for in~~ 82A-212.

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

(4) "Member" means ~~any a~~ person who has an individual account in the annuity savings fund; an active member is ~~any~~ a person included under the provisions of ~~section~~ 75-6209;

an inactive member is ~~any a~~ person included under the provisions of ~~section~~ 75-6210.

(5) "Beneficiary" means ~~any a~~ person in receipt of a pension, annuity, a retirement allowance, or other benefit ~~as~~ provided by the retirement system.

(6) "Service" means the performance of such instructional duties or related activities as would entitle the person to active membership in the retirement system under the provisions of ~~section~~ 75-6209.

(7) "Prior service" means employment of the same nature as service defined in subsection (6) of this section, but rendered before September 1, 1937.

(8) "Creditable service" is that service defined by ~~section~~ 75-6212.

(9) "Regular interest" means interest at ~~four-per-cent~~ ~~(4%)~~ per annum compounded annually, or at such other rate as may be set by the retirement board in accordance with ~~subsection (2) of section~~ 75-6206 ~~(2)~~.

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

(11) "Earnable compensation" means the full rate of the

1 ~~retirement board;~~

2 (3) keep records and, as required by the retirement
3 board, furnish information to the ~~retirement~~ board that is
4 required in the discharge of the ~~retirement~~ board's duties;

5 (4) upon the employment of ~~any a~~ person who is
6 required to become a member of the retirement system, inform
7 him of his rights and obligations ~~related~~ relating to the
8 retirement system; ~~Each a person accepting such who accepts~~
9 employment ~~shall be deemed to consent for which membership~~
10 is required is considered to have consented to membership
11 and to the withholding of the contributions from his
12 compensation;

13 (5) at the request of the retirement board, certify
14 the names of all persons who are eligible for membership or
15 who are members of the retirement board SYSTEM; and

16 (6) notify the retirement board of the employment of a
17 person eligible for membership and forward his membership
18 application to the ~~retirement~~ board."

19 SECTION 11. SECTION 75-6216, R.C.M. 1947, IS AMENDED
20 TO READ AS FOLLOWS:

21 "75-6216. Guarantee by state. Regular interest charges
22 payable, the creation and maintenance of reserves in the
23 pension accumulation fund, and the maintenance of annuity
24 reserves in the annuity reserve fund ~~and of pension reserves~~
25 ~~is the pension reserve fund,~~ as provided for in this Title

1 title, and the payment of all annuities, pensions, refunds,
2 and other benefits granted under the retirement system are
3 ~~hereby made~~ obligations of the state of Montana."

4 Section 12. Section 75-6217, R.C.M. 1947, is amended
5 to read as follows:

6 "75-6217. ~~Protection against Penalty for fraud --~~
7 correction of erroneous payments. (1) ~~Any~~ A person who ~~shall~~
8 ~~knowingly make any makes a~~ false statement, or ~~shall falsify~~
9 ~~who falsifies~~ or ~~permit permits~~ to be falsified any record
10 ~~or records~~ of ~~this the~~ retirement system in ~~any an~~ attempt
11 to defraud ~~such the~~ system ~~as a result of such act,~~ shall be
12 ~~is~~ guilty of a misdemeanor and ~~shall be is~~ punishable
13 ~~therefor under the laws of the state of Montana as provided~~
14 by law.

15 (2) ~~Should any If a~~ change or error in the records
16 ~~result results~~ in ~~any a~~ member or beneficiary receiving from
17 the retirement [system] more or less than he would have been
18 entitled to receive had the records been correct, then, on
19 discovery of ~~any such the~~ error, the retirement board shall
20 correct ~~such the~~ error, and, as far as practicable, shall
21 adjust the payments in such a manner that the actuarial
22 equivalent of the benefit to which ~~such the~~ member or
23 beneficiary was correctly entitled ~~shall will~~ be paid."

-End-

1 HOUSE BILL NO. 34
 2 INTRODUCED BY BARDANOUVE
 3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE AND
 5 CLARIFY THE LAWS RELATING TO TEACHERS' RETIREMENT AND DEATH
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 15 system of the state of Montana provided for in section
 16 75-6202.
 17 (2) "Retirement board" means the retirement system's
 18 governing board provided ~~by section for in~~ 92A-212.
 19 (3) "Employer" means the state of Montana, the
 20 trustees of any a district, or any other agency or
 21 subdivision of the state which employs a person who is
 22 designated a member of the retirement system.
 23 (4) "Member" means any a person who has an individual
 24 account in the annuity savings fund; an active member is any
 25 a person included under the provisions of section 75-6209;

1 an inactive member is any a person included under the
 2 provisions of ~~section~~ 75-6210.
 3 (5) "Beneficiary" means any a person in receipt of a
 4 pension, annuity, a retirement allowance, or other benefit
 5 as provided by the retirement system.
 6 (6) "Service" means the performance of such
 7 instructional duties or related activities as would entitle
 8 the person to active membership in the retirement system
 9 under the provisions of ~~section~~ 75-6209.
 10 (7) "Prior service" means employment of the same
 11 nature as service defined in subsection (6) of this section,
 12 but rendered before September 1, 1937.
 13 (8) "Creditable service" is that service defined by
 14 ~~section~~ 75-6212.
 15 (9) "Regular interest" means interest at ~~four-per-cent~~
 16 ~~{4%}~~ per annum compounded annually, or at such other rate as
 17 may be set by the retirement board in accordance with
 18 ~~subsection {2} of section 75-6206{2}~~.
 19 (10) "Accumulated contributions" means the sum of all
 20 the amounts deducted from the compensation of a member or
 21 paid by a member and credited to his individual account in
 22 the annuity savings fund, together with interest. Regular
 23 interest shall be computed and allowed to provide a benefit
 24 at the time of retirement.
 25 (11) "Earnable compensation" means the full rate of the

1 compensation, pay~~s~~ or salary that would be payable to a
 2 member if he worked the full normal working time. In cases
 3 where compensation includes maintenance, the retirement
 4 board shall fix the value of that part of the compensation
 5 not paid in money.

6 (12) "Average final compensation" means the average of
 7 the earnable compensation of any ~~three~~-~~{3}~~ consecutive years
 8 on which contributions have been made by the member.

9 (13) "Annuity" means the payments made to a beneficiary
 10 for life which are derived from a member's accumulated
 11 contributions. All annuities shall be paid in equal monthly
 12 installments. The retirement board may make an annual
 13 payment to the beneficiaries of the difference between the
 14 rate of interest used in calculating the benefit from the
 15 annuity reserve fund and the interest earned on investments.

16 (14) "Pension" means the payments made to a beneficiary
 17 for life which are paid ~~into~~ out of the pension accumulation
 18 fund ~~derived--from--money--accumulated--by--employers~~. All
 19 pensions shall be paid in equal monthly installments.

20 (15) "Retirement allowance" means the annuity plus the
 21 pension.

22 (16) "Annuity reserve" means the present value of all
 23 payments to be made on account of a member's annuity and
 24 computed, with regular interest, on upon the basis of ~~such~~
 25 the mortality tables ~~as-shall-be~~ adopted by the retirement

1 board ~~with-regular-interest~~.

2 (17) "Pension reserve" means the present value of all
 3 payments to be made on account of a pension and computed,
 4 with regular interest, on the basis of ~~such the~~ mortality
 5 tables ~~as-shall-be~~ adopted by the retirement board with
 6 ~~regular-interest~~.

7 (18) "Actuarial equivalent" means a benefit of equal
 8 value when computed, with regular interest, on upon the
 9 basis of ~~such the~~ mortality tables ~~as-shall-be~~ adopted by
 10 the retirement board ~~with-regular-interest~~.

11 (19) "Former retirement system" means the retirement
 12 system established under ~~sections~~ 1113 to through 1132
 13 ~~inclusive~~ of the Revised Codes of Montana, 1935."

14 Section 2. Section 75-6205, R.C.M. 1947, is amended to
 15 read as follows:

16 "75-6205. Powers and duties of retirement board. The
 17 retirement board ~~shall--have-the-power-and-it-shall-be-its~~
 18 ~~duty-to shall~~ administer and operate the retirement system
 19 within the limitations prescribed by this ~~title--to title~~
 20 and, to this end, it ~~shall-be~~ is the duty of the retirement
 21 board to:

22 (1) establish rules ~~and-regulations~~ necessary for the
 23 proper administration and operation of the retirement
 24 system;

25 (2) elect a chairman from its membership;

1 (3) appoint a secretary who may be one ~~{1}~~ of its
2 members;

3 (4) employ technical or administrative employees who
4 are necessary for the transaction of the business of the
5 retirement system;

6 (5) approve or disapprove all expenditures necessary
7 for the proper operation of the retirement system;

8 (6) keep a record of all its proceedings, which ~~shall~~
9 must be open to public inspection;

10 (7) publish a biennial report by ~~the first day of~~
11 January 1 of each year the ~~legislative assembly~~ legislature
12 meets, ~~that shall report which reports~~ in detail the fiscal
13 transactions for the ~~two~~ {2} fiscal years immediately
14 preceding the report due date, the amount of the accumulated
15 cash and securities of the retirement system, and the last
16 fiscal year balance sheet showing the assets and liabilities
17 of the retirement system, and submit ~~such the~~ biennial
18 report to the governor and furnish copies to the ~~legislative~~
19 assembly legislature;

20 (8) when the retirement board ~~deems~~ considers it
21 necessary, designate a medical board to be composed of three
22 physicians, who are not eligible to participate in the
23 retirement system to investigate and report to the
24 retirement board on all medical matters related to the
25 administration of the retirement system;

1 (9) keep in convenient form that data which is
2 necessary for actuarial valuation of the various funds of
3 the retirement system and for checking the experience of the
4 retirement system;

5 (10) designate an actuary to assist the retirement
6 board with the technical actuarial aspects of the operation
7 of the retirement system, which ~~shall include~~ includes
8 establishing mortality and service tables and making an
9 actuarial investigation at least once every ~~five~~ {5} years
10 into the mortality, service, and compensation experience of
11 the members and beneficiaries of the retirement system;

12 (11) prepare an annual valuation of the assets and
13 liabilities of the retirement system;

14 (12) determine the eligibility of a person to become a
15 member of the retirement system in accordance with the
16 provisions of ~~section~~ 75-6209;

17 (13) prescribe a form for membership application which
18 will provide adequate and necessary information for the
19 proper operation of the retirement system;

20 (14) adopt policies for the determination of
21 creditable service in the retirement system implementing the
22 following guidelines:

23 (a) ~~One~~ {1} year's creditable service shall be awarded
24 for each year of full-time service, outside of vacation
25 periods, but no more than ~~one~~ {1} year's creditable service

1 shall be awarded for service during the same school fiscal
2 year*w*i

3 (b) ~~A--proportion-of-a-year's-creditable-service-shall~~
4 ~~be-allowed-for-part-time-service.~~ An equitable proration
5 of a year's creditable service shall be awarded for
6 part-time service*w*i

7 (c) ~~Not~~ not more than ~~one--(1)~~ month's creditable
8 service shall be awarded for ~~one--(1)~~ or more continuous
9 months of absence without pay*w*i

10 (15) grant retirement, disability, and other benefits
11 under the provisions of ~~section 75-6208~~;

12 (16) annually determine the rate of regular interest
13 as prescribed in ~~section 75-6206~~;

14 (17) establish and maintain the funds of the
15 retirement system in accordance with the provisions of
16 ~~section 75-6207~~; and

17 (18) perform such other duties and functions as are
18 required to properly administer and operate the retirement
19 system."

20 Section 3. Section 75-6206, R.C.M. 1947, is amended to
21 read as follows:

22 "75-6206. Financial administration of moneys. The
23 ~~members of the~~ retirement board ~~shall be~~ are the trustees of
24 all moneys collected for the retirement system*w*i and*w*i as such
25 trustees*w*i they shall provide for the financial

1 administration of the moneys in the following manner:

2 (1) The moneys shall be invested and ~~re-invested~~
3 reinvested by the state board of investments.

4 (2) The retirement board annually shall establish the
5 rate of regular interest.

6 (3) The retirement board annually shall divide among
7 the several funds of the retirement system an amount equal
8 to the average balance of ~~such the~~ funds during the
9 preceding fiscal year multiplied by the rate of regular
10 interest. In accordance with the provisions of ~~subsection~~
11 ~~(3)--(e)-of-section 75-6207(4)(a)~~, the amount to be credited
12 to each fund shall be allocated from the interest and other
13 earnings on the moneys of the retirement system actually
14 realized during the preceding fiscal year, less the amount
15 allocated to the expense fund under the provisions of
16 ~~subsection-(5)(b)-of-section-75-6207~~ 75-6207(5).

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

1 approving such claims.

2 (5) Except as herein provided, no member of the
3 retirement board ~~nor or~~ any of its employees ~~shall may~~ have
4 an interest, direct or indirect, in the gains or profits of
5 any investment of moneys of the retirement system. No
6 member of the retirement board ~~nor or~~ any of its employees
7 ~~shall may~~ directly or indirectly, for himself or as an
8 agent, in any manner use the moneys or deposits of the
9 retirement system except to make such current and necessary
10 expenditures as are authorized by the retirement board. No
11 member of the retirement board ~~nor or~~ any of its employees
12 ~~shall may~~ become an endorser or surety or in any manner an
13 obligor for moneys loaned by or borrowed from the retirement
14 system.

15 (6) The retirement board ~~may~~ in its discretion,
16 transfer the amount in the annuity savings account of an
17 inactive member to the pension accumulation fund if the
18 account has been dormant for a period of ~~seven-(7)~~ years. No
19 right of the member ~~shall may~~ be jeopardized by such
20 transfer, and the amount shall be transferred back to the
21 member's annuity savings account upon his request.

22 (7) All the funds established by section 75-6207,
23 except the expense fund, shall be accounts in the agency
24 fund of the treasury fund structure of the state. The
25 expense fund shall be an account in the earmarked revenue

1 fund of the same treasury fund structure."

2 Section 4. Section 75-6207, R.C.M. 1947, is amended to
3 read as follows:

4 "75-6207. Method of financing. (1) The retirement
5 board shall establish and maintain the following funds
6 ~~described in subsections (2) through (5)~~, in which all of
7 the assets of the retirement system shall be credited
8 according to the purpose for which the assets are held.

9 ~~(2) Annuity savings fund--The the annuity savings~~
10 ~~fund shall be is~~ a fund in which the contributions from the
11 members to provide for their annuities shall be accumulated
12 in individual accounts for each member. Contributions to
13 and payments from the annuity savings fund shall be made in
14 the following manner:

15 (a) Each employer shall deduct from the compensation
16 of each active member on ~~each-and-every the~~ payroll of ~~such~~
17 member for each ~~and-every~~ payroll period subsequent to the
18 date on which ~~such the~~ member became a member an amount
19 equal to ~~six--and-one-eighth-percent-(6 1/8%)~~ of ~~such the~~
20 member's earnable compensation, but no employer ~~shall may~~
21 make any deductions for annuity purposes from the
22 compensation of a member who has attained the age of ~~sixty~~
23 ~~(60)~~ and rendered ~~thirty-(30)~~ years of creditable service if
24 such member elects not to contribute.

25 (b) ~~Such the~~ deductions shall be made notwithstanding

1 that the minimum compensation provided by law for a member
 2 may be reduced thereby. Every member ~~shall be deemed is~~
 3 ~~considered~~ to consent and agree to the deductions prescribed
 4 by this section~~;~~ and payment of salary or compensation less
 5 the deductions ~~shall be a full and is a~~ complete discharge
 6 of all claims whatsoever for the services rendered by such
 7 person ~~the member~~ during the period covered by such ~~the~~
 8 payment~~s~~ except as to the benefits provided by the
 9 retirement system.

10 (c) In addition to the contributions deducted from
 11 compensation and subject to the approval of the retirement
 12 board, any member may redeposit in the annuity savings fund~~s~~
 13 by a single payment or by an increased rate of contribution~~s~~
 14 an amount equal to the ~~any~~ accumulated contributions ~~which~~
 15 ~~he has previously withdrawn, or any part thereof,~~ plus
 16 interest in the amount the contributions would have earned
 17 had the contributions not been withdrawn~~y~~ ~~or~~ ~~any part~~
 18 ~~thereof which he had previously withdrawn.~~

19 (d) The accumulated contributions of a member~~s~~
 20 withdrawn by him~~y~~ or paid to his estate or to his designated
 21 beneficiary in event of his death~~s~~ shall be paid from the
 22 annuity savings fund, and an amount equivalent to the
 23 difference between the accumulated contributions calculated
 24 at regular interest and the amount paid shall be transferred
 25 to the pension accumulation fund. Upon the retirement of a

1 member~~s~~ his accumulated contributions shall be transferred
 2 from the annuity savings fund to the annuity reserve fund.

3 ~~(2)(3)~~ Annuity reserve fund~~s~~ ~~is~~ ~~the~~ the annuity reserve
 4 fund ~~shall be~~ ~~is~~ the fund in which ~~shall be held~~ the
 5 reserves on all annuities in force ~~shall be held~~ and from
 6 which shall be paid all annuities and all benefits in lieu
 7 of annuities ~~shall be paid~~. ~~Should~~ If a beneficiary retired
 8 on account of disability be ~~is~~ restored to active service
 9 with a compensation not less than his average final
 10 compensation at the time of his last retirement, his annuity
 11 reserve shall be transferred from the annuity reserve fund
 12 to the annuity savings fund and credited to his individual
 13 account therein.

14 ~~(3)(4)~~ Pension accumulation fund~~s~~ ~~is~~ ~~the~~ the pension
 15 accumulation fund ~~shall be~~ ~~is~~ the fund in which ~~shall be~~
 16 ~~accumulated~~ ~~at~~ ~~the~~ reserves for the payment of ~~at~~ pensions
 17 ~~shall be accumulated~~ and from which pensions and benefits in
 18 lieu thereof shall be paid to or on account of beneficiaries
 19 credited with prior service. Contributions to and payments
 20 from the pension accumulation fund shall be made as follows:

21 (a) Each employer shall pay into the pension
 22 accumulation fund an amount equal to ~~six and one-fourth~~
 23 ~~percent~~ ~~(6 1/4%)~~ of the earnable compensation of each member
 24 employed during the whole or part of the preceding payroll
 25 period.

1 (b) If the employer is a district or community college
 2 district, the trustees shall budget and pay for the
 3 employer's contribution under the provisions of ~~section~~
 4 75-7204.

5 (c) If the employer is the superintendent of public
 6 instruction, a public institution of the state of Montana, a
 7 unit of the Montana university system, or the Montana state
 8 ~~school for the deaf and blind school~~, the ~~legislative~~
 9 ~~assembly legislature~~ shall appropriate to each ~~the~~ employer
 10 an adequate amount to allow the payment of the employer's
 11 contribution.

12 (d) If the employer is a county, the county
 13 commissioners shall budget and pay for the employer's
 14 contribution in the manner provided by law for the adoption
 15 of a county budget and for payments under ~~such the~~ budget.

16 (e) All interest and other earnings realized on the
 17 moneys of the retirement system shall be credited to the
 18 pension accumulation fund, and the amounts required to allow
 19 regular interest on the annuity savings fund, and the
 20 annuity reserve fund shall be transferred to the respective
 21 funds from the pension accumulation fund.

22 (f) All pensions and benefits in lieu thereof,
 23 including pensions payable under ~~section~~ 75-6218, shall be
 24 paid from the pension accumulation fund.

25 (g) The retirement board may, in its discretion,

1 transfer to and from the pension accumulation fund the
 2 amount of any surplus or deficit which may develop in the
 3 reserve creditable to the annuity reserve fund, as shown by
 4 actuarial valuation, and also ~~such expenses as hereinafter~~
 5 ~~provided an amount to cover expenses of administration.~~

6 ~~(4)(2)~~ Expense fund: ~~The the~~ expense fund shall be ~~is~~
 7 the fund to which shall ~~be~~ credited all moneys for the
 8 administrative expenses of the retirement system shall be
 9 credited and from which the expenses of administration of
 10 the retirement system shall be paid, exclusive of amounts
 11 payable as retirement allowances or other benefits. The
 12 retirement board shall determine annually the amount
 13 required for the expense fund to defray the administrative
 14 expense in the ensuing fiscal year and shall credit such an
 15 amount to the expense fund from interest and other earnings
 16 realized on the moneys of the retirement system."

17 Section 5. Section 75-6208, R.C.M. 1947, is amended to
 18 read as follows:

19 "75-6208. Benefits. (1) The retirement, disability,
 20 and other benefits of the retirement system shall be granted
 21 on the basis of the following provisions: ~~of subsections (2)~~
 22 ~~through (8).~~

23 ~~(1)(2)~~ Superannuation member retirement:

24 (a) Any A member with ~~five~~ who has at least ~~(5)~~ years
 25 of creditable service, the whose last five ~~(5)~~ years of

1 ~~which shall have been creditable service were~~ in this state,
2 and who has attained the age of ~~sixty--(60)~~ or who has
3 completed ~~thirty--(30)~~ years of creditable service, may
4 retire from service, if he files with the retirement board
5 his written application setting forth the fact of his
6 retirement.

7 (b) ~~(i)~~ Any member in service who has attained the age
8 of ~~seventy--(70)~~ years during any school year shall be
9 retired on the ~~first--day--of~~ September 1 following his
10 ~~seventieth 70th~~ birthday, ~~except that this~~ ~~this~~ provision
11 ~~shall does~~ not apply to teachers in the Montana university
12 system, who may be employed beyond the age of ~~seventy--(70)~~
13 upon the recommendation of the president of the employing
14 unit to the board of regents.

15 ~~(ii)~~ Members over ~~seventy--(70)~~ years of age shall ~~may~~
16 not:

17 ~~(1)~~ be allowed creditable service for services
18 rendered after the end of the school year in which the age
19 of ~~seventy--(70)~~ ~~is was~~ attained;

20 ~~(2)~~ contribute to the retirement system after the
21 end of such school year; and

22 ~~(3)~~ have the compensation received after the end of
23 such school year used in computing average final salary.

24 ~~(c)~~ Initial employment of teachers in the Montana
25 university system beyond the age of ~~seventy--(70)~~ may be made

1 upon the recommendation of the president of the employing
2 unit and the approval of the board of regents, but such
3 employees shall be denied membership in the retirement
4 system.

5 ~~(c)(d)~~ Any retired member may be employed as a
6 part-time or substitute teacher in Montana and may earn an
7 amount not to exceed one-fourth ~~(1/4)~~ of his average final
8 compensation without loss of retirement benefits.

9 ~~(2)(1)~~ Allowance for superannuation retirement;

10 ~~(a)~~ Upon superannuation retirement a member shall
11 receive a retirement allowance which ~~shall consist~~
12 consisting of:

13 ~~(i)~~ A pension which, together with an annuity,
14 shall provide ~~provides~~ a retirement allowance equal to
15 one-half ~~(1/2)~~ of his average final compensation, provided
16 if his creditable service is at least ~~thirty--(30)~~ years; or

17 ~~(ii)~~ otherwise a pension together with his an annuity
18 of equal to one-sixtieth ~~(1/60)~~ ~~one-sixtieth~~ of his average
19 final compensation multiplied by the number of years of
20 creditable service, ~~if his creditable service is less than~~
21 ~~30 years.~~

22 (b) The minimum annual retirement allowance for a
23 member who has completed ~~thirty--(30)~~ or more years of
24 service shall be ~~twenty-four hundred dollars--(is \$2,400)~~
25 and the minimum retirement allowance for a member whose

1 service is less than ~~thirty~~(30) years ~~shall be~~ is based on
 2 ~~the proportionate amount of twenty-four hundred dollars at an~~
 3 amount which bears the same ratio to \$2,400 that as his
 4 service bears to ~~thirty~~(30) years of service.

5 (c) On July 1, 1975, and July 1, 1976, every
 6 beneficiary receiving a retirement allowance ~~shall~~ will be
 7 entitled to an increase in his monthly retirement allowance
 8 of ~~one-fourth of one percent~~(.25%) 1/4 of 1% multiplied by
 9 the number of months he has been retired during the
 10 preceding fiscal year.

11 (d) ~~Any~~ A member who has ~~completed five~~ at least 5
 12 years of creditable service, ~~the whose~~ last five 5 years of
 13 ~~which shall have been creditable service were~~ in this state,
 14 and who has attained the age of ~~fifty-five~~(55) may retire
 15 from service and be eligible to for an early retirement
 16 allowance, if he files with the retirement board his written
 17 application setting forth the fact of his retirement. The
 18 early retirement allowance shall be determined as prescribed
 19 in ~~subsections (a) through (f) above~~ subsections (3)(a) and
 20 (3)(b), with the further ~~provision~~ exception that such ~~the~~
 21 allowance will be reduced by ~~one-half of one percent~~(.5%)
 22 1/2 of 1% multiplied by the number of months by which the
 23 retirement date precedes the date on which he would have
 24 retired had he attained ~~sixty~~(60) years of age or had he
 25 completed ~~thirty~~(30) years of creditable service.

1 (e) In the event of ~~the~~ death of a member after
 2 retirement, a death benefit of ~~five hundred dollars~~(500)
 3 ~~will be~~ is payable to his designated beneficiary.

4 (f) In the event payments made to an annuitant do not
 5 equal the amount of the member's accumulated contributions
 6 prior to the annuitant's death, the difference between the
 7 total retirement allowance paid and the amount of the
 8 accumulated contributions shall be paid to the beneficiary.

9 ~~(3)(4)~~ Disability member retirement:

10 (a) Upon the application of an active member or of his
 11 employer for a disability retirement allowance, any active
 12 member who has ~~five~~(5) or more years of creditable service
 13 may be retired by the retirement board the month immediately
 14 following the month in which his disability caused his
 15 retirement, ~~upon filing an application for a disability~~
 16 ~~retirement allowance before any~~ in order for a member shall
 17 to be eligible for a disability retirement, the ~~retirement~~
 18 ~~board of the retirement system shall~~ must certify that he is
 19 mentally or physically incapacitated for the further
 20 performance of his duties, that such incapacity is likely to
 21 be permanent, and that he should be retired.

22 (b) ~~Re-examination of beneficiaries retired on account~~
 23 ~~of disability~~. Once each year during the first ~~five~~(5)
 24 years following the retirement of a member on a disability
 25 retirement allowance, and once in every ~~three~~(3) year

1 period thereafter, the retirement board may require, and
 2 upon his the beneficiary's application, shall ~~require~~
 3 ~~permit~~ a disability beneficiary who has not yet attained the
 4 age of ~~sixty~~ (60) to undergo a medical examination by the
 5 medical board or a physician or physicians designated by the
 6 medical board. The examination shall be made at the place of
 7 residence of the beneficiary or other place mutually agreed
 8 upon. Should ~~any~~ a disability beneficiary who has not yet
 9 attained the age of ~~sixty~~ (60) refuse to submit to at least
 10 one ~~tt~~ medical examination in any year by the medical board
 11 or its representative, his allowance may be discontinued
 12 until his withdrawal of such refusal, and, should his
 13 refusal continue for ~~one~~ (1) year, all his rights in and to
 14 his disability pension may be revoked by the retirement
 15 board.

16 (c) ~~Should If~~ the medical board ~~report~~ reports and
 17 certify certifies to the retirement board that any
 18 disability beneficiary is engaged in or is able to engage in
 19 a gainful occupation paying more than the difference between
 20 his retirement allowance and his average final compensation
 21 and ~~should if~~ the retirement board ~~concur~~ concurs in such
 22 report, ~~then-the-amount-of~~ his pension shall be reduced to
 23 an amount which, together with his annuity and the amount
 24 earnable by him, ~~shall-equal-the-amount-of~~ is equal to his
 25 average final compensation. ~~Should If~~ his earning capacity

1 be is changed later, ~~the--amount--of~~ his pension may be
 2 further modified, but the new pension ~~shall~~ may not exceed
 3 ~~the-amount-of~~ the pension originally granted, ~~nor~~ or an
 4 amount which, when added to the amount earnable by the
 5 beneficiary, together with his annuity, equals ~~the-amount-of~~
 6 his average final compensation. A beneficiary restored to
 7 active service at a salary less than the average final
 8 compensation upon the basis of which he was retired ~~shall~~
 9 may not become a member of the retirement system while
 10 receiving a reduced benefit.

11 (d) ~~Should If~~ a disability beneficiary under age ~~sixty~~
 12 ~~(60)~~ is restored to active service at a compensation not
 13 less than his average final compensation, his retirement
 14 allowance shall cease, and he shall again become an active
 15 member of the retirement system. Any prior service
 16 certificate on the basis of which his service was computed
 17 at the time of his disability retirement shall be restored
 18 to full force, and ~~effect-on-addition~~, upon his subsequent
 19 retirement, and he shall be credited with such prior service
 20 and all his subsequent service as a member. ~~Should If~~ he is
 21 restored to active service on or after the attainment of
 22 the age of ~~fifty-five~~ (55) years, his pension upon
 23 subsequent retirement ~~shall~~ may not exceed the pension that
 24 he would have received had he remained in service during the
 25 period of his previous retirement ~~nor~~ or the sum of the

1 pension which he was receiving immediately prior to his last
 2 restoration to service and the pension that he would have
 3 received on account of his service since his last
 4 restoration had he entered service at that time as a new
 5 member.

6 ~~(4)(5)~~ Allowance for disability retirement:

7 (a) Upon retirement for disability, a member shall
 8 receive a ~~the~~ superannuation allowance ~~and other benefits~~
 9 prescribed under subsection ~~(2)~~ above (3), if he is
 10 eligible.

11 (b) ~~otherwise~~ If he is not eligible for the benefits
 12 prescribed under subsection (3), he shall receive a
 13 disability retirement allowance which ~~shall consist~~ consists
 14 of:

15 ~~(a)(i)~~ An ~~an~~ annuity which ~~shall be~~ is the actuarial
 16 equivalent of his accumulated contributions at the time of
 17 retirement; ~~and~~

18 ~~(b)(ii)~~ A pension which, together with his annuity,
 19 ~~shall provide~~ provides a total retirement allowance equal to
 20 ~~one-sixtieth--(1/60)~~ one-sixtieth of his average final
 21 compensation multiplied by the number of years of his
 22 creditable service, if such retirement allowance exceeds
 23 ~~one-quarter--(1/4)~~ one-fourth of his average final
 24 compensation; otherwise, a pension which, together with his
 25 annuity, ~~shall provide~~ provides a total retirement allowance

1 equal to ~~one-quarter--(1/4)~~ one-fourth of his average final
 2 compensation; ~~provided--however--that~~

3 (c) ~~no such~~ No allowance ~~shall~~ under subsection (5)(b)
 4 may exceed ~~one-sixtieth--(1/60)~~ one-sixtieth of his average
 5 final compensation multiplied by the number of years which
 6 would be creditable to him were his service to continue
 7 until the attainment of the minimum age for superannuation
 8 retirement.

9 ~~(c)(d)~~ In the event payments made to a ~~person--retired~~
 10 ~~because--of--disability~~ an annuitant do not equal the amount
 11 of his ~~the member's~~ accumulated contributions prior to his
 12 ~~the annuitant's~~ death, the difference between the total
 13 retirement allowance paid and the amount of the accumulated
 14 contributions ~~of--the--member~~ shall be paid to the
 15 beneficiary.

16 ~~(5)(6)~~ Withdrawal of accumulated contributions: ~~Any~~
 17 ~~any~~ inactive member electing to do so or any person whose
 18 membership terminates may withdraw his accumulated
 19 contributions ~~to from~~ his annuity account in the retirement
 20 system in accordance with the following provisions:

21 (a) An inactive member under the provisions of
 22 ~~subsections~~ subsection (1) or (3) of section 75-6210 may
 23 elect, without right of revocation, to withdraw his
 24 accumulated contributions; ~~and--if~~ if he does not withdraw
 25 his accumulated contributions, he ~~shall--thereafter--remain~~

1 ~~remains~~ an inactive member of the retirement system with the
 2 right to qualify for the its benefits of the retirement
 3 system.

4 (b) Upon recovery from a disabling illness or
 5 separation from the armed forces, any person qualifying as
 6 an inactive member under the provisions of subsection ~~(2)~~ of
 7 section 75-6210~~(2)~~ may withdraw his accumulated
 8 contributions unless he returns to active membership.

9 (c) Any person whose membership terminates under the
 10 provisions of subsection ~~(4)~~ of section 75-6211~~(4)~~ may
 11 withdraw his accumulated contributions.

12 ~~(6)~~(7) Allowances for death of member:

13 (a) ~~Should~~ If a member ~~dies~~ dies before retirement, the
 14 ~~amount of the member's~~ his accumulated contributions shall
 15 be paid to his estate or such person as he may have
 16 ~~designated in the manner prescribed by the retirement board~~
 17 ~~which shall be filed with the board prior to the member's~~
 18 death nominated by a written designation filed with the
 19 retirement board prior to his death in the manner prescribed
 20 by the board.

21 (b) (i) In lieu of benefits provided for in subsection
 22 (7)(a) above, if the deceased member had qualified by reason
 23 of service for a retirement benefit, the beneficiary
 24 nominated by the deceased member may elect to receive a
 25 monthly life annuity. The monthly life annuity shall be

1 determined as prescribed in subsections ~~(2)(a) through (2)~~
 2 ~~(h) assuming (3)(a), (b), and (d) in the same manner as if~~
 3 the member had elected option A as prescribed provided for
 4 in subsection ~~(7)(a)~~ below (8)(b)(i).

5 (ii) In the event payments made to an annuitant do not
 6 equal the amount of the member's accumulated contributions
 7 prior to the annuitant's death, the difference between the
 8 total annuity payments made and the amount of the
 9 accumulated contributions shall be paid to the beneficiary.

10 ~~(c)~~ In addition, ~~if~~ If the deceased member had five
 11 ~~(5)~~ or more years of creditable service and was an active
 12 member in the state of Montana within ~~one (1)~~ year prior to
 13 his death, a ~~lump-sum~~ lump-sum death benefit of \$500 ~~will be~~
 14 is payable to his designated beneficiary.

15 ~~(c)(d)~~ If the deceased member had ~~five (5)~~ or more
 16 years of creditable service and was an active member in the
 17 state of Montana within ~~one (1)~~ year prior to his death, the
 18 sum of ~~one hundred dollars (\$100)~~ per month shall be paid to
 19 each minor child of the deceased member until such child
 20 reaches his ~~eighteenth (18th)~~ birthday.

21 ~~(7)(8)~~ Optional allowances: ~~With the provision that~~
 22 ~~no optional selection shall be effective in case a~~
 23 ~~beneficiary dies within thirty (30) days after retirement~~
 24 ~~and that such a beneficiary shall be considered as an active~~
 25 ~~member at the time of his death, until the first payment on~~

1 ~~account--of-any-benefit-becomes-normally-due, any member may~~
 2 ~~elect-to-receive-his-benefit-in-a-retirement-or-disability~~
 3 ~~allowance-payable-throughout-life-as-hereinafore-provided.~~
 4 ~~This-benefit-shall-be-referred-to-as-the-normal-form-of~~
 5 ~~retirement-allowance.~~

6 (a) Until the first payment on account of any benefit
 7 becomes normally due, any member may elect to receive one of
 8 the optional allowances described in subsection (8)(b) in
 9 lieu of the normal form of retirement allowance, which is
 10 provided for in subsections (3) and (5). If a beneficiary
 11 dies within 30 days after retirement, his election to
 12 receive an optional allowance is void and his death will be
 13 considered as that of an active member.

14 ~~(b) In lieu of normal form of retirement allowance,~~
 15 ~~the member may elect an An optional allowance which would be~~
 16 ~~is the actuarial equivalent of the member's retirement or~~
 17 ~~disability allowance at the time of his retirement or~~
 18 ~~disability allowance and would provide provides an allowance~~
 19 ~~payable to him throughout his lifetime and, upon his death~~
 20 ~~continue, an allowance payable to such the person as that he~~
 21 ~~shall--nominate nominated by written designation, duly~~
 22 ~~acknowledged and filed with the retirement board at the time~~
 23 ~~of his retirement, with the provision that in accordance~~
 24 ~~with one of the following options:~~

25 ~~(1)(i) Option A--The the optional allowance will~~

1 ~~continue be paid~~ to the member during ~~throughout~~ his
 2 lifetime and, upon his death, continue throughout the
 3 lifetime of his designated beneficiary; or

4 ~~(b)(iii) Option B--The the optional allowance will~~
 5 ~~continue be paid to the member~~ throughout his lifetime and,
 6 upon his death, one-half ~~(1/2)~~ of his ~~the~~ optional allowance
 7 will be continued throughout the lifetime of his designated
 8 beneficiary; or

9 ~~(c)(iii) Option C--The the optional benefit allowance~~
 10 ~~will continue be paid to the member~~ throughout his lifetime
 11 and, upon his death, two-thirds ~~(2/3)~~ of the optional
 12 allowance ~~shall will~~ be continued throughout the lifetime of
 13 his designated beneficiary; or

14 ~~(d)(iv) Option D--The the optional allowance shall~~
 15 ~~continue will be paid to the member~~ while both the member
 16 and his designated beneficiary are living and, upon the
 17 death of either, one-half ~~(1/2)~~ of the optional allowance
 18 ~~shall will~~ be continued throughout the lifetime of the
 19 survivor; or

20 ~~(e)(v) Option E--The the optional allowance will be~~
 21 ~~payable paid to the member~~ while both the member and his
 22 designated beneficiary are living and, upon the death of
 23 either, two-thirds ~~(2/3)~~ of the optional allowance ~~shall~~
 24 ~~will~~ be continued throughout the lifetime of the survivor;
 25 or

1 ~~(f)(vii) Option F~~ ~~Some some~~ other benefit or ~~benefits~~
 2 ~~shall~~ will be paid either to the member or his surviving
 3 designated beneficiary. ~~The in accordance with~~ provisions of
 4 ~~this retirement allowance shall be~~ approved by the
 5 retirement board."

6 Section 6. Section 75-6209, R.C.M. 1947, is amended to
 7 read as follows:

8 "75-6209. Active membership. (1) ~~Any of Unless~~
 9 ~~otherwise provided by this title,~~ the following persons
 10 ~~shall must~~ be active members of the retirement system ~~unless~~
 11 ~~otherwise provided by this title, with the exception that~~
 12 ~~except for~~ those persons who became eligible for membership
 13 on the ~~first day of~~ September 1, ~~nineteen hundred and~~
 14 ~~thirty seven (1937),~~ or on the ~~first day of~~ September 1,
 15 ~~nineteen hundred and thirty nine (1939),~~ and who elected not
 16 to ~~be a member become members~~ under the provisions of the
 17 law at that time ~~are not required to be members:~~

18 ~~(1)(a) Any any~~ person who is a teacher, principal, or
 19 district superintendent as defined ~~under the provisions of~~
 20 section in 75-6101;

21 ~~(2)(b) Any any~~ person who is an administrative officer
 22 or a member of the instructional or scientific staff of a
 23 unit of the Montana university system, ~~except as provided~~
 24 in 75-6208(2)(c);

25 ~~(3)(c) Any any~~ person employed in an instructional

1 services capacity by the office of the superintendent of
 2 public instruction, the office of a county superintendent, a
 3 public institution of the state of Montana, the Montana
 4 state school for the deaf and blind school, or a school
 5 district;

6 ~~(4)(d) Any any~~ person who ~~shall have has~~ elected not
 7 to become a member of the retirement system and is
 8 re-entering reentering service in a capacity prescribed by
 9 ~~subsections (1), (2) and (3) above~~ subsection (1)(a), (b),
 10 or (c);

11 ~~(5)(e) Any any~~ person who ~~shall have has~~ elected not
 12 to become a member of the retirement system, who has been
 13 continuously employed in a capacity prescribed by
 14 ~~subsections (1), (2) and (3) above~~ subsection (1)(a), (b),
 15 or (c); time of such election, and who may thereafter elect
 16 to become a member of the retirement system;

17 (2) ~~Any person who is designated a member by this~~
 18 ~~section shall~~ In order to be eligible for active membership,
 19 any person described in subsection (1) must:

20 (a) be employed full time, outside of vacation
 21 periods, in the capacity prescribed for his eligibility;
 22 except that, when a person is employed less than full time,
 23 the retirement board may allow ~~such person him~~ to become a
 24 member of the retirement system; and

25 (b) ~~The have the~~ compensation for the his creditable

1 service of ~~any person who is designated a member by this~~
 2 ~~section shall be~~ totally paid by an employer as defined
 3 herein, ~~except that~~ when this requirement is not
 4 satisfied, the retirement board may allow ~~such a~~ the person
 5 to become a member of the retirement system.

6 (3) At any time a person's eligibility to become a
 7 member of the retirement system is in doubt, the retirement
 8 board shall determine his eligibility for membership."

9 Section 7. Section 75-6211, R.C.M. 1947, is amended to
 10 read as follows:

11 "75-6211. Membership termination. The active or
 12 inactive membership in the retirement system of any person
 13 ~~shall terminate~~ terminates when:

14 (1) he retires on a retirement allowance of the
 15 retirement system;

16 (2) he dies;

17 (3) he withdraws his accumulated contribution
 18 contributions to the retirement system under the provisions
 19 of ~~subsection (5) of section~~ 75-6208(6); or

20 (4) he ceases to be employed in a capacity that allows
 21 his membership, he has less than ~~five~~ (5) years of
 22 creditable service in the retirement system, and he cannot
 23 qualify under the provisions of ~~subsection (2) of~~ section
 24 75-6210(2)."

25 Section 8. Section 75-6212, R.C.M. 1947, is amended to

1 read as follows:

2 "75-6212. Membership application and creditable
 3 service. (1) Whenever a person becomes eligible for
 4 membership in the retirement system, he shall apply for ~~such~~
 5 membership on the application form prescribed by the
 6 retirement board.

7 (2) The creditable service of a member ~~shall begin~~
 8 begins on the receipt of the membership application by the
 9 retirement board and ~~shall accumulate~~ accumulates to the
 10 member's credit on the basis of the retirement board's
 11 policy governing creditable service.

12 (3) The creditable service of ~~any a member shall~~
 13 include includes the following:

14 ~~(1)(a)~~ (1)(a) each year of service of ~~a member~~ for which
 15 contributions to the retirement system were deducted from
 16 his compensation under the provisions of ~~chapter~~ Chapter 87,
 17 Laws of 1937, ~~chapter~~ Chapter 215, Laws of 1939, this act,
 18 and their subsequent amendments, except that no credit ~~shall~~
 19 may be awarded for those years of service for which the
 20 contributions have been withdrawn and not replaced; ~~plus~~

21 ~~(2) any out-of-state employment service awarded by the~~
 22 ~~retirement board under the provisions of section 75-6213;~~
 23 ~~plus~~

24 (3)(b) any service awarded by a prior service
 25 certificate issued under the provisions of ~~chapter~~ Chapter

1 87, Laws of 1937, chapter ~~Chapter~~ 215, Laws of 1939₂ and
 2 their subsequent amendments, or under the provisions of
 3 section 75-6213; plus

4 (c) any out-of-state employment service awarded by the
 5 retirement board under the provisions of 75-6213;

6 ~~(4) the creditable service established by the~~
 7 ~~retirement board under the provisions of this section shall~~
 8 ~~be final and conclusive for the purposes of the retirement~~
 9 ~~system unless, at any time, the retirement board discovers~~
 10 ~~an error or fraud in the establishment of the creditable~~
 11 ~~service, in which case the retirement board shall~~
 12 ~~re-establish the creditable service; plus~~

13 ~~(5)(d) any service awarded for employment while on~~
 14 ~~leave under section 75-6213; and~~

15 (e) any service in the military, red cross, or
 16 merchant marine awarded by the retirement board under
 17 75-6213.

18 (4) The retirement board's determination of creditable
 19 service under this section is final and conclusive for the
 20 purposes of the retirement system unless, at any time, the
 21 board discovers an error or fraud in the establishment of
 22 creditable service, in which case the board shall
 23 redetermine the creditable service."

24 Section 9. Section 75-6213, R.C.M. 1947, is amended to
 25 read as follows:

1 *75-6213. Creditable service for out-of-state
 2 employment, employment while on leave, ~~for active~~ service in
 3 the ~~armed forces of the United States and the American~~
 4 ~~military,~~ red cross, or merchant marine, and before
 5 ~~September 1937 prior service.~~ (1) Any A person applying for
 6 membership also may also apply for creditable service in the
 7 retirement system for out-of-state employment service that
 8 would have been acceptable under the provisions of this
 9 title if such service were had been performed in the state
 10 of Montana. The person shall be awarded creditable service,
 11 conditional upon his completing ~~five (5)~~ years of active
 12 membership in Montana, for the number of years, not
 13 exceeding 5, that the retirement board determines to be
 14 creditable service ~~but for not more than five (5) years,~~ if
 15 he contributes to the retirement system an amount equal to
 16 the employee contribution for his first full year's teaching
 17 salary earned in Montana after his out-of-state service for
 18 each year of creditable service plus interest at the rate
 19 the contribution would have earned had the contribution been
 20 in his account upon the completion of ~~five (5)~~ years of
 21 membership service in Montana. The contribution rate shall
 22 be that rate in effect at the time he is eligible for such
 23 service. The contributions may be made in a lump-sum payment
 24 or in installments as agreed between the person and the
 25 retirement board, and

1 ~~(1)(2)~~ Any A person applying for membership also may
 2 also apply for creditable service in the retirement system
 3 for employment while on leave. The person shall be awarded
 4 creditable service, conditional upon his having been a
 5 member prior to his leave and upon his completing five-~~(5)~~
 6 years of active membership in Montana subsequent to his
 7 return, provided if his employment while on leave enhanced
 8 his teaching experience as determined by the board. The
 9 person shall be awarded creditable service as determined by
 10 the board ~~but-for-not-more-than-two-(2)-years in an amount~~
 11 ~~not exceeding 2 years~~, if he contributes to the retirement
 12 system an amount equal to the combined employer and employee
 13 contributions for his first full year's teaching salary
 14 earned in Montana after his return from leave for each year
 15 of creditable service plus interest at the rate the
 16 contribution would have earned had the contribution been in
 17 his account upon the completion of five-~~(5)~~ years of
 18 membership service in Montana. The contribution rate shall
 19 be that rate in effect at the time he is eligible for such
 20 service. The contribution may be made in a lump-sum payment
 21 or in installments as agreed between the person and the
 22 retirement board, and

23 ~~(2)(3)~~ Any A person applying for membership also may
 24 also apply for creditable service in the retirement system
 25 for active service in the armed forces of the United States,

1 which includes the army, navy, marine corps, air force, and
 2 coast guard, or in the American red cross or merchant
 3 marine. The person shall be awarded creditable service,
 4 conditional upon his completing five-~~(5)~~ years of active
 5 membership in Montana, for the number of years, not
 6 exceeding 2, that the retirement board determines to be
 7 creditable service ~~but-for-not-more-than-two-(2)-years~~, if
 8 he contributes to the retirement system an amount equal to
 9 the combined employer and employee contributions for his
 10 first full year's teaching salary earned in Montana
 11 following the active service in the armed forces of the
 12 United States or in the American red cross or merchant
 13 marine for each year of creditable service plus interest at
 14 the rate the contribution would have earned had the
 15 contribution been in his account upon completion of five-~~(5)~~
 16 years of membership service in Montana. The contribution
 17 rate shall be that rate in effect at the time he is
 18 eligible for such service. The contribution may be made in
 19 a lump-sum payment or in installments as agreed between the
 20 person and the retirement board, however

21 ~~(3)(4)~~ In no event will the the total creditable
 22 service for out-of-state teaching, employment while on
 23 leave, or while on and active service in the armed forces of
 24 the United States or the American red cross or merchant
 25 marine may not exceed five-~~(5)~~ years.

1 ~~(5)~~ Whenever ~~a~~ A member ~~who~~ is retiring with at least
 2 five--~~(5)~~ years of creditable service and he ~~who~~ has been an
 3 active member for at least five--~~(5)~~ consecutive school
 4 fiscal years--he may request creditable service for any
 5 employment service he rendered prior to the--first--day--of
 6 September 1, nineteen-hundred-and-thirty-seven--~~(1937)~~, for
 7 which he has not received a prior service certificate. In
 8 order to receive such ~~the~~ creditable service, he shall ~~must~~
 9 apply for it and provide certification of such ~~the~~ prior
 10 service. The retirement board shall determine the amount of
 11 creditable service to be awarded, if any, and issue a prior
 12 service certificate."

13 Section 10. Section 75-6214, R.C.M. 1947, is amended
 14 to read as follows:

15 "75-6214. Duties of employer. ~~It shall be the duty--of~~
 16 each ~~Each~~ employer to ~~shall~~:

17 (1) deduct the contribution of each member employed by
 18 him at the rate prescribed by ~~subsection--(1)--of--section~~
 19 ~~75-6207(2)~~ from each salary payment for each payroll period
 20 and transmit the contribution each month to the secretary of
 21 the retirement board;

22 (2) pay to the secretary of the retirement board the
 23 employer's contribution prescribed by ~~subsection--(3)--of~~
 24 ~~section 75-6207(4)~~, at the time that the employee
 25 contributions are transmitted to the secretary of--the

1 retirement-board;

2 (3) keep records and, as required by the retirement
 3 board, furnish information to the retirement board that is
 4 required in the discharge of the retirement board's duties;

5 (4) upon the employment of any a person who is
 6 required to become a member of the retirement system, inform
 7 him of his rights and obligations ~~related~~ relating to the
 8 retirement system; Each a person accepting--such ~~who~~ accepts
 9 employment ~~shall--be--deemed--to--consent~~ for which membership
 10 is required is considered to have consented to membership
 11 and to the withholding of the contributions from his
 12 compensation;

13 (5) at the request of the retirement board, certify
 14 the names of all persons who are eligible for membership or
 15 ~~who~~ are members of the retirement board SYSTEM; and

16 (6) notify the retirement board of the employment of a
 17 person eligible for membership and forward his membership
 18 application to the retirement board."

19 ~~SECTION 11. SECTION 75-6216, R.C.M. 1947, IS AMENDED~~
 20 ~~TO READ AS FOLLOWS:~~

21 "75-6216. Guarantee by state. Regular interest charges
 22 payable, the creation and maintenance of reserves in the
 23 pension accumulation fund, and the maintenance of annuity
 24 reserves in the annuity reserve fund ~~and--of--pension--reserves~~
 25 ~~in--the--pension--reserve--fund~~, as provided for in this title

1 ~~title,~~ and the payment of all annuities, pensions, refunds,
2 and other benefits granted under the retirement system are
3 hereby made obligations of the state of Montana."

4 Section 12. Section 75-6217, R.C.M. 1947, is amended
5 to read as follows:

6 "75-6217. ~~Protection--against~~ Penalty for fraud ==
7 correction of erroneous payments. (1) Any ~~A~~ person who ~~shall~~
8 knowingly ~~make any~~ makes a false statement, or ~~shall falsify~~
9 who falsifies or ~~permit~~ permits to be falsified any record
10 or records of ~~this the~~ retirement system in any ~~an~~ attempt
11 to defraud ~~such the~~ system ~~as a result of such act, shall be~~
12 is guilty of a misdemeanor and ~~shall be~~ is punishable
13 ~~therefor under the laws of the state of Montana as provided~~
14 by law.

15 (2) ~~Should any~~ If a change or error in ~~the~~ records
16 ~~result results~~ in any a member or beneficiary receiving from
17 the retirement [system] more or less than he would have been
18 entitled to receive had the records been correct, ~~then,~~ on
19 discovery of ~~any such the~~ error, the retirement board shall
20 correct ~~such the~~ error, and, as far as practicable, shall
21 adjust the payments in such a manner that the actuarial
22 equivalent of the benefit to which ~~such the~~ member or
23 beneficiary was correctly entitled ~~shall will~~ be paid."

-End-