

*revision  
under  
amendment*

1 H BILL NO. 565 *Gilligan*  
 2 INTRODUCED BY *Earlley Holmes Foster Long*  
 3 *Bengtson Barrett Metcalf Lynch Courtney*  
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR AN  
 5 INCREASE IN RETIREMENT ALLOWANCES RECEIVED UNDER THE  
 6 TEACHERS' RETIREMENT SYSTEM BY BENEFICIARIES WHO WERE  
 7 RECEIVING SUCH ALLOWANCES PRIOR TO JULY 1, 1971; AMENDING  
 8 SECTION 75-6208, R.C.M. 1947."

9  
 10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
 11 Section 1. Section 75-6208, R.C.M. 1947, is amended to  
 12 read as follows:  
 13 "75-6208. Benefits. The retirement, disability and  
 14 other benefits of the retirement system shall be granted on  
 15 the basis of the following provisions:  
 16 (1) Superannuation member retirement:  
 17 (a) Any member with five (5) years of creditable  
 18 service the last five (5) years of which shall have been in  
 19 this state, and who has attained the age of sixty (60), or  
 20 who has completed thirty (30) years of creditable service,  
 21 may retire from service, if he files with the retirement  
 22 board his written application setting forth the fact of his  
 23 retirement.  
 24 (b) Any member in service who has attained the age of  
 25 seventy (70) years during any school year shall be retired

1 on the first day of September following his seventieth  
 2 birthday, except that this provision shall not apply to  
 3 teachers in the Montana university system who may be  
 4 employed beyond the age of seventy (70) upon the  
 5 recommendation of the president of the employing unit to the  
 6 board of regents. Members over seventy (70) years of age  
 7 shall not: (1) be allowed creditable service for services  
 8 rendered after the end of the school year in which the age  
 9 of seventy (70) is attained, (2) contribute to the  
 10 retirement system after the end of such school year, and (3)  
 11 have the compensation received after the end of such school  
 12 year used in computing average final salary. Initial  
 13 employment of teachers in the Montana university system  
 14 beyond the age of seventy (70) may be made upon the  
 15 recommendation of the president of the employing unit and  
 16 the approval of the board of regents but such employees  
 17 shall be denied membership in the retirement system.  
 18 (c) Any retired member may be employed as a part-time  
 19 or substitute teacher in Montana and may earn an amount not  
 20 to exceed one-fourth (1/4) of his average final  
 21 compensation without loss of retirement benefits.  
 22 (2) Allowance for superannuation retirement. Upon  
 23 superannuation retirement a member shall receive a  
 24 retirement allowance which shall consist of:  
 25 (a) A pension which, together with an annuity, shall

*HB 565*

1 provide a retirement allowance equal to one-half (1/2) of  
 2 his average final compensation provided his creditable  
 3 service is at least thirty (30) years, otherwise a pension  
 4 together with his annuity of one sixtieth (1/60) of his  
 5 average final compensation multiplied by the number of years  
 6 of creditable service.

7 (b) The minimum annual retirement allowance for a  
 8 member who has completed thirty (30) or more years of  
 9 service shall be twenty-four hundred dollars (\$2,400) and  
 10 the minimum retirement allowance for a member whose service  
 11 is less than thirty (30) years shall be based on the  
 12 proportionate amount of twenty-four hundred dollars (\$2,400)  
 13 that his service bears to thirty (30) years of service.

14 (c) ii On July 1, 1975, and July 1, 1976, every  
 15 beneficiary receiving a retirement allowance shall be  
 16 entitled to an increase in his monthly retirement allowance  
 17 of one-fourth of one percent (.25%) multiplied by the number  
 18 of months he has been retired during the preceding fiscal  
 19 year.

20 iii On July 1, 1977, every beneficiary receiving a  
 21 retirement allowance who was receiving such allowance prior  
 22 to July 1, 1971, will be entitled to an increase in his  
 23 monthly retirement allowance of \$1 per month for each year  
 24 of creditable service plus \$2 per month for each year he was  
 25 retired prior to July 1, 1971. In the case of beneficiaries

1 who are receiving an early retirement allowance, the latter  
 2 figure of \$2 per month shall be multiplied by a fraction,  
 3 the numerator of which is the number of years of his  
 4 creditable service and the denominator of which is 30.

5 (d) Any member who has completed five (5) years of  
 6 creditable service, the last five years of which shall have  
 7 been in this state, and who has attained the age of  
 8 fifty-five (55) may retire from service and be eligible to  
 9 an early retirement allowance if he files with the  
 10 retirement board his written application setting forth the  
 11 fact of his retirement. The early retirement allowance  
 12 shall be determined as prescribed in subsections (a) through  
 13 (f) above, with the further provision that such allowance  
 14 will be reduced by one half of one percent (.5%) multiplied  
 15 by the number of months which the retirement date precedes  
 16 the date on which he would have retired had he attained  
 17 sixty (60) years of age or had he completed thirty (30)  
 18 years of creditable service.

19 (e) In the event of death of a member after  
 20 retirement, a death benefit of five hundred dollars (\$500)  
 21 will be payable to his designated beneficiary.

22 (f) In the event payments made to an annuitant do not  
 23 equal the amount of the member's accumulated contributions  
 24 prior to the annuitant's death, the difference between the  
 25 total retirement allowance paid and the amount of the

1 accumulated contributions shall be paid to the beneficiary.

2 (3) Disability member retirement:

3 (a) Upon the application of an active member or of his  
4 employer, any active member who has five (5) or more years  
5 of creditable service may be retired by the retirement board  
6 the month immediately following the month in which his  
7 disability caused his retirement upon filing an application  
8 for a disability retirement allowance. Before any member  
9 shall be eligible for a disability retirement, the board of  
10 the retirement system shall certify that he is mentally or  
11 physically incapacitated for the further performance of his  
12 duties, that such incapacity is likely to be permanent and  
13 that he should be retired.

14 (b) Re-examination of beneficiaries retired on account  
15 of disability. Once each year during the first five (5)  
16 years following the retirement of a member on disability  
17 retirement allowance, and once in every three (3) year  
18 period thereafter the retirement board may, and upon his  
19 application shall, require a disability beneficiary who has  
20 not yet attained the age of sixty (60) to undergo a medical  
21 examination by the medical board or a physician or  
22 physicians designated by the medical board. The examination  
23 shall be made at the place of residence of the beneficiary  
24 or other place mutually agreed upon. Should any disability  
25 beneficiary who has not yet attained the age of sixty (60)

1 refuse to submit to at least one (1) medical examination in  
2 any year by the medical board or its representative, his  
3 allowance may be discontinued until his withdrawal of such  
4 refusal, and should his refusal continue for one (1) year,  
5 all his rights in and to his disability pension may be  
6 revoked by the retirement board.

7 (c) Should the medical board report and certify to the  
8 retirement board that any disability beneficiary is engaged  
9 in or is able to engage in a gainful occupation paying more  
10 than the difference between his retirement allowance and his  
11 average final compensation and should the retirement board  
12 concur in such report, then the amount of his pension shall  
13 be reduced to an amount which, together with his annuity and  
14 the amount earnable by him, shall equal the amount of his  
15 average final compensation. Should his earning capacity be  
16 changed later, the amount of his pension may be further  
17 modified but the new pension shall not exceed the amount of  
18 the pension originally granted, nor an amount which when  
19 added to the amount earnable by the beneficiary, together  
20 with his annuity, equals the amount of his average final  
21 compensation. A beneficiary restored to active service at a  
22 salary less than the average final compensation upon the  
23 basis of which he was retired shall not become a member of  
24 the retirement system while receiving a reduced benefit.

25 (d) Should a disability beneficiary under age sixty

1 (60) be restored to active service at a compensation not  
 2 less than his average final compensation, his retirement  
 3 allowance shall cease, and he shall again become an active  
 4 member of the retirement system. Any prior service  
 5 certificate on the basis of which his service was computed  
 6 at the time of his disability retirement shall be restored  
 7 to full force and effect an addition upon his subsequent  
 8 retirement, and he shall be credited with all his subsequent  
 9 service as a member. Should he be restored to active  
 10 service on or after the attainment of the age of fifty-five  
 11 (55) years, his pension upon subsequent retirement shall not  
 12 exceed the pension that he would have received had he  
 13 remained in service during the period of his previous  
 14 retirement nor the sum of the pension which he was receiving  
 15 immediately prior to his last restoration to service and the  
 16 pension that he would have received on account of his  
 17 service since his last restoration had he entered service at  
 18 that time as a new member.

19 (4) Allowance for disability retirement. Upon  
 20 retirement for disability, a member shall receive a  
 21 superannuation allowance prescribed under subsection (2)  
 22 above if he is eligible; otherwise he shall receive a  
 23 disability retirement allowance which shall consist of:

24 (a) An annuity which shall be the actuarial equivalent  
 25 of his accumulated contributions at the time of retirement.

1 (b) A pension which together with his annuity, shall  
 2 provide a total retirement allowance equal to one sixtieth  
 3 (1/60) of his average final compensation multiplied by the  
 4 number of years of his creditable service, if such  
 5 retirement allowance exceeds one-quarter (1/4) of his  
 6 average final compensation; otherwise, a pension which,  
 7 together with his annuity, shall provide a total retirement  
 8 allowance equal to one-quarter (1/4) of his average final  
 9 compensation, provided, however, that no such allowance  
 10 shall exceed one sixtieth (1/60) of his average final  
 11 compensation multiplied by the number of years which would  
 12 be creditable to him were his service to continue until the  
 13 attainment of the minimum age for superannuation retirement.

14 (c) In the event payments made to a person retired  
 15 because of disability do not equal the amount of his  
 16 accumulated contributions prior to his death, the difference  
 17 between the total retirement allowance paid and the amount  
 18 of the accumulated contributions of the member shall be paid  
 19 to the beneficiary.

20 (5) Withdrawal of accumulated contributions. Any  
 21 inactive member electing to do so or any person whose  
 22 membership terminates may withdraw his accumulated  
 23 contributions to his annuity account in the retirement  
 24 system in accordance with the following provisions:

25 (a) An inactive member under the provisions of

1 subsections (1) or (3) of section 75-6210 may elect, without  
 2 right of revocation to withdraw his accumulated  
 3 contributions, and if he does not withdraw his accumulated  
 4 contributions he shall thereafter remain an inactive member  
 5 of the retirement system with the right to qualify for the  
 6 benefits of the retirement system;

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

12 (c) Any person whose membership terminates under the  
 13 provisions of subsection (4) of section 75-6211 may withdraw  
 14 his accumulated contributions.

15 (6) Allowances for death of member.

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

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

1 in subsections (2) (a) through (2) (h) assuming the member  
 2 had elected option A as prescribed in subsection (7) (a)  
 3 below. In addition, if the deceased member had five (5) or  
 4 more years of creditable service and was an active member in  
 5 the state of Montana within one (1) year prior to his death,  
 6 a lump sum death benefit of \$500 will be payable to his  
 7 designated beneficiary.

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

14 (7) Optional allowances. With the provision that no  
 15 optional selection shall be effective in case a beneficiary  
 16 dies within thirty (30) days after retirement, and that such  
 17 a beneficiary shall be considered as an active member at the  
 18 time of his death; until the first payment on account of any  
 19 benefit becomes normally due, any member may elect to  
 20 receive his benefit in a retirement or disability allowance  
 21 payable throughout life as hereinabove provided. This  
 22 benefit shall be referred to as the normal form of  
 23 retirement allowance. In lieu of normal form of retirement  
 24 allowance, the member may elect an optional allowance which  
 25 would be the actuarial equivalent at the time of his

1 retirement or disability allowance and would provide an  
 2 allowance payable throughout his lifetime and upon his death  
 3 continue to such person as he shall nominate by written  
 4 designation duly acknowledged and filed with the retirement  
 5 board at the time of his retirement with the provision that:

6 (a) Option A. The optional allowance will continue to  
 7 the member during his lifetime and upon his death, continue  
 8 throughout the lifetime of his designated beneficiary; or

9 (b) Option B. The optional allowance will continue  
 10 throughout his lifetime and upon his death, one-half (1/2)  
 11 of his optional allowance will be continued throughout the  
 12 lifetime of his designated beneficiary; or

13 (c) Option C. The optional benefit will continue  
 14 throughout his lifetime and upon his death, two-thirds (2/3)  
 15 of the optional allowance shall be continued throughout the  
 16 lifetime of his designated beneficiary; or

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

22 (e) Option E. The optional allowance will be payable  
 23 while both the member and his designated beneficiary are  
 24 living and upon the death of either, two-thirds (2/3) of the  
 25 optional allowance shall be continued throughout the

1 lifetime of the survivor; or

2 (f) Option F. Some other benefit or benefits shall be  
 3 paid either to the member or his surviving designated  
 4 beneficiary. The provisions of this retirement allowance  
 5 shall be approved by the retirement board.\*

6 Section 2. Funding for increase in prior retirement  
 7 allowances. The funds to pay for the increases in retirement  
 8 allowances prescribed in 75-6208(2)(c) (ii) shall be  
 9 provided as follows:

10 (1) one-half from an increase, sufficient for the  
 11 purpose, in the payroll deduction provided for in  
 12 75-6207(1)(a); and

13 (2) one-half from an increase, sufficient for the  
 14 purpose, in the employer's contribution provided for in  
 15 75-6207(3)(a).

-End-

## STATE OF MONTANA

REQUEST NO. 309-77

## FISCAL NOTE

Form BD-15

In compliance with a written request received January 31, 19 77, there is hereby submitted a Fiscal Note for House Bill 565 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

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

## DESCRIPTION OF PROPOSED LEGISLATION:

House Bill 565 provides for an increase in retirement allowances received under the Teacher's Retirement System by beneficiaries who were receiving such allowances prior to July 1, 1971.

## ASSUMPTIONS:

1. Cost of benefits would be paid over a 40 year period. The annual percentage of payroll required would be .124% to be shared equally by the employer and active members.
2. To fund the additional benefits would require an increase:
  - a) in employer contributions from 6.25% of payroll to 6.312%
  - b) in employee contributions from 6.125% of salary to 6.187%.

## FISCAL IMPACT:

	<u>FY 78</u>	<u>FY 79</u>
Estimated expenditure increase due to proposed legislation		
a) employer (50.5%)	\$ 511,010	\$499,799
b) employee (49.5%)	<u>500,890</u>	<u>489,901</u>
Total	<u>\$1,011,900</u>	<u>\$989,700</u>

## CONCLUSION:

Enactment of House Bill 565 would result in an estimated increase in expenditure of \$2,001,600 during the biennium. The estimated total cost to be paid out over the 40 year amortization would be \$6,922,630.

*Richard L. Franz*  
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: February 4, 1977

## STATE OF MONTANA

REQUEST NO. 309-77  
(Revised)

## FISCAL NOTE

Form BD-15

In compliance with a written request received January 31, 19 77, there is hereby submitted a Fiscal Note for House Bill 565 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

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

THIS FISCAL NOTE REVISES THE ORIGINAL FISCAL NOTE ON HOUSE BILL 565.

## DESCRIPTION OF PROPOSED LEGISLATION:

House Bill 565 provides for an increase in retirement allowances received under the Teachers' Retirement System by beneficiaries who were receiving such allowances prior to July 1, 1971.

## ASSUMPTIONS:

1. Cost of benefits would be paid over a 40 year period. The annual percentage of payroll required would be .124% to be shared equally by the employer and active members.
2. To fund the additional benefits would require an increase:
  - a) in employer contributions from 6.25% of payroll to 6.312%.
  - b) in employee contributions from 6.125% of salary to 6.187%.

## FISCAL IMPACT:

	<u>FY 78</u>	<u>FY 79</u>
Estimated expenditure increase due to proposed legislation		
a) employer (50.5%)	\$ 511,010	\$499,799
b) employee (49.5%)	<u>500,890</u>	<u>489,901</u>
Total	<u>\$1,011,900</u>	<u>\$989,700</u>

## CONCLUSION:

Enactment of House Bill 565 would result in an estimated increase in expenditure of \$2,001,600 during the biennium. The estimated total cost to be paid would be \$9,410,670.

*Richard L. Drayton*  
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-16-77



Approved by Committee on State Administration

1 H BILL NO. 565 *Gilligan*  
 2 INTRODUCED BY *Earley Holmes Foster Long*  
 3 *Bingham Barrett Metcalf*  
 4 *Hanning Vincent Courtney*

5 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR AN  
 6 INCREASE IN RETIREMENT ALLOWANCES RECEIVED UNDER THE  
 7 TEACHERS' RETIREMENT SYSTEM BY BENEFICIARIES WHO WERE  
 8 RECEIVING SUCH ALLOWANCES PRIOR TO JULY 1, 1971; AMENDING  
 9 SECTION 75-6208, R.C.M. 1947."

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

11 Section 1. Section 75-6208, R.C.M. 1947, is amended to  
12 read as follows:

13 "75-6208. Benefits. The retirement, disability and  
14 other benefits of the retirement system shall be granted on  
15 the basis of the following provisions:

16 (1) Superannuation member retirement:

17 (a) Any member with five (5) years of creditable  
 18 service the last five (5) years of which shall have been in  
 19 this state, and who has attained the age of sixty (60), or  
 20 who has completed thirty (30) years of creditable service,  
 21 may retire from service, if he files with the retirement  
 22 board his written application setting forth the fact of his  
 23 retirement.

24 (b) Any member in service who has attained the age of  
 25 seventy (70) years during any school year shall be retired

1 on the first day of September following his seventieth  
 2 birthday, except that this provision shall not apply to  
 3 teachers in the Montana university system who may be  
 4 employed beyond the age of seventy (70) upon the  
 5 recommendation of the president of the employing unit to the  
 6 board of regents. Members over seventy (70) years of age  
 7 shall not: (1) be allowed creditable service for services  
 8 rendered after the end of the school year in which the age  
 9 of seventy (70) is attained, (2) contribute to the  
 10 retirement system after the end of such school year, and (3)  
 11 have the compensation received after the end of such school  
 12 year used in computing average final salary. Initial  
 13 employment of teachers in the Montana university system  
 14 beyond the age of seventy (70) may be made upon the  
 15 recommendation of the president of the employing unit and  
 16 the approval of the board of regents but such employees  
 17 shall be denied membership in the retirement system.

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

22 (2) Allowance for superannuation retirement. Upon  
 23 superannuation retirement a member shall receive a  
 24 retirement allowance which shall consist of:

25 (a) A pension which, together with an annuity, shall

HB 565

1 provide a retirement allowance equal to one-half (1/2) of  
 2 his average final compensation provided his creditable  
 3 service is at least thirty (30) years, otherwise a pension  
 4 together with his annuity of one sixtieth (1/60) of his  
 5 average final compensation multiplied by the number of years  
 6 of creditable service.

7 (b) The minimum annual retirement allowance for a  
 8 member who has completed thirty (30) or more years of  
 9 service shall be twenty-four hundred dollars (\$2,400) and  
 10 the minimum retirement allowance for a member whose service  
 11 is less than thirty (30) years shall be based on the  
 12 proportionate amount of twenty-four hundred dollars (\$2,400)  
 13 that his service bears to thirty (30) years of service.

14 (c) (i) On July 1, 1975, and July 1, 1976, every  
 15 beneficiary receiving a retirement allowance shall be  
 16 entitled to an increase in his monthly retirement allowance  
 17 of one-fourth of one percent (.25%) multiplied by the number  
 18 of months he has been retired during the preceding fiscal  
 19 year.

20 (ii) On July 1, 1977, every beneficiary receiving a  
 21 retirement allowance who was receiving such allowance prior  
 22 to July 1, 1971, will be entitled to an increase in his  
 23 monthly retirement allowance of \$1 per month for each year  
 24 of creditable service plus \$2 per month for each year he was  
 25 retired prior to July 1, 1971. In the case of beneficiaries

1 who are receiving an early retirement allowance, the latter  
 2 figure of \$2 per month shall be multiplied by a fraction,  
 3 the numerator of which is the number of years of his  
 4 creditable service and the denominator of which is 30.

5 (d) Any member who has completed five (5) years of  
 6 creditable service, the last five years of which shall have  
 7 been in this state, and who has attained the age of  
 8 fifty-five (55) may retire from service and be eligible to  
 9 an early retirement allowance if he files with the  
 10 retirement board his written application setting forth the  
 11 fact of his retirement. The early retirement allowance  
 12 shall be determined as prescribed in subsections (a) through  
 13 (f) above, with the further provision that such allowance  
 14 will be reduced by one half of one percent (.5%) multiplied  
 15 by the number of months which the retirement date precedes  
 16 the date on which he would have retired had he attained  
 17 sixty (60) years of age or had he completed thirty (30)  
 18 years of creditable service.

19 (e) In the event of death of a member after  
 20 retirement, a death benefit of five hundred dollars (\$500)  
 21 will be payable to his designated beneficiary.

22 (f) In the event payments made to an annuitant do not  
 23 equal the amount of the member's accumulated contributions  
 24 prior to the annuitant's death, the difference between the  
 25 total retirement allowance paid and the amount of the

1 accumulated contributions shall be paid to the beneficiary.

2 (3) Disability member retirement:

3 (a) Upon the application of an active member or of his  
4 employer, any active member who has five (5) or more years  
5 of creditable service may be retired by the retirement board  
6 the month immediately following the month in which his  
7 disability caused his retirement upon filing an application  
8 for a disability retirement allowance. Before any member  
9 shall be eligible for a disability retirement, the board of  
10 the retirement system shall certify that he is mentally or  
11 physically incapacitated for the further performance of his  
12 duties, that such incapacity is likely to be permanent and  
13 that he should be retired.

14 (b) Re-examination of beneficiaries retired on account  
15 of disability. Once each year during the first five (5)  
16 years following the retirement of a member on disability  
17 retirement allowance, and once in every three (3) year  
18 period thereafter the retirement board may, and upon his  
19 application shall, require a disability beneficiary who has  
20 not yet attained the age of sixty (60) to undergo a medical  
21 examination by the medical board or a physician or  
22 physicians designated by the medical board. The examination  
23 shall be made at the place of residence of the beneficiary  
24 or other place mutually agreed upon. Should any disability  
25 beneficiary who has not yet attained the age of sixty (60)

1 refuse to submit to at least one (1) medical examination in  
2 any year by the medical board or its representative, his  
3 allowance may be discontinued until his withdrawal of such  
4 refusal, and should his refusal continue for one (1) year,  
5 all his rights in and to his disability pension may be  
6 revoked by the retirement board.

7 (c) Should the medical board report and certify to the  
8 retirement board that any disability beneficiary is engaged  
9 in or is able to engage in a gainful occupation paying more  
10 than the difference between his retirement allowance and his  
11 average final compensation and should the retirement board  
12 concur in such report, then the amount of his pension shall  
13 be reduced to an amount which, together with his annuity and  
14 the amount earnable by him, shall equal the amount of his  
15 average final compensation. Should his earning capacity be  
16 changed later, the amount of his pension may be further  
17 modified but the new pension shall not exceed the amount of  
18 the pension originally granted, nor an amount which when  
19 added to the amount earnable by the beneficiary, together  
20 with his annuity, equals the amount of his average final  
21 compensation. A beneficiary restored to active service at a  
22 salary less than the average final compensation upon the  
23 basis of which he was retired shall not become a member of  
24 the retirement system while receiving a reduced benefit.

25 (d) Should a disability beneficiary under age sixty

1 (60) be restored to active service at a compensation not  
 2 less than his average final compensation, his retirement  
 3 allowance shall cease, and he shall again become an active  
 4 member of the retirement system. Any prior service  
 5 certificate on the basis of which his service was computed  
 6 at the time of his disability retirement shall be restored  
 7 to full force and effect an addition upon his subsequent  
 8 retirement, and he shall be credited with all his subsequent  
 9 service as a member. Should he be restored to active  
 10 service on or after the attainment of the age of fifty-five  
 11 (55) years, his pension upon subsequent retirement shall not  
 12 exceed the pension that he would have received had he  
 13 remained in service during the period of his previous  
 14 retirement nor the sum of the pension which he was receiving  
 15 immediately prior to his last restoration to service and the  
 16 pension that he would have received on account of his  
 17 service since his last restoration had he entered service at  
 18 that time as a new member.

19 (4) Allowance for disability retirement. Upon  
 20 retirement for disability, a member shall receive a  
 21 superannuation allowance prescribed under subsection (2)  
 22 above if he is eligible; otherwise he shall receive a  
 23 disability retirement allowance which shall consist of:

24 (a) An annuity which shall be the actuarial equivalent  
 25 of his accumulated contributions at the time of retirement.

1 (b) A pension which together with his annuity, shall  
 2 provide a total retirement allowance equal to one sixtieth  
 3 (1/60) of his average final compensation multiplied by the  
 4 number of years of his creditable service, if such  
 5 retirement allowance exceeds one-quarter (1/4) of his  
 6 average final compensation; otherwise, a pension which,  
 7 together with his annuity, shall provide a total retirement  
 8 allowance equal to one-quarter (1/4) of his average final  
 9 compensation, provided, however, that no such allowance  
 10 shall exceed one sixtieth (1/60) of his average final  
 11 compensation multiplied by the number of years which would  
 12 be creditable to him were his service to continue until the  
 13 attainment of the minimum age for superannuation retirement.

14 (c) In the event payments made to a person retired  
 15 because of disability do not equal the amount of his  
 16 accumulated contributions prior to his death, the difference  
 17 between the total retirement allowance paid and the amount  
 18 of the accumulated contributions of the member shall be paid  
 19 to the beneficiary.

20 (5) Withdrawal of accumulated contributions. Any  
 21 inactive member electing to do so or any person whose  
 22 membership terminates may withdraw his accumulated  
 23 contributions to his annuity account in the retirement  
 24 system in accordance with the following provisions:

25 (a) An inactive member under the provisions of

1 subsections (1) or (3) of section 75-6210 may elect, without  
 2 right of revocation to withdraw his accumulated  
 3 contributions, and if he does not withdraw his accumulated  
 4 contributions he shall thereafter remain an inactive member  
 5 of the retirement system with the right to qualify for the  
 6 benefits of the retirement system;

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

12 (c) Any person whose membership terminates under the  
 13 provisions of subsection (4) of section 75-6211 may withdraw  
 14 his accumulated contributions.

15 (6) Allowances for death of member.

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

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

1 in subsections (2) (a) through (2) (h) assuming the member  
 2 had elected option A as prescribed in subsection (7) (a)  
 3 below. In addition, if the deceased member had five (5) or  
 4 more years of creditable service and was an active member in  
 5 the state of Montana within one (1) year prior to his death,  
 6 a lump sum death benefit of \$500 will be payable to his  
 7 designated beneficiary.

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

14 (7) Optional allowances. With the provision that no  
 15 optional selection shall be effective in case a beneficiary  
 16 dies within thirty (30) days after retirement, and that such  
 17 a beneficiary shall be considered as an active member at the  
 18 time of his death; until the first payment on account of any  
 19 benefit becomes normally due, any member may elect to  
 20 receive his benefit in a retirement or disability allowance  
 21 payable throughout life as hereinabove provided. This  
 22 benefit shall be referred to as the normal form of  
 23 retirement allowance. In lieu of normal form of retirement  
 24 allowance, the member may elect an optional allowance which  
 25 would be the actuarial equivalent at the time of his

1 retirement or disability allowance and would provide an  
 2 allowance payable throughout his lifetime and upon his death  
 3 continue to such person as he shall nominate by written  
 4 designation duly acknowledged and filed with the retirement  
 5 board at the time of his retirement with the provision that:

6 (a) Option A. The optional allowance will continue to  
 7 the member during his lifetime and upon his death, continue  
 8 throughout the lifetime of his designated beneficiary; or

9 (b) Option B. The optional allowance will continue  
 10 throughout his lifetime and upon his death, one-half (1/2)  
 11 of his optional allowance will be continued throughout the  
 12 lifetime of his designated beneficiary; or

13 (c) Option C. The optional benefit will continue  
 14 throughout his lifetime and upon his death, two-thirds (2/3)  
 15 of the optional allowance shall be continued throughout the  
 16 lifetime of his designated beneficiary; or

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

22 (e) Option E. The optional allowance will be payable  
 23 while both the member and his designated beneficiary are  
 24 living and upon the death of either, two-thirds (2/3) of the  
 25 optional allowance shall be continued throughout the

1 lifetime of the survivor; or

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

6 Section 2. Funding for increase in prior retirement  
 7 allowances. The funds to pay for the increases in retirement  
 8 allowances prescribed in 75-6208(2)(c) (ii) shall be  
 9 provided as follows:

10 (1) one-half from an increase, sufficient for the  
 11 purpose, in the payroll deduction provided for in  
 12 75-6207(1)(a); and

13 (2) one-half from an increase, sufficient for the  
 14 purpose, in the employer's contribution provided for in  
 15 75-6207(3)(a).

-End-

*Memahan  
Keele  
Fanning  
Viment*

*H* BILL NO. *565* *Gillegan*  
*Earley Holmes Frater Long*  
*Bingston Barnett McCalister Courtney*

1  
2 INTRODUCED BY  
3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR AN  
5 INCREASE IN RETIREMENT ALLOWANCES RECEIVED UNDER THE  
6 TEACHERS' RETIREMENT SYSTEM BY BENEFICIARIES WHO WERE  
7 RECEIVING SUCH ALLOWANCES PRIOR TO JULY 1, 1971; AMENDING  
8 SECTION 75-6208, R.C.M. 1947."

9  
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
11 Section 1. Section 75-6208, R.C.M. 1947, is amended to  
12 read as follows:

13 "75-6208. Benefits. The retirement, disability and  
14 other benefits of the retirement system shall be granted on  
15 the basis of the following provisions:

- 16 (1) Superannuation member retirement:  
17 (a). Any member with five (5) years of creditable  
18 service the last five (5) years of which shall have been in  
19 this state, and who has attained the age of sixty (60), or  
20 who has completed thirty (30) years of creditable service,  
21 may retire from service, if he files with the retirement  
22 board his written application setting forth the fact of his  
23 retirement.  
24 (b) Any member in service who has attained the age of  
25 seventy (70) years during any school year shall be retired

1 on the first day of September following his seventieth  
2 birthday, except that this provision shall not apply to  
3 teachers in the Montana university system who may be  
4 employed beyond the age of seventy (70) upon the  
5 recommendation of the president of the employing unit to the  
6 board of regents. Members over seventy (70) years of age  
7 shall not: (1) be allowed creditable service for services  
8 rendered after the end of the school year in which the age  
9 of seventy (70) is attained, (2) contribute to the  
10 retirement system after the end of such school year, and (3)  
11 have the compensation received after the end of such school  
12 year used in computing average final salary. Initial  
13 employment of teachers in the Montana university system  
14 beyond the age of seventy (70) may be made upon the  
15 recommendation of the president of the employing unit and  
16 the approval of the board of regents but such employees  
17 shall be denied membership in the retirement system.

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

22 (2) Allowance for superannuation retirement. Upon  
23 superannuation retirement a member shall receive a  
24 retirement allowance which shall consist of:

- 25 (a) A pension which, together with an annuity, shall

*HB 565*

1 provide a retirement allowance equal to one-half (1/2) of  
 2 his average final compensation provided his creditable  
 3 service is at least thirty (30) years, otherwise a pension  
 4 together with his annuity of one sixtieth (1/60) of his  
 5 average final compensation multiplied by the number of years  
 6 of creditable service.

7 (b) The minimum annual retirement allowance for a  
 8 member who has completed thirty (30) or more years of  
 9 service shall be twenty-four hundred dollars (\$2,400) and  
 10 the minimum retirement allowance for a member whose service  
 11 is less than thirty (30) years shall be based on the  
 12 proportionate amount of twenty-four hundred dollars (\$2,400)  
 13 that his service bears to thirty (30) years of service.

14 (c) ii On July 1, 1975, and July 1, 1976, every  
 15 beneficiary receiving a retirement allowance shall be  
 16 entitled to an increase in his monthly retirement allowance  
 17 of one-fourth of one percent (.25%) multiplied by the number  
 18 of months he has been retired during the preceding fiscal  
 19 year.

20 iii On July 1, 1977, every beneficiary receiving a  
 21 retirement allowance who was receiving such allowance prior  
 22 to July 1, 1971, will be entitled to an increase in his  
 23 monthly retirement allowance of \$1 per month for each year  
 24 of creditable service plus \$2 per month for each year he was  
 25 retired prior to July 1, 1971. In the case of beneficiaries

1 who are receiving an early retirement allowance, the latter  
 2 figure of \$2 per month shall be multiplied by a fraction,  
 3 the numerator of which is the number of years of his  
 4 creditable service and the denominator of which is 30.

5 (d) Any member who has completed five (5) years of  
 6 creditable service, the last five years of which shall have  
 7 been in this state, and who has attained the age of  
 8 fifty-five (55) may retire from service and be eligible to  
 9 an early retirement allowance if he files with the  
 10 retirement board his written application setting forth the  
 11 fact of his retirement. The early retirement allowance  
 12 shall be determined as prescribed in subsections (a) through  
 13 (f) above, with the further provision that such allowance  
 14 will be reduced by one half of one percent (.5%) multiplied  
 15 by the number of months which the retirement date precedes  
 16 the date on which he would have retired had he attained  
 17 sixty (60) years of age or had he completed thirty (30)  
 18 years of creditable service.

19 (e) In the event of death of a member after  
 20 retirement, a death benefit of five hundred dollars (\$500)  
 21 will be payable to his designated beneficiary.

22 (f) In the event payments made to an annuitant do not  
 23 equal the amount of the member's accumulated contributions  
 24 prior to the annuitant's death, the difference between the  
 25 total retirement allowance paid and the amount of the



1 accumulated contributions shall be paid to the beneficiary.

2 (3) Disability member retirement:

3 (a) Upon the application of an active member or of his  
4 employer, any active member who has five (5) or more years  
5 of creditable service may be retired by the retirement board  
6 the month immediately following the month in which his  
7 disability caused his retirement upon filing an application  
8 for a disability retirement allowance. Before any member  
9 shall be eligible for a disability retirement, the board of  
10 the retirement system shall certify that he is mentally or  
11 physically incapacitated for the further performance of his  
12 duties, that such incapacity is likely to be permanent and  
13 that he should be retired.

14 (b) Re-examination of beneficiaries retired on account  
15 of disability. Once each year during the first five (5)  
16 years following the retirement of a member on disability  
17 retirement allowance, and once in every three (3) year  
18 period thereafter the retirement board may, and upon his  
19 application shall, require a disability beneficiary who has  
20 not yet attained the age of sixty (60) to undergo a medical  
21 examination by the medical board or a physician or  
22 physicians designated by the medical board. The examination  
23 shall be made at the place of residence of the beneficiary  
24 or other place mutually agreed upon. Should any disability  
25 beneficiary who has not yet attained the age of sixty (60)

1 refuse to submit to at least one (1) medical examination in  
2 any year by the medical board or its representative, his  
3 allowance may be discontinued until his withdrawal of such  
4 refusal, and should his refusal continue for one (1) year,  
5 all his rights in and to his disability pension may be  
6 revoked by the retirement board.

7 (c) Should the medical board report and certify to the  
8 retirement board that any disability beneficiary is engaged  
9 in or is able to engage in a gainful occupation paying more  
10 than the difference between his retirement allowance and his  
11 average final compensation and should the retirement board  
12 concur in such report, then the amount of his pension shall  
13 be reduced to an amount which, together with his annuity and  
14 the amount earnable by him, shall equal the amount of his  
15 average final compensation. Should his earning capacity be  
16 changed later, the amount of his pension may be further  
17 modified but the new pension shall not exceed the amount of  
18 the pension originally granted, nor an amount which when  
19 added to the amount earnable by the beneficiary, together  
20 with his annuity, equals the amount of his average final  
21 compensation. A beneficiary restored to active service at a  
22 salary less than the average final compensation upon the  
23 basis of which he was retired shall not become a member of  
24 the retirement system while receiving a reduced benefit.

25 (d) Should a disability beneficiary under age sixty

1 (60) be restored to active service at a compensation not  
 2 less than his average final compensation, his retirement  
 3 allowance shall cease, and he shall again become an active  
 4 member of the retirement system. Any prior service  
 5 certificate on the basis of which his service was computed  
 6 at the time of his disability retirement shall be restored  
 7 to full force and effect an addition upon his subsequent  
 8 retirement, and he shall be credited with all his subsequent  
 9 service as a member. Should he be restored to active  
 10 service on or after the attainment of the age of fifty-five  
 11 (55) years, his pension upon subsequent retirement shall not  
 12 exceed the pension that he would have received had he  
 13 remained in service during the period of his previous  
 14 retirement nor the sum of the pension which he was receiving  
 15 immediately prior to his last restoration to service and the  
 16 pension that he would have received on account of his  
 17 service since his last restoration had he entered service at  
 18 that time as a new member.

19 (4) Allowance for disability retirement. Upon  
 20 retirement for disability, a member shall receive a  
 21 superannuation allowance prescribed under subsection (2)  
 22 above if he is eligible; otherwise he shall receive a  
 23 disability retirement allowance which shall consist of:

24 (a) An annuity which shall be the actuarial equivalent  
 25 of his accumulated contributions at the time of retirement.

1 (b) A pension which together with his annuity, shall  
 2 provide a total retirement allowance equal to one sixtieth  
 3 (1/60) of his average final compensation multiplied by the  
 4 number of years of his creditable service, if such  
 5 retirement allowance exceeds one-quarter (1/4) of his  
 6 average final compensation; otherwise, a pension which,  
 7 together with his annuity, shall provide a total retirement  
 8 allowance equal to one-quarter (1/4) of his average final  
 9 compensation, provided, however, that no such allowance  
 10 shall exceed one sixtieth (1/60) of his average final  
 11 compensation multiplied by the number of years which would  
 12 be creditable to him were his service to continue until the  
 13 attainment of the minimum age for superannuation retirement.

14 (c) In the event payments made to a person retired  
 15 because of disability do not equal the amount of his  
 16 accumulated contributions prior to his death, the difference  
 17 between the total retirement allowance paid and the amount  
 18 of the accumulated contributions of the member shall be paid  
 19 to the beneficiary.

20 (5) Withdrawal of accumulated contributions. Any  
 21 inactive member electing to do so or any person whose  
 22 membership terminates may withdraw his accumulated  
 23 contributions to his annuity account in the retirement  
 24 system in accordance with the following provisions:

25 (a) An inactive member under the provisions of

1 subsections (1) or (3) of section 75-6210 may elect, without  
 2 right of revocation to withdraw his accumulated  
 3 contributions, and if he does not withdraw his accumulated  
 4 contributions he shall thereafter remain an inactive member  
 5 of the retirement system with the right to qualify for the  
 6 benefits of the retirement system;

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

12 (c) Any person whose membership terminates under the  
 13 provisions of subsection (4) of section 75-6211 may withdraw  
 14 his accumulated contributions.

15 (6) Allowances for death of member.

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

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

1 in subsections (2) (a) through (2) (h) assuming the member  
 2 had elected option A as prescribed in subsection (7) (a)  
 3 below. In addition, if the deceased member had five (5) or  
 4 more years of creditable service and was an active member in  
 5 the state of Montana within one (1) year prior to his death,  
 6 a lump sum death benefit of \$500 will be payable to his  
 7 designated beneficiary.

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

14 (7) Optional allowances. With the provision that no  
 15 optional selection shall be effective in case a beneficiary  
 16 dies within thirty (30) days after retirement, and that such  
 17 a beneficiary shall be considered as an active member at the  
 18 time of his death; until the first payment on account of any  
 19 benefit becomes normally due, any member may elect to  
 20 receive his benefit in a retirement or disability allowance  
 21 payable throughout life as hereinabove provided. This  
 22 benefit shall be referred to as the normal form of  
 23 retirement allowance. In lieu of normal form of retirement  
 24 allowance, the member may elect an optional allowance which  
 25 would be the actuarial equivalent at the time of his

1 retirement or disability allowance and would provide an  
 2 allowance payable throughout his lifetime and upon his death  
 3 continue to such person as he shall nominate by written  
 4 designation duly acknowledged and filed with the retirement  
 5 board at the time of his retirement with the provision that:

6 (a) Option A. The optional allowance will continue to  
 7 the member during his lifetime and upon his death, continue  
 8 throughout the lifetime of his designated beneficiary; or

9 (b) Option B. The optional allowance will continue  
 10 throughout his lifetime and upon his death, one-half (1/2)  
 11 of his optional allowance will be continued throughout the  
 12 lifetime of his designated beneficiary; or

13 (c) Option C. The optional benefit will continue  
 14 throughout his lifetime and upon his death, two-thirds (2/3)  
 15 of the optional allowance shall be continued throughout the  
 16 lifetime of his designated beneficiary; or

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

22 (e) Option E. The optional allowance will be payable  
 23 while both the member and his designated beneficiary are  
 24 living and upon the death of either, two-thirds (2/3) of the  
 25 optional allowance shall be continued throughout the

1 lifetime of the survivor; or

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

6 Section 2. Funding for increase in prior retirement  
 7 allowances. The funds to pay for the increases in retirement  
 8 allowances prescribed in 75-6208(2)(c) (ii) shall be  
 9 provided as follows:

10 (1) one-half from an increase, sufficient for the  
 11 purpose, in the payroll deduction provided for in  
 12 75-6207(1)(a); and

13 (2) one-half from an increase, sufficient for the  
 14 purpose, in the employer's contribution provided for in  
 15 75-6207(3)(a).

-End-

HOUSE BILL NO. 565

INTRODUCED BY EUDAILY, HOLMES, FRATES,

LURY, GILLIGAN, MENAHAN, KESSLER, VINCENT, TEAGUE,

HARRINGTON, BENGTSOHN, BARRETT, METCALF, LYNCH, COURTNEY

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR AN INCREASE IN RETIREMENT ALLOWANCES RECEIVED UNDER THE TEACHERS' RETIREMENT SYSTEM BY BENEFICIARIES WHO WERE RECEIVING SUCH ALLOWANCES PRIOR TO JULY 1, 1971; PROVIDING FUNDING FOR THE INCREASE; AMENDING SECTION 75-6207 AND 75-6208, R.C.M. 1947."

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

Section 1. Section 75-6208, R.C.M. 1947, is amended to read as follows:

"75-6208. Benefits. The retirement, disability and other benefits of the retirement system shall be granted on the basis of the following provisions:

(i) Superannuation member retirement:

(a) Any member with five (5) years of creditable service the last five (5) years of which shall have been in this state, and who has attained the age of sixty (60), or who has completed thirty (30) years of creditable service, may retire from service, if he files with the retirement board his written application setting forth the fact of his

retirement.

(b) Any member in service who has attained the age of seventy (70) years during any school year shall be retired on the first day of September following his seventieth birthday, except that this provision shall not apply to teachers in the Montana university system who may be employed beyond the age of seventy (70) upon the recommendation of the president of the employing unit to the board of regents. Members over seventy (70) years of age shall not: (1) be allowed creditable service for services rendered after the end of the school year in which the age of seventy (70) is attained, (2) contribute to the retirement system after the end of such school year, and (3) have the compensation received after the end of such school year used in computing average final salary. Initial employment of teachers in the Montana university system beyond the age of seventy (70) may be made upon the recommendation of the president of the employing unit and the approval of the board of regents but such employees shall be denied membership in the retirement system.

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

(2) Allowance for superannuation retirement. Upon

1 superannuation retirement a member shall receive a  
 2 retirement allowance which shall consist of:

3 (a) A pension which, together with an annuity, shall  
 4 provide a retirement allowance equal to one-half (1/2) of  
 5 his average final compensation provided his creditable  
 6 service is at least thirty (30) years, otherwise a pension  
 7 together with his annuity of one sixtieth (1/60) of his  
 8 average final compensation multiplied by the number of years  
 9 of creditable service.

10 (b) The minimum annual retirement allowance for a  
 11 member who has completed thirty (30) or more years of  
 12 service shall be twenty-four hundred dollars (\$2,400) and  
 13 the minimum retirement allowance for a member whose service  
 14 is less than thirty (30) years shall be based on the  
 15 proportionate amount of twenty-four hundred dollars (\$2,400)  
 16 that his service bears to thirty (30) years of service.

17 (c) (i) On July 1, 1975, and July 1, 1976, every  
 18 beneficiary receiving a retirement allowance shall be  
 19 entitled to an increase in his monthly retirement allowance  
 20 of one-fourth of one percent (.25%) multiplied by the number  
 21 of months he has been retired during the preceding fiscal  
 22 year.

23 (ii) On July 1, 1977, every beneficiary receiving a  
 24 retirement allowance who was receiving such allowance prior  
 25 to July 1, 1971, will be entitled to an increase in his

1 monthly retirement allowance of \$1 per month for each year  
 2 of creditable service plus \$2 per month for each year he was  
 3 retired prior to July 1, 1971. In the case of beneficiaries  
 4 who are receiving an early retirement allowance, the latter  
 5 figure of \$2 per month shall be multiplied by a fraction,  
 6 the numerator of which is the number of years of his  
 7 creditable service and the denominator of which is 30.

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

22 (e) In the event of death of a member after  
 23 retirement, a death benefit of five hundred dollars (\$500)  
 24 will be payable to his designated beneficiary.

25 (f) In the event payments made to an annuitant do not

1 equal the amount of the member's accumulated contributions  
 2 prior to the annuitant's death, the difference between the  
 3 total retirement allowance paid and the amount of the  
 4 accumulated contributions shall be paid to the beneficiary.

5 (3) Disability member retirement:

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

17 (b) Re-examination of beneficiaries retired on account  
 18 of disability. Once each year during the first five (5)  
 19 years following the retirement of a member on disability  
 20 retirement allowance, and once in every three (3) year  
 21 period thereafter the retirement board may, and upon his  
 22 application shall, require a disability beneficiary who has  
 23 not yet attained the age of sixty (60) to undergo a medical  
 24 examination by the medical board or a physician or  
 25 physicians designated by the medical board. The examination

1 shall be made at the place of residence of the beneficiary  
 2 or other place mutually agreed upon. Should any disability  
 3 beneficiary who has not yet attained the age of sixty (60)  
 4 refuse to submit to at least one (1) medical examination in  
 5 any year by the medical board or its representative, his  
 6 allowance may be discontinued until his withdrawal of such  
 7 refusal, and should his refusal continue for one (1) year,  
 8 all his rights in and to his disability pension may be  
 9 revoked by the retirement board.

10 (c) Should the medical board report and certify to the  
 11 retirement board that any disability beneficiary is engaged  
 12 in or is able to engage in a gainful occupation paying more  
 13 than the difference between his retirement allowance and his  
 14 average final compensation and should the retirement board  
 15 concur in such report, then the amount of his pension shall  
 16 be reduced to an amount which, together with his annuity and  
 17 the amount earnable by him, shall equal the amount of his  
 18 average final compensation. Should his earning capacity be  
 19 changed later, the amount of his pension may be further  
 20 modified but the new pension shall not exceed the amount of  
 21 the pension originally granted, nor an amount which when  
 22 added to the amount earnable by the beneficiary, together  
 23 with his annuity, equals the amount of his average final  
 24 compensation. A beneficiary restored to active service at a  
 25 salary less than the average final compensation upon the

1 basis of which he was retired shall not become a member of  
2 the retirement system while receiving a reduced benefit.

3 (d) Should a disability beneficiary under age sixty  
4 (60) be restored to active service at a compensation not  
5 less than his average final compensation, his retirement  
6 allowance shall cease, and he shall again become an active  
7 member of the retirement system. Any prior service  
8 certificate on the basis of which his service was computed  
9 at the time of his disability retirement shall be restored  
10 to full force and effect an addition upon his subsequent  
11 retirement, and he shall be credited with all his subsequent  
12 service as a member. Should he be restored to active  
13 service on or after the attainment of the age of fifty-five  
14 (55) years, his pension upon subsequent retirement shall not  
15 exceed the pension that he would have received had he  
16 remained in service during the period of his previous  
17 retirement nor the sum of the pension which he was receiving  
18 immediately prior to his last restoration to service and the  
19 pension that he would have received on account of his  
20 service since his last restoration had he entered service at  
21 that time as a new member.

22 (4) Allowance for disability retirement. Upon  
23 retirement for disability, a member shall receive a  
24 superannuation allowance prescribed under subsection (2)  
25 above if he is eligible; otherwise he shall receive a

1 disability retirement allowance which shall consist of:

2 (a) An annuity which shall be the actuarial equivalent  
3 of his accumulated contributions at the time of retirement.

4 (b) A pension which together with his annuity, shall  
5 provide a total retirement allowance equal to one sixtieth  
6 (1/60) of his average final compensation multiplied by the  
7 number of years of his creditable service, if such  
8 retirement allowance exceeds one-quarter (1/4) of his  
9 average final compensation; otherwise, a pension which,  
10 together with his annuity, shall provide a total retirement  
11 allowance equal to one-quarter (1/4) of his average final  
12 compensation, provided, however, that no such allowance  
13 shall exceed one sixtieth (1/60) of his average final  
14 compensation multiplied by the number of years which would  
15 be creditable to him were his service to continue until the  
16 attainment of the minimum age for superannuation retirement.

17 (c) In the event payments made to a person retired  
18 because of disability do not equal the amount of his  
19 accumulated contributions prior to his death, the difference  
20 between the total retirement allowance paid and the amount  
21 of the accumulated contributions of the member shall be paid  
22 to the beneficiary.

23 (5) Withdrawal of accumulated contributions. Any  
24 inactive member electing to do so or any person whose  
25 membership terminates may withdraw his accumulated



1 contributions to his annuity account in the retirement  
2 system in accordance with the following provisions:

3 (a) An inactive member under the provisions of  
4 subsections (1) or (3) of section 75-6210 may elect, without  
5 right of revocation to withdraw his accumulated  
6 contributions, and if he does not withdraw his accumulated  
7 contributions he shall thereafter remain an inactive member  
8 of the retirement system with the right to qualify for the  
9 benefits of the retirement system;

10 (b) Upon recovery from a disabling illness or  
11 separation from the armed forces, any person qualifying as  
12 an inactive member under the provisions of subsection (2) of  
13 section 75-6210 may withdraw his accumulated contributions  
14 unless he returns to active membership.

15 (c) Any person whose membership terminates under the  
16 provisions of subsection (4) of section 75-6211 may withdraw  
17 his accumulated contributions.

18 (6) Allowances for death of member.

19 (a) Should a member die before retirement the amount  
20 of the member's accumulated contributions shall be paid to  
21 his estate or such person as he may have designated in the  
22 manner prescribed by the retirement board which shall be  
23 filed with the board prior to the member's death.

24 (b) In lieu of benefits provided in (a) above, if the  
25 deceased member had qualified by reason of service for a

1 retirement benefit, the beneficiary nominated by the  
2 deceased member may elect to receive a monthly life annuity.  
3 The monthly life annuity shall be determined as prescribed  
4 in subsections (2) (a) through (2) (h) assuming the member  
5 had elected option A as prescribed in subsection (7) (a)  
6 below. In addition, if the deceased member had five (5) or  
7 more years of creditable service and was an active member in  
8 the state of Montana within one (1) year prior to his death,  
9 a lump sum death benefit of \$500 will be payable to his  
10 designated beneficiary.

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

17 (7) Optional allowances. With the provision that no  
18 optional selection shall be effective in case a beneficiary  
19 dies within thirty (30) days after retirement, and that such  
20 a beneficiary shall be considered as an active member at the  
21 time of his death; until the first payment on account of any  
22 benefit becomes normally due, any member may elect to  
23 receive his benefit in a retirement or disability allowance  
24 payable throughout life as hereinabove provided. This  
25 benefit shall be referred to as the normal form of

1 retirement allowance. In lieu of normal form of retirement  
 2 allowance, the member may elect an optional allowance which  
 3 would be the actuarial equivalent at the time of his  
 4 retirement or disability allowance and would provide an  
 5 allowance payable throughout his lifetime and upon his death  
 6 continue to such person as he shall nominate by written  
 7 designation duly acknowledged and filed with the retirement  
 8 board at the time of his retirement with the provision that:

9 (a) Option A. The optional allowance will continue to  
 10 the member during his lifetime and upon his death, continue  
 11 throughout the lifetime of his designated beneficiary; or

12 (b) Option B. The optional allowance will continue  
 13 throughout his lifetime and upon his death, one-half (1/2)  
 14 of his optional allowance will be continued throughout the  
 15 lifetime of his designated beneficiary; or

16 (c) Option C. The optional benefit will continue  
 17 throughout his lifetime and upon his death, two-thirds (2/3)  
 18 of the optional allowance shall be continued throughout the  
 19 lifetime of his designated beneficiary; or

20 (d) Option D. The optional allowance shall continue  
 21 while both the member and his designated beneficiary are  
 22 living and upon the death of either, one-half (1/2) of the  
 23 optional allowance shall be continued throughout the  
 24 lifetime of the survivor; or

25 (e) Option E. The optional allowance will be payable

1 while both the member and his designated beneficiary are  
 2 living and upon the death of either, two-thirds (2/3) of the  
 3 optional allowance shall be continued throughout the  
 4 lifetime of the survivor; or

5 (f) Option F. Some other benefit or benefits shall be  
 6 paid either to the member or his surviving designated  
 7 beneficiary. The provisions of this retirement allowance  
 8 shall be approved by the retirement board."

9 Section 2. Funding for increase in prior retirement  
 10 allowances. The funds to pay for the increases in retirement  
 11 allowances prescribed in 75-6208(2)(c) (ii) shall be  
 12 provided as follows:

13 (1) one-half from an increase, sufficient for the  
 14 purpose, in the payroll deduction provided for in  
 15 75-6207(1)(a); and

16 (2) one-half from an increase, sufficient for the  
 17 purpose, in the employer's contribution provided for in  
 18 75-6207(3)(a).

19 SECTION 3. SECTION 75-6207, R.C.M. 1947, IS AMENDED TO  
 20 READ AS FOLLOWS:

21 "75-6207. Method of financing. The retirement board  
 22 shall establish and maintain the following funds in which  
 23 all of the assets of the retirement system shall be credited  
 24 according to the purpose for which the assets are held.

25 (1) Annuity savings fund. The annuity savings fund

1 shall be a fund in which the contributions from the members  
2 to provide for their annuities shall be accumulated in  
3 individual accounts for each member. Contributions to and  
4 payments from the annuity savings fund shall be made in the  
5 following manner.

6 (a) Each employer shall deduct from the compensation  
7 of each active member on each and every payroll of such  
8 member for each and every payroll period subsequent to the  
9 date on which such member became a member an amount equal to  
10 ~~six-and-one-eighth-percent-(6-1/8%)~~ 6.1875 of such member's  
11 earnable compensation, but no employer shall make any  
12 deductions for annuity purposes from the compensation of a  
13 member who has attained the age of sixty (60) and rendered  
14 thirty (30) years of creditable service if such member  
15 elects not to contribute.

16 (b) Such deductions shall be made notwithstanding that  
17 the minimum compensation provided by law for a member may be  
18 reduced thereby. Every member shall be deemed to consent  
19 and agree to the deductions prescribed by this section; and  
20 payment of salary or compensation less the deductions shall  
21 be a full and complete discharge of all claims whatsoever  
22 for the services rendered by such person during the period  
23 covered by such payment except as to the benefits provided  
24 by the retirement system.

25 (c) In addition to the contributions deducted from

1 compensation and subject to the approval of the retirement  
2 board, any member may redeposit in the annuity savings fund  
3 by a single payment or by an increased rate of contribution  
4 an amount equal to the accumulated contributions plus  
5 interest in the amount the contributions would have earned  
6 had the contributions not been withdrawn, or any part  
7 thereof, which he had previously withdrawn. The accumulated  
8 contributions of a member withdrawn by him, or paid to his  
9 estate or to his designated beneficiary in event of his  
10 death shall be paid from the annuity savings fund, and an  
11 amount equivalent to the difference between the accumulated  
12 contributions calculated at regular interest and the amount  
13 paid shall be transferred to the pension accumulation fund.  
14 Upon the retirement of a member his accumulated  
15 contributions shall be transferred from the annuity savings  
16 fund to the annuity reserve fund.

17 (2) Annuity reserve fund. The annuity reserve fund  
18 shall be the fund in which shall be held the reserves on all  
19 annuities in force and from which shall be paid all  
20 annuities and all benefits in lieu of annuities. Should a  
21 beneficiary retired on account of disability be restored to  
22 active service with a compensation not less than his average  
23 final compensation at the time of his last retirement, his  
24 annuity reserve shall be transferred from the annuity  
25 reserve fund to the annuity savings fund and credited to his

1 individual account therein.

2 (3) Pension accumulation fund. The pension  
3 accumulation fund shall be the fund in which shall be  
4 accumulated all reserves for the payment of all pensions and  
5 from which pensions and benefits in lieu thereof shall be  
6 paid to or on account of beneficiaries credited with prior  
7 service. Contributions to and payments from the pension  
8 accumulation fund shall be made as follows:

9 (a) Each employer shall pay into the pension  
10 accumulation fund an amount equal to ~~six-and-one-fourth~~  
11 ~~percent-(6-1/4%)~~ 6.312% of the earnable compensation of each  
12 member employed during the whole or part of the preceding  
13 payroll period.

14 (b) If the employer is a district or community college  
15 district, the trustees shall budget and pay for the  
16 employer's contribution under the provisions of section  
17 75-7204.

18 (c) If the employer is the superintendent of public  
19 instruction, a public institution of the state of Montana, a  
20 unit of the Montana university system or the Montana state  
21 deaf and blind school, the legislative assembly shall  
22 appropriate to each employer an adequate amount to allow the  
23 payment of the employer's contribution.

24 (d) If the employer is a county, the county  
25 commissioners shall budget and pay for the employer's

1 contribution in the manner provided by law for the adoption  
2 of a county budget and for payments under such budget.

3 (e) All interest and other earnings realized on the  
4 moneys of the retirement system shall be credited to the  
5 pension accumulation fund and the amounts required to allow  
6 regular interest on the annuity savings fund, and the  
7 annuity reserve fund shall be transferred to the respective  
8 funds from the pension accumulation fund.

9 (f) All pensions and benefits in lieu thereof,  
10 including pensions payable under section 75-6218, shall be  
11 paid from the pension accumulation fund.

12 (g) The retirement board may in its discretion  
13 transfer to and from the pension accumulation fund the  
14 amount of any surplus or deficit which may develop in the  
15 reserve creditable to the annuity reserve fund, as shown by  
16 actuarial valuation, and also such expenses as hereinafter  
17 provided.

18 (4) Expense fund. The expense fund shall be the fund  
19 to which shall be credited all moneys for the administrative  
20 expenses of the retirement system and from which the  
21 expenses of administration of the retirement system shall be  
22 paid exclusive of amounts payable as retirement allowances  
23 or other benefits. The retirement board shall determine  
24 annually the amount required for the expense fund to defray  
25 the administrative expense in the ensuing fiscal year and

HB 0565/02

1 shall credit such an amount to the expense fund from  
2 interest and other earnings realized on the moneys of the  
3 retirement system."

-End-