

1 *House* BILL NO. *765*
 2 INTRODUCED BY *Dussell* ~~(*[Signature]*)~~
 3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE THE
 5 LAWS RELATING TO THE TEACHERS' RETIREMENT SYSTEM AND TO
 6 ENSURE FAVORABLE ADVANCE DETERMINATION FROM THE UNITED
 7 STATES INTERNAL REVENUE SERVICE WITH RESPECT TO QUALIFIED
 8 TAX STATUS; AMENDING SECTIONS 75-6201, 75-6205, 75-6206,
 9 75-6207, 75-6208, 75-6209, 75-6212, 75-6214, AND 75-6216,
 10 R.C.M. 1947; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

11
 12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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

15 "75-6201. Definitions. As used in this title, unless
 16 the context clearly indicates otherwise, the following
 17 definitions apply:

18 (1) "Retirement system" means the teachers' retirement
 19 system of the state of Montana provided for in section
 20 75-6202.

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

23 (3) "Employer" means the state of Montana, trustees of
 24 any district, or other agency or subdivision of the state
 25 which employs a person who is designated a member of the

1 retirement system.

2 (4) "Member" means any person who has an individual
 3 account in the annuity savings fund; an active member is any
 4 person included under the provisions of section 75-6209; an
 5 inactive member is any person included under the provisions
 6 of section 75-6210.

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

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

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

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

19 (9) "Regular interest" means interest at four per cent
 20 (4%) per annum compounded annually, or at such other rate as
 21 may be set by the retirement board in accordance with
 22 subsection (2) of section 75-6206.

23 (10) "Accumulated contributions" means the sum of all
 24 the amounts deducted from the compensation of a member or
 25 paid by a member and credited to his individual account in

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1 the annuity savings fund, together with interest. Regular
2 interest shall be computed and allowed to provide a benefit
3 at the time of retirement.

4 (11) ~~"Earnable~~ "Earned compensation" means the full rate
5 ~~of the compensation, pay, or salary that would be payable to~~
6 ~~a member if he worked the full normal working time in~~
7 ~~cases where compensation includes maintenance; the~~
8 ~~retirement board shall fix the value of that part of the~~
9 ~~compensation not paid in money actually paid to a member and~~
10 ~~reported to the retirement system, including irregular forms~~
11 ~~of remuneration, such as amounts paid for special duty or~~
12 ~~under a salary reduction agreement, and amounts paid in~~
13 ~~kind, such as maintenance. The employer shall fix the value~~
14 ~~of any compensation paid in kind. The earned compensation of~~
15 ~~a member who had less than 3 consecutive years of full-time~~
16 ~~service during the 5 years preceding his retirement is the~~
17 ~~compensation, pay, or salary which he would have earned had~~
18 ~~his part-time service been full-time service. The earned~~
19 ~~compensation of a member who is awarded a disability~~
20 ~~retirement allowance prior to the completion of a full year~~
21 ~~is the compensation, pay, or salary which he would have~~
22 ~~received had he completed the full year.~~

23 (12) "Average final compensation" means the average of
24 the ~~earnable~~ earned compensation of any ~~three~~ (3)
25 consecutive ~~years~~ on which contributions have been made by

1 ~~the member a member during the 3 consecutive years of~~
2 ~~full-time service which yield the highest average and on~~
3 ~~which contributions have been made as required by~~
4 ~~75-6207(1)(a).~~

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

12 (14) "Pension" means the payments made to a beneficiary
13 for life which are paid into the pension fund derived from
14 money accumulated by employers. All pensions shall be paid
15 in equal monthly installments.

16 (15) "Retirement allowance" means the annuity plus the
17 pension.

18 (16) "Annuity reserve" means the present value of all
19 payments to be made on account of a member's annuity and
20 computed upon the basis of such mortality tables as shall be
21 adopted by the retirement board with regular interest.

22 (17) "Pension reserve" means the present value of all
23 payments to be made on account of a pension and computed on
24 the basis of such mortality tables as shall be adopted by
25 the retirement board with regular interest.

1 (18) "Actuarial equivalent" means a benefit of equal
2 value when computed upon the basis of such mortality tables
3 as shall be adopted by the retirement board with regular
4 interest.

5 (19) "Former retirement system" means the retirement
6 system established under sections 1113 to 1132 inclusive, of
7 the Revised Codes of Montana, 1935.

8 ~~(20) "Full-time service" means service which is
9 full-time and which extends over a normal academic year of
10 at least 9 months. With respect to those members employed by
11 the office of the superintendent of public instruction, any
12 other state agency or institution, or the office of a county
13 superintendent, "full-time service" means service which is
14 full-time and which totals at least 9 months in any one
15 year.~~

16 ~~(21) "Part-time service" means service which is less
17 than full-time or which totals less than 9 months in any one
18 year. Part-time service shall be credited in the proportion
19 that the actual time worked bears to full-time service."~~

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

22 "75-6205. Powers and duties. The retirement board
23 shall have the power and it shall be its duty to administer
24 and operate the retirement system within the limitations
25 prescribed by this Title. To this end, it shall be the duty

1 of the retirement board to:

2 (1) establish rules and regulations necessary for the
3 proper administration and operation of the retirement
4 system;

5 (2) elect a chairman from its membership;

6 (3) appoint a secretary who may be one (1) of its
7 members;

8 (4) employ technical or administrative employees who
9 are necessary for the transaction of the business of the
10 retirement system;

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

13 (6) keep a record of all its proceedings which shall
14 be open to public inspection;

15 (7) publish a biennial report by the first day of
16 January of each year the legislative assembly meets that
17 shall report in detail the fiscal transactions for the two

18 (2) fiscal years immediately preceding the report due date,
19 the amount of the accumulated cash and securities of the
20 retirement system and the last fiscal year balance sheet
21 showing the assets and liabilities of the retirement system,
22 and submit such biennial report to the governor and furnish

23 copies to the legislative assembly;

24 (8) when the retirement board deems it necessary,
25 designate a medical board to be composed of three

1 physicians, who are not eligible to participate in the
2 retirement system to investigate and report to the
3 retirement board on all medical matters related to the
4 administration of the retirement system;

5 (9) keep in convenient form that data which is
6 necessary for actuarial valuation of the various funds of
7 the retirement system and for checking the experience of the
8 retirement system;

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

16 (11) prepare an annual valuation of the assets and
17 liabilities of the retirement system;

18 (12) determine the eligibility of a person to become a
19 member of the retirement system in accordance with the
20 provisions of section 75-6209;

21 (13) prescribe a form for membership application which
22 will provide adequate and necessary information for the
23 proper operation of the retirement system;

24 (14) adopt policies for the determination of
25 creditable service in the retirement system implementing the

1 following guidelines:

2 (a) One (1) year's creditable service shall be awarded
3 for each year of full-time service, outside of vacation
4 periods, but no more than one (1) year's creditable service
5 shall be awarded for service during the same school fiscal
6 year.

7 ~~(b) A proportion of a year's creditable service shall~~
8 ~~be allowed for part-time service. An equitable proration of~~
9 ~~a year's creditable service shall be awarded for part-time~~
10 ~~service.~~

11 ~~(c)(1)~~ Not more than one (1) month's creditable
12 service shall be awarded for one (1) or more continuous
13 months of absence without pay.

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

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

18 (17) establish and maintain the funds of the
19 retirement system in accordance with the provisions of
20 section 75-6207; and

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

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

1 "75-6206. Financial administration of moneys. The
2 retirement board shall be the trustees of all moneys
3 collected for the retirement system and as such trustees
4 they shall provide for the financial administration of the
5 moneys in the following manner:

6 (1) The moneys shall be invested and re-invested by
7 the state board of of investments.

8 (2) The retirement board annually shall establish the
9 rate of regular interest.

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

21 (4) The state treasurer is the custodian of the
22 collected retirement system moneys and of the securities in
23 which said moneys are invested. All expenditures from such
24 moneys shall be made only upon claims signed by two (2)
25 persons designated by the retirement board. A properly

1 attested copy of a resolution of the retirement board
2 designating such persons and bearing on its face specimen
3 signatures of each person shall be filed with the department
4 of administration as his authority for approving such
5 claims.

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

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

25 (7) All the funds established by section 75-6207,

1 except the expense fund, shall be accounts in the agency
2 fund of the treasury fund structure of the state. The
3 expense fund shall be an account in the earmarked revenue
4 fund of the same treasury fund structure.

5 ~~(8) The assets of the retirement system may not be~~
6 ~~used for or diverted to any purpose other than for the~~
7 ~~exclusive benefit of the members and their beneficiaries and~~
8 ~~for paying the reasonable expenses of administering the~~
9 ~~retirement system.~~

10 ~~(9) Upon termination of the retirement system,~~
11 ~~termination of employment of a substantial number of members~~
12 ~~which would constitute a partial termination of the~~
13 ~~retirement system, or complete discontinuance of~~
14 ~~contributions to the retirement system, the retirement~~
15 ~~allowance accrued to each member directly affected by such~~
16 ~~occurrence becomes fully vested and nonforfeitable to the~~
17 ~~extent funded."~~

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

20 "75-6207. Method of financing. The retirement board
21 shall establish and maintain the following funds in which
22 all of the assets of the retirement system shall be credited
23 according to the purpose for which the assets are held.

24 (1) Annuity savings fund. The annuity savings fund
25 shall be a fund in which the contributions from the members

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

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

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

24 (c) In addition to the contributions deducted from
25 compensation and subject to the approval of the retirement

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

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

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

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

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

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

23 (d) If the employer is a county, the county
 24 commissioners shall budget and pay for the employer's
 25 contribution in the manner provided by law for the adoption

1 of a county budget and for payments under such budget.

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

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

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

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

1 pension accumulation fund from interest and other earnings
2 realized on the moneys of the retirement system."

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

5 "75-6208. Benefits. The retirement, disability and
6 other benefits of the retirement system shall be granted on
7 the basis of the following provisions:

8 (1) Superannuation member retirement:

9 (a) Any A member with ~~five~~ who has at least (5) full
10 years of creditable service, the whose last five (5) years
11 of which shall have been creditable service were in this
12 state, and who has attained the age of ~~sixty (60)~~ or who
13 has ~~completed thirty~~ been credited with full-time or
14 part-time service totaling at least (30) years of creditable
15 service, may retire from service, if he files with the
16 retirement board his written application setting forth the
17 fact of his retirement.

18 (b) Any member in service who has attained the age of
19 seventy (70) years during any school year shall be retired
20 on the first day of September following his seventieth
21 birthday, except that this provision shall not apply to
22 teachers in the Montana university system who may be
23 employed beyond the age of seventy (70) upon the
24 recommendation of the president of the employing unit to the
25 board of regents. Members over seventy (70) years of age

1 shall not: (1) be allowed creditable service for services
 2 rendered after the end of the school year in which the age
 3 of seventy (70) is attained, (2) contribute to the
 4 retirement system after the end of such school year, and (3)
 5 have the compensation received after the end of such school
 6 year used in computing average final salary. Initial
 7 employment of teachers in the Montana university system
 8 beyond the age of seventy (70) may be made upon the
 9 recommendation of the president of the employing unit and
 10 the approval of the board of regents but such employees
 11 shall be denied membership in the retirement system.

12 (c) Any retired member may be employed as a part-time
 13 or substitute teacher in Montana and may earn without loss
 14 of retirement benefits, the greater of an amount not to
 15 exceed one-fourth (1/4) of his average final compensation
 16 without loss of retirement benefits and one-fourth of the
 17 median of the average final compensation for members retired
 18 during the preceding fiscal year as determined by the
 19 retirement board.

20 (2) Allowance for superannuation retirement. Upon
 21 superannuation retirement a member shall receive a
 22 retirement allowance ~~which shall consist~~ consisting of:

23 (a) A pension which, together with an annuity, shall
 24 provide provides a retirement allowance equal to one-half
 25 ~~(1/2) of his average final compensation provided his~~

1 ~~creditable service is at least thirty (30) years, otherwise~~
 2 ~~a pension together with his annuity of one-sixtieth (1/60)~~
 3 ~~one-sixtieth~~ of his average final compensation multiplied by
 4 the number of years of creditable service.

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

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

19 ~~(d)(c)~~ Any member who has completed five (5) years of
 20 creditable service, the last five years of which shall have
 21 been in this state, and who has attained the age of
 22 fifty-five (55) may retire from service and be eligible to
 23 an early retirement allowance if he files with the
 24 retirement board his written application setting forth the
 25 fact of his retirement. The early retirement allowance

1 shall be determined as prescribed in subsections (a) through
 2 (f) above, with the further provision that such allowance
 3 will be reduced by one half of one percent (.5%) multiplied
 4 by the number of months which the retirement date precedes
 5 the date on which he would have retired had he attained
 6 sixty (60) years of age or had he completed thirty (30)
 7 years of creditable service.

8 ~~(e)(d)~~ In the event of death of a member after
 9 retirement, a death benefit of five hundred dollars (\$500)
 10 will be payable to his designated beneficiary.

11 ~~(f)(g)~~ In the event payments made to an annuitant do
 12 not equal the amount of the member's accumulated
 13 contributions prior to the annuitant's death, the difference
 14 between the total retirement allowance paid and the amount
 15 of the accumulated contributions shall be paid to the
 16 beneficiary.

17 (3) Disability member retirement:

18 (a) Upon the application of an active member or of his
 19 employer, any active member who has five (5) or more years
 20 of creditable service may be retired by the retirement board
 21 the month immediately following the month in which his
 22 disability caused his retirement upon filing an application
 23 for a disability retirement allowance. Before any member
 24 shall be eligible for a disability retirement, the board of
 25 the retirement system shall certify that he is mentally or

1 physically incapacitated for the further performance of his
 2 duties, that such incapacity is likely to be permanent and
 3 that he should be retired.

4 (b) Re-examination of beneficiaries retired on account
 5 of disability. Once each year during the first five (5)
 6 years following the retirement of a member on disability
 7 retirement allowance, and once in every three (3) year
 8 period thereafter the retirement board may, and upon his
 9 application shall, require a disability beneficiary who has
 10 not yet attained the age of sixty (60) to undergo a medical
 11 examination by the medical board or a physician or
 12 physicians designated by the medical board. The examination
 13 shall be made at the place of residence of the beneficiary
 14 or other place mutually agreed upon. Should any disability
 15 beneficiary who has not yet attained the age of sixty (60)
 16 refuse to submit to at least one (1) medical examination in
 17 any year by the medical board or its representative, his
 18 allowance may be discontinued until his withdrawal of such
 19 refusal, and should his refusal continue for one (1) year,
 20 all his rights in and to his disability pension may be
 21 revoked by the retirement board.

22 (c) Should the medical board report and certify to the
 23 retirement board that any disability beneficiary is engaged
 24 in or is able to engage in a gainful occupation paying more
 25 than the difference between his retirement allowance and his

1 average final compensation and should the retirement board
 2 concur in such report, then the amount of his pension shall
 3 be reduced to an amount which, together with his annuity and
 4 the amount earnable by him, shall equal the amount of his
 5 average final compensation. Should his earning capacity be
 6 changed later, the amount of his pension may be further
 7 modified but the new pension shall not exceed the amount of
 8 the pension originally granted, nor an amount which when
 9 added to the amount earnable by the beneficiary, together
 10 with his annuity, equals the amount of his average final
 11 compensation. A beneficiary restored to active service at a
 12 salary less than the average final compensation upon the
 13 basis of which he was retired shall not become a member of
 14 the retirement system while receiving a reduced benefit.

15 (d) Should a disability beneficiary under age sixty
 16 (60) be restored to active service at a compensation not
 17 less than his average final compensation, his retirement
 18 allowance shall cease, and he shall again become an active
 19 member of the retirement system. Any prior service
 20 certificate on the basis of which his service was computed
 21 at the time of his disability retirement shall be restored
 22 to full force and effect an addition upon his subsequent
 23 retirement, and he shall be credited with all his subsequent
 24 service as a member. Should he be restored to active
 25 service on or after the attainment of the age of fifty-five

1 (55) years, his pension upon subsequent retirement shall not
 2 exceed the pension that he would have received had he
 3 remained in service during the period of his previous
 4 retirement nor the sum of the pension which he was receiving
 5 immediately prior to his last restoration to service and the
 6 pension that he would have received on account of his
 7 service since his last restoration had he entered service at
 8 that time as a new member.

9 (4) Allowance for disability retirement. Upon
 10 retirement for disability, a member shall receive a
 11 superannuation allowance prescribed under subsection (2)
 12 above if he is eligible; otherwise he shall receive a
 13 disability retirement allowance which shall consist of:

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

16 (b) A pension which together with his annuity, shall
 17 provide a total retirement allowance equal to one sixtieth
 18 (1/60) of his average final compensation multiplied by the
 19 number of years of his creditable service, if such
 20 retirement allowance exceeds one-quarter (1/4) of his
 21 average final compensation; otherwise, a pension which,
 22 together with his annuity, shall provide a total retirement
 23 allowance equal to one-quarter (1/4) of his average final
 24 compensation, provided, however, that no such allowance
 25 shall exceed one sixtieth (1/60) of his average final

1 compensation multiplied by the number of years which would
2 be creditable to him were his service to continue until the
3 attainment of the minimum age for superannuation retirement.

4 (c) In the event payments made to a person retired
5 because of disability do not equal the amount of his
6 accumulated contributions prior to his death, the difference
7 between the total retirement allowance paid and the amount
8 of the accumulated contributions of the member shall be paid
9 to the beneficiary.

10 (5) Withdrawal of accumulated contributions. Any
11 inactive member electing to do so or any person whose
12 membership terminates may withdraw his accumulated
13 contributions to his annuity account in the retirement
14 system in accordance with the following provisions:

15 (a) An inactive member under the provisions of
16 subsections (1) or (3) of section 75-6210 may elect, without
17 right of revocation to withdraw his accumulated
18 contributions, and if he does not withdraw his accumulated
19 contributions he shall thereafter remain an inactive member
20 of the retirement system with the right to qualify for the
21 benefits of the retirement system;

22 (b) Upon recovery from a disabling illness or
23 separation from the armed forces, any person qualifying as
24 an inactive member under the provisions of subsection (2) of
25 section 75-6210 may withdraw his accumulated contributions

1 unless he returns to active membership.

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

5 (6) Allowances for death of member.

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

11 (b) In lieu of benefits provided in (a) above, if the
12 deceased member had qualified by reason of service for a
13 retirement benefit, the beneficiary nominated by the
14 deceased member may elect to receive a monthly life annuity.
15 The monthly life annuity shall be determined as prescribed
16 in subsections (2) (a) through (2) (h) assuming the member
17 had elected option A as prescribed in subsection (7) (a)
18 below. In addition, if the deceased member had five (5) or
19 more years of creditable service and was an active member in
20 the state of Montana within one (1) year prior to his death,
21 a lump sum death benefit of \$500 will be payable to his
22 designated beneficiary.

23 (c) If the a deceased member had five (5) or more
24 years of creditable service and was an active member in the
25 state of Montana within one (1) year prior to his death or

1 ~~was retired at the time of his death~~, the sum of one hundred
2 dollars (\$100) per month shall be paid to each minor child
3 of the deceased member until such child reaches his
4 eighteenth (18th) birthday.

5 (7) Optional allowances. With the provision that no
6 optional selection shall be effective in case a beneficiary
7 dies within thirty (30) days after retirement, and that such
8 a beneficiary shall be considered as an active member at the
9 time of his death; until the first payment on account of any
10 benefit becomes normally due, any member may elect to
11 receive his benefit in a retirement or disability allowance
12 payable throughout life as hereinabove provided. This
13 benefit shall be referred to as the normal form of
14 retirement allowance. In lieu of normal form of retirement
15 allowance, the member may elect an optional allowance which
16 would be the actuarial equivalent at the time of his
17 retirement or disability allowance and would provide an
18 allowance payable throughout his lifetime and upon his death
19 continue to such person as he shall nominate by written
20 designation duly acknowledged and filed with the retirement
21 board at the time of his retirement with the provision that:

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

25 (b) Option B. The optional allowance will continue

1 throughout his lifetime and upon his death, one-half (1/2)
2 of his optional allowance will be continued throughout the
3 lifetime of his designated beneficiary; or

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

8 (d) Option D. The optional allowance shall continue
9 while both the member and his designated beneficiary are
10 living and upon the death of either, one-half (1/2) of the
11 optional allowance shall be continued throughout the
12 lifetime of the survivor; or

13 (e) Option E. The optional allowance will be payable
14 while both the member and his designated beneficiary are
15 living and upon the death of either, two-thirds (2/3) of the
16 optional allowance shall be continued throughout the
17 lifetime of the survivor; or

18 (f) Option F. Some other benefit or benefits shall be
19 paid either to the member or his surviving designated
20 beneficiary. The provisions of this retirement allowance
21 shall be approved by the retirement board.

22 ~~(8) There may not be any duplication of benefits to a~~
23 ~~member or beneficiary due to there being more than one~~
24 ~~period of service of the member."~~

25 Section 6. Section 75-6209, R.C.M. 1947, is amended to

1 read as follows:

2 "75-6209. Active membership. Any of the following
3 persons shall be active members of the retirement system
4 unless otherwise provided by this Title, except for those
5 persons who became eligible for membership on the first day
6 of September, nineteen hundred and thirty-seven (1937) or on
7 the first day of September, nineteen hundred and thirty-nine
8 (1939) and who elected not to be a member under the
9 provisions of the law at that time:

10 (1) Any person who is a teacher, principal or district
11 superintendent as defined under the provisions of section
12 75-6101.

13 (2) Any person who is an administrative officer or a
14 member of the instructional or scientific staff of a unit of
15 the Montana university system.

16 (3) Any person employed in an instructional services
17 capacity by the office of the superintendent of public
18 instruction, the office of a county superintendent, a public
19 institution of the state of Montana, the Montana state deaf
20 and blind school, or a district.

21 (4) Any person who shall have elected not to become a
22 member of the retirement system and is re-entering service
23 in a capacity prescribed by subsections (1), (2) and (3)
24 above.

25 (5) Any person who shall have elected not to become a

1 member of the retirement system, who has been continuously
2 employed in a capacity prescribed by subsection (1), (2) or
3 (3) above since the time of such election and who may
4 thereafter elect to become a member of the retirement
5 system.

6 Any person who is designated a member by this section
7 shall be employed ~~full-time, outside-of-vacation-periods,~~ in
8 the capacity prescribed for his eligibility, ~~except that~~
9 ~~when a person is employed less than full-time, the~~
10 ~~retirement board may allow such person to become a member of~~
11 ~~the retirement system for at least 30 days in any fiscal~~
12 ~~year.~~ The compensation for the creditable service of any
13 person who is designated a member by this section shall be
14 totally paid by an employer as defined herein, ~~except that~~
15 ~~when this requirement is not satisfied, the retirement board~~
16 ~~may allow such a person to become a member of the retirement~~
17 ~~system.~~ At any time a person's eligibility to become a
18 member of the retirement system is in doubt, the retirement
19 board shall determine his eligibility for membership. All
20 persons in similar circumstances shall be treated alike.

21 Section 7. Section 75-6212, R.C.M. 1947, is amended to
22 read as follows:

23 "75-6212. Membership application and creditable
24 service. Whenever a person becomes eligible ~~for membership~~
25 in a member of the retirement system as required by 75-6209,

1 he shall ~~apply for such membership on the~~ complete an
 2 application form prescribed by the retirement board. The
 3 creditable service of a member ~~shall begin~~ begins on the
 4 ~~receipt of the membership application by the retirement~~
 5 ~~board~~ date of his employment in a capacity prescribed for
 6 his eligibility in 75-6209 and ~~shall accumulate~~ accumulates
 7 to the member's credit on the basis of the retirement
 8 board's policy governing creditable service.

9 The creditable service of any member shall include the
 10 following:

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

18 (2) any out-of-state employment service awarded by the
 19 retirement board under the provisions of section 75-6213;
 20 plus

21 (3) any service awarded by a prior service certificate
 22 issued under the provisions of chapter 87, Laws of 1937,
 23 chapter 215, Laws of 1939 and their subsequent amendments,
 24 or under the provisions of section 75-6213; plus

25 (4) the creditable service established by the

1 retirement board under the provisions of this section shall
 2 be final and conclusive for the purposes of the retirement
 3 system unless, at any time, the retirement board discovers
 4 an error or fraud in the establishment of the creditable
 5 service, in which case the retirement board shall
 6 re-establish the creditable service; plus

7 (5) any service awarded for employment while on leave
 8 under section 75-6213."

9 Section 8. Section 75-6214, R.C.M. 1947, is amended to
 10 read as follows:

11 "75-6214. Duties of employer. It shall be the duty of
 12 each employer to:

13 (1) deduct the contribution of each member employed by
 14 him at the rate prescribed by subsection (1) of section
 15 75-6207 from each salary payment for each payroll period,
 16 and transmit the contribution each month to the secretary of
 17 the retirement board;

18 (2) pay to the secretary of the retirement board the
 19 employer's contribution prescribed by subsection (3) of
 20 section 75-6207 at the time that the employee contributions
 21 are transmitted to the secretary of the retirement board;

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

25 (4) upon the employment of any person who is required

1 to become a member of the retirement system, inform him of
2 his rights and obligations related to the retirement system.
3 Each person accepting such employment shall be deemed to
4 consent to membership and to the withholding of the
5 contributions from his compensation;

6 (5) at the request of the retirement board, certify
7 the names of all persons who are eligible for membership or
8 are members of the retirement board system; and

9 (6) notify the retirement board of the employment of a
10 person eligible for membership and forward his membership
11 application to the retirement board."

12 Section 9. Section 75-6216, R.C.M. 1947, is amended to
13 read as follows:

14 "75-6216. Guarantee by state. Regular interest charges
15 payable, the creation and maintenance of reserves in the
16 pension accumulation fund and the maintenance of annuity
17 reserves in the annuity reserve fund ~~and-of-pension-reserves~~
18 ~~in-the-pension-reserve-fund~~ as provided for in this Title
19 and the payment of all annuities, pensions, refunds, and
20 other benefits granted under the retirement system are
21 hereby made obligations of the state of Montana."

22 Section 10. Effective date. This act is effective on
23 its passage and approval.

-End-

STATE OF MONTANA

REQUEST NO. 607-77

FISCAL NOTE

Form BD-15

In compliance with a written request received March 4, 19 77, there is hereby submitted a Fiscal Note or House Bill 765 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:

An act to generally revise the laws relating to the Teachers' Retirement System and to ensure favorable advance determination from the United States Internal Revenue Service with respect to qualified tax status.

FISCAL IMPACT:

The actuarial consultant for the Teachers' Retirement System states that one aspect of the bill will affect the payout of the System. This is the additional cost to the System of \$100 per month child benefit allowed upon the death of a retired or disabled member. It is further stated that this cost will be minor and that the increase can be absorbed within the current funding level.

Richard L. Drang
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 3-15-77

Approved by Committee
on State Administration

HOUSE BILL NO. 765

INTRODUCED BY DRISCOLL

A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE THE LAWS RELATING TO THE TEACHERS' RETIREMENT SYSTEM AND TO ENSURE FAVORABLE ADVANCE DETERMINATION FROM THE UNITED STATES INTERNAL REVENUE SERVICE WITH RESPECT TO QUALIFIED TAX STATUS; AMENDING SECTIONS 75-6201, 75-6205, 75-6206, 75-6207, 75-6208, 75-6209, 75-6212, 75-6214, AND 75-6216, R.C.M. 1947; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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 82A-212.

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

The changes in HB 765 are on P. 16.

Please refer to white copy for complete text.

SECOND READING

retirement system.

(4) "Member" means any person who has an individual account in the annuity savings fund; an active member is any person included under the provisions of section 75-6209; an inactive member is any person included under the provisions of section 75-6210.

(5) "Beneficiary" means any 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.

(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

1 pension accumulation fund from interest and other earnings
 2 realized on the moneys of the retirement system."

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

5 "75-6208. Benefits. The retirement, disability and
 6 other benefits of the retirement system shall be granted on
 7 the basis of the following provisions:

8 (1) Superannuation member retirement:

9 (a) ~~Any A member with five who has at least (5) full~~
 10 ~~years of creditable service, the whose last five-(5) years~~
 11 ~~of which shall have been creditable service were~~ in this
 12 state, and who has attained the age of ~~sixty-(50)~~ or who
 13 has completed ~~thirty been credited with full-time or~~
 14 ~~part-time service totaling at least IN (30) OR MORE~~ years of
 15 ~~creditable--service,~~ may retire from service, if he files
 16 with the retirement board his written application setting
 17 forth the fact of his retirement.

18 (b) Any member in service who has attained the age of
 19 seventy (70) years during any school year shall be retired
 20 on the first day of September following his seventieth
 21 birthday, except that this provision shall not apply to
 22 teachers in the Montana university system who may be
 23 employed beyond the age of seventy (70) upon the
 24 recommendation of the president of the employing unit to the
 25 board of regents. Members over seventy (70) years of age

1 shall not: (1) be allowed creditable service for services
 2 rendered after the end of the school year in which the age
 3 of seventy (70) is attained, (2) contribute to the
 4 retirement system after the end of such school year, and (3)
 5 have the compensation received after the end of such school
 6 year used in computing average final salary. Initial
 7 employment of teachers in the Montana university system
 8 beyond the age of seventy (70) may be made upon the
 9 recommendation of the president of the employing unit and
 10 the approval of the board of regents but such employees
 11 shall be denied membership in the retirement system.

12 (c) Any retired member may be employed as a part-time
 13 or substitute teacher in Montana and may earn, without loss
 14 of retirement benefits, the greater of an amount not to
 15 exceed one-fourth ~~(1/4)~~ of his average final compensation
 16 ~~without--loss--of--retirement-benefits and one-fourth of the~~
 17 median of the average final compensation for members retired
 18 during the preceding fiscal year as determined by the
 19 retirement board.

20 (2) Allowance for superannuation retirement. Upon
 21 superannuation retirement a member shall receive a
 22 retirement allowance ~~which shall consist~~ consisting of:

23 (a) A pension which, together with an annuity, ~~shall~~
 24 provide provides a retirement allowance equal to ~~one-half~~
 25 ~~(1/2)---of---his---average---final---compensation---provided---his~~

1 HOUSE BILL NO. 765
 2 INTRODUCED BY DRISCOLL
 3
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 8 TAX STATUS; AMENDING SECTIONS 75-6201, 75-6205, 75-6206,
 9 75-6207, 75-6208, 75-6209, 75-6212, 75-6214, AND 75-6216,
 10 R.C.M. 1947; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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 12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 13 Section 1. Section 75-6201, R.C.M. 1947, is amended to
 14 read as follows:

15 "75-6201. Definitions. As used in this title, unless
 16 the context clearly indicates otherwise, the following
 17 definitions apply:

18 (1) "Retirement system" means the teachers' retirement
 19 system of the state of Montana provided for in section
 20 75-6202.

21 (2) "Retirement board" means the retirement system's
 22 governing board provided by section B2A-212.

23 (3) "Employer" means the state of Montana, trustees of
 24 any district, or other agency or subdivision of the state
 25 which employs a person who is designated a member of the

1 retirement system.

2 (4) "Member" means any person who has an individual
 3 account in the annuity savings fund; an active member is any
 4 person included under the provisions of section 75-6209; an
 5 inactive member is any person included under the provisions
 6 of section 75-6210.

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

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

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

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

19 (9) "Regular interest" means interest at four per cent
 20 (4%) per annum compounded annually, or at such other rate as
 21 may be set by the retirement board in accordance with
 22 subsection (2) of section 75-6206.

23 (10) "Accumulated contributions" means the sum of all
 24 the amounts deducted from the compensation of a member or
 25 paid by a member and credited to his individual account in

There are no changes in HB 765, and due to length will not
 be rerun. Please refer to yellow copy for complete text.

1 the annuity savings fund, together with interest. Regular
 2 interest shall be computed and allowed to provide a benefit
 3 at the time of retirement.

4 (11) ~~"Earnable~~ Earned compensation" means the full rate
 5 ~~of the compensation, pay, or salary that would be payable to~~
 6 ~~a member if he worked the full normal working times in~~
 7 ~~cases where compensation includes maintenance; the~~
 8 ~~retirement board shall fix the value of that part of the~~
 9 ~~compensation not paid in money actually paid to a member and~~
 10 reported to the retirement system, including irregular forms
 11 of remuneration, such as amounts paid for special duty or
 12 under a salary reduction agreement, and amounts paid in
 13 kind, such as maintenance. The employer shall fix the value
 14 of any compensation paid in kind. The earned compensation of
 15 a member who had less than 3 consecutive years of full-time
 16 service during the 5 years preceding his retirement is the
 17 compensation, pay, or salary which he would have earned had
 18 his part-time service been full-time service. The earned
 19 compensation of a member who is awarded a disability
 20 retirement allowance prior to the completion of a full year
 21 is the compensation, pay, or salary which he would have
 22 received had he completed the full year.

23 (12) "Average final compensation" means the average of
 24 the ~~earnable~~ earned compensation of ~~any three~~ (3)
 25 ~~consecutive years on which contributions have been made by~~

1 ~~the member a member during the 3 consecutive years of~~
 2 ~~full-time service which yield the highest average and on~~
 3 ~~which contributions have been made as required by~~
 4 ~~75-6207(11)(a).~~

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

12 (14) "Pension" means the payments made to a beneficiary
 13 for life which are paid into the pension fund derived from
 14 money accumulated by employers. All pensions shall be paid
 15 in equal monthly installments.

16 (15) "Retirement allowance" means the annuity plus the
 17 pension.

18 (16) "Annuity reserve" means the present value of all
 19 payments to be made on account of a member's annuity and
 20 computed upon the basis of such mortality tables as shall be
 21 adopted by the retirement board with regular interest.

22 (17) "Pension reserve" means the present value of all
 23 payments to be made on account of a pension and computed on
 24 the basis of such mortality tables as shall be adopted by
 25 the retirement board with regular interest.

1 HOUSE BILL NO. 765

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19 system of the state of Montana provided for in section
20 75-6202.

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

23 (3) "Employer" means the state of Montana, trustees of
24 any district, or other agency or subdivision of the state
25 which employs a person who is designated a member of the

1 retirement system.

2 (4) "Member" means any person who has an individual
3 account in the annuity savings fund; an active member is any
4 person included under the provisions of section 75-6209; an
5 inactive member is any person included under the provisions
6 of section 75-6210.

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

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

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

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

19 (9) "Regular interest" means interest at four per cent
20 (4%) per annum compounded annually, or at such other rate as
21 may be set by the retirement board in accordance with
22 subsection (2) of section 75-6206.

23 (10) "Accumulated contributions" means the sum of all
24 the amounts deducted from the compensation of a member or
25 paid by a member and credited to his individual account in

REFERENCE BILL

1 the annuity savings fund, together with interest. Regular
2 interest shall be computed and allowed to provide a benefit
3 at the time of retirement.

4 (11) "~~Earnable~~ Earned compensation" means the full rate
5 of the compensation, pay, or salary that would be payable to
6 a member if he worked the full normal working time in
7 cases where compensation includes maintenance, the
8 retirement board shall fix the value of that part of the
9 compensation not paid in money actually paid to a member and
10 reported to the retirement system, including irregular forms
11 of remuneration, such as amounts paid for special duty or
12 under a salary reduction agreement, and amounts paid in
13 kind, such as maintenance. The employer shall fix the value
14 of any compensation paid in kind. The earned compensation of
15 a member who had less than 3 consecutive years of full-time
16 service during the 5 years preceding his retirement is the
17 compensation, pay, or salary which he would have earned had
18 his part-time service been full-time service. The earned
19 compensation of a member who is awarded a disability
20 retirement allowance prior to the completion of a full year
21 is the compensation, pay, or salary which he would have
22 received had he completed the full year.

23 (12) "Average final compensation" means the average of
24 the ~~earnable~~ earned compensation of any three (3)
25 consecutive years on which contributions have been made by

1 the member a member during the 3 consecutive years of
2 full-time service which yield the highest average and on
3 which contributions have been made as required by
4 75-6.07(1)(a).

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

12 (14) "Pension" means the payments made to a beneficiary
13 for life which are paid into the pension fund derived from
14 money accumulated by employers. All pensions shall be paid
15 in equal monthly installments.

16 (15) "Retirement allowance" means the annuity plus the
17 pension.

18 (16) "Annuity reserve" means the present value of all
19 payments to be made on account of a member's annuity and
20 computed upon the basis of such mortality tables as shall be
21 adopted by the retirement board with regular interest.

22 (17) "Pension reserve" means the present value of all
23 payments to be made on account of a pension and computed on
24 the basis of such mortality tables as shall be adopted by
25 the retirement board with regular interest.

1 (18) "Actuarial equivalent" means a benefit of equal
2 value when computed upon the basis of such mortality tables
3 as shall be adopted by the retirement board with regular
4 interest.

5 (19) "Former retirement system" means the retirement
6 system established under sections 1113 to 1132 inclusive, of
7 the Revised Codes of Montana, 1935.

8 ~~(20) "Full-time service" means service which is~~
9 ~~full-time and which extends over a normal academic year of~~
10 ~~at least 9 months. With respect to those members employed by~~
11 ~~the office of the superintendent of public instruction, any~~
12 ~~other state agency or institution, or the office of a county~~
13 ~~superintendent, "full-time service" means service which is~~
14 ~~full-time and which totals at least 9 months in any one~~
15 ~~year.~~

16 ~~(21) "Part-time service" means service which is less~~
17 ~~than full-time or which totals less than 9 months in any one~~
18 ~~year. Part-time service shall be credited in the proportion~~
19 ~~that the actual time worked bears to full-time service."~~

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

22 "75-6205. Powers and duties. The retirement board
23 shall have the power and it shall be its duty to administer
24 and operate the retirement system within the limitations
25 prescribed by this Title. To this end, it shall be the duty

1 of the retirement board to:

2 (1) establish rules and regulations necessary for the
3 proper administration and operation of the retirement
4 system;

5 (2) elect a chairman from its membership;

6 (3) appoint a secretary who may be one (1) of its
7 members;

8 (4) employ technical or administrative employees who
9 are necessary for the transaction of the business of the
10 retirement system;

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

13 (6) keep a record of all its proceedings which shall
14 be open to public inspection;

15 (7) publish a biennial report by the first day of
16 January of each year the legislative assembly meets that
17 shall report in detail the fiscal transactions for the two

18 (2) fiscal years immediately preceding the report due date,
19 the amount of the accumulated cash and securities of the
20 retirement system and the last fiscal year balance sheet
21 showing the assets and liabilities of the retirement system,
22 and submit such biennial report to the governor and furnish
23 copies to the legislative assembly;

24 (8) when the retirement board deems it necessary,
25 designate a medical board to be composed of three

1 physicians, who are not eligible to participate in the
2 retirement system to investigate and report to the
3 retirement board on all medical matters related to the
4 administration of the retirement system;

5 (9) keep in convenient form that data which is
6 necessary for actuarial valuation of the various funds of
7 the retirement system and for checking the experience of the
8 retirement system;

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

16 (11) prepare an annual valuation of the assets and
17 liabilities of the retirement system;

18 (12) determine the eligibility of a person to become a
19 member of the retirement system in accordance with the
20 provisions of section 75-6209;

21 (13) prescribe a form for membership application which
22 will provide adequate and necessary information for the
23 proper operation of the retirement system;

24 (14) adopt policies for the determination of
25 creditable service in the retirement system implementing the

1 following guidelines:

2 (a) One (1) year's creditable service shall be awarded
3 for each year of full-time service, outside of vacation
4 periods, but no more than one (1) year's creditable service
5 shall be awarded for service during the same school fiscal
6 year.

7 ~~(b) -- A proportion of a year's creditable service shall~~
8 ~~be allowed for part-time service. An equitable proration of~~
9 ~~a year's creditable service shall be awarded for part-time~~
10 ~~service.~~

11 ~~(c)~~(b) Not more than one (1) month's creditable
12 service shall be awarded for one (1) or more continuous
13 months of absence without pay.

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

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

18 (17) establish and maintain the funds of the
19 retirement system in accordance with the provisions of
20 section 75-6207; and

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

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

1 75-6206. Financial administration of moneys. The
 2 retirement board shall be the trustees of all moneys
 3 collected for the retirement system and as such trustees
 4 they shall provide for the financial administration of the
 5 moneys in the following manner:

6 (1) The moneys shall be invested and re-invested by
 7 the state board of of investments.

8 (2) The retirement board annually shall establish the
 9 rate of regular interest.

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

21 (4) The state treasurer is the custodian of the
 22 collected retirement system moneys and of the securities in
 23 which said moneys are invested. All expenditures from such
 24 moneys shall be made only upon claims signed by two (2)
 25 persons designated by the retirement board. A properly

1 attested copy of a resolution of the retirement board
 2 designating such persons and bearing on its face specimen
 3 signatures of each person shall be filed with the department
 4 of administration as his authority for approving such
 5 claims.

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

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

25 (7) All the funds established by section 75-6207,

1 except the expense fund, shall be accounts in the agency
2 fund of the treasury fund structure of the state. The
3 expense fund shall be an account in the earmarked revenue
4 fund of the same treasury fund structure.

5 ~~(8) The assets of the retirement system may not be
6 used for or diverted to any purpose other than for the
7 exclusive benefit of the members and their beneficiaries and
8 for paying the reasonable expenses of administering the
9 retirement system.~~

10 ~~(9) Upon termination of the retirement system,
11 termination of employment of a substantial number of members
12 which would constitute a partial termination of the
13 retirement system, or complete discontinuance of
14 contributions to the retirement system, the retirement
15 allowance accrued to each member directly affected by such
16 occurrence becomes fully vested and nonforfeitable to the
17 extent funded.*~~

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

20 "75-6207. Method of financing. The retirement board
21 shall establish and maintain the following funds in which
22 all of the assets of the retirement system shall be credited
23 according to the purpose for which the assets are held.

24 (1) Annuity savings fund. The annuity savings fund
25 shall be a fund in which the contributions from the members

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

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

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

24 (c) In addition to the contributions deducted from
25 compensation and subject to the approval of the retirement

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

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

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

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

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

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

23 (d) If the employer is a county, the county
 24 commissioners shall budget and pay for the employer's
 25 contribution in the manner provided by law for the adoption

1 of a county budget and for payments under such budget.

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

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

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

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

1 pension accumulation fund from interest and other earnings
2 realized on the moneys of the retirement system."

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

5 "75-6208. Benefits. The retirement, disability and
6 other benefits of the retirement system shall be granted on
7 the basis of the following provisions:

8 (1) Superannuation member retirement:

9 (a) ~~Any A member with five who has at least {5} full~~
10 ~~years of creditable service, the whose last five {5} years~~
11 ~~of which shall have been creditable service were~~ in this
12 state, and who has attained the age of ~~sixty {60}~~ or who
13 has completed ~~thirty been credited with full-time or~~
14 ~~part-time service totaling at least IN {30} OR MORE~~ years of
15 ~~creditable--service,~~ may retire from service, if he files
16 with the retirement board his written application setting
17 forth the fact of his retirement.

18 (b) Any member in service who has attained the age of
19 seventy (70) years during any school year shall be retired
20 on the first day of September following his seventieth
21 birthday, except that this provision shall not apply to
22 teachers in the Montana university system who may be
23 employed beyond the age of seventy (70) upon the
24 recommendation of the president of the employing unit to the
25 board of regents. Members over seventy (70) years of age

1 shall not: (1) be allowed creditable service for services
 2 rendered after the end of the school year in which the age
 3 of seventy (70) is attained, (2) contribute to the
 4 retirement system after the end of such school year, and (3)
 5 have the compensation received after the end of such school
 6 year used in computing average final salary. Initial
 7 employment of teachers in the Montana university system
 8 beyond the age of seventy (70) may be made upon the
 9 recommendation of the president of the employing unit and
 10 the approval of the board of regents but such employees
 11 shall be denied membership in the retirement system.

12 (c) Any retired member may be employed as a part-time
 13 or substitute teacher in Montana and may earn, without loss
 14 of retirement benefits, the greater of an amount not to
 15 exceed one-fourth ~~(1/4)~~ of his average final compensation
 16 without loss of retirement benefits and one-fourth of the
 17 median of the average final compensation for members retired
 18 during the preceding fiscal year as determined by the
 19 retirement board.

20 (2) Allowance for superannuation retirement. Upon
 21 superannuation retirement a member shall receive a
 22 retirement allowance ~~which shall consist~~ consisting of:

23 (a) A pension which, together with an annuity, ~~shall~~
 24 provide provides a retirement allowance equal to one-half
 25 ~~(1/2)~~ of his average final compensation provided his

1 ~~creditable service is at least thirty (30) years, otherwise~~
 2 ~~a pension together with his annuity of one-sixtieth (1/60)~~
 3 ~~one-sixtieth~~ of his average final compensation multiplied by
 4 the number of years of creditable service.

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

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

19 ~~(d)~~ (c) Any member who has completed five (5) years of
 20 creditable service, the last five years of which shall have
 21 been in this state, and who has attained the age of
 22 fifty-five (55) may retire from service and be eligible to
 23 an early retirement allowance if he files with the
 24 retirement board his written application setting forth the
 25 fact of his retirement. The early retirement allowance

1 shall be determined as prescribed in subsections (a) through
 2 (f) above, with the further provision that such allowance
 3 will be reduced by one half of one percent (.5%) multiplied
 4 by the number of months which the retirement date precedes
 5 the date on which he would have retired had he attained
 6 sixty (60) years of age or had he completed thirty (30)
 7 years of creditable service.

8 ~~(e)(d)~~ In the event of death of a member after
 9 retirement, a death benefit of five hundred dollars (\$500)
 10 will be payable to his designated beneficiary.

11 ~~(f)(e)~~ In the event payments made to an annuitant do
 12 not equal the amount of the member's accumulated
 13 contributions prior to the annuitant's death, the difference
 14 between the total retirement allowance paid and the amount
 15 of the accumulated contributions shall be paid to the
 16 beneficiary.

17 (3) Disability member retirement:

18 (a) Upon the application of an active member or of his
 19 employer, any active member who has five (5) or more years
 20 of creditable service may be retired by the retirement board
 21 the month immediately following the month in which his
 22 disability caused his retirement upon filing an application
 23 for a disability retirement allowance. Before any member
 24 shall be eligible for a disability retirement, the board of
 25 the retirement system shall certify that he is mentally or

1 physically incapacitated for the further performance of his
 2 duties, that such incapacity is likely to be permanent and
 3 that he should be retired.

4 (b) Re-examination of beneficiaries retired on account
 5 of disability. Once each year during the first five (5)
 6 years following the retirement of a member on disability
 7 retirement allowance, and once in every three (3) year
 8 period thereafter the retirement board may, and upon his
 9 application shall, require a disability beneficiary who has
 10 not yet attained the age of sixty (60) to undergo a medical
 11 examination by the medical board or a physician or
 12 physicians designated by the medical board. The examination
 13 shall be made at the place of residence of the beneficiary
 14 or other place mutually agreed upon. Should any disability
 15 beneficiary who has not yet attained the age of sixty (60)
 16 refuse to submit to at least one (1) medical examination in
 17 any year by the medical board or its representative, his
 18 allowance may be discontinued until his withdrawal of such
 19 refusal, and should his refusal continue for one (1) year,
 20 all his rights in and to his disability pension may be
 21 revoked by the retirement board.

22 (c) Should the medical board report and certify to the
 23 retirement board that any disability beneficiary is engaged
 24 in or is able to engage in a gainful occupation paying more
 25 than the difference between his retirement allowance and his

1 average final compensation and should the retirement board
 2 concur in such report, then the amount of his pension shall
 3 be reduced to an amount which, together with his annuity and
 4 the amount earnable by him, shall equal the amount of his
 5 average final compensation. Should his earning capacity be
 6 changed later, the amount of his pension may be further
 7 modified but the new pension shall not exceed the amount of
 8 the pension originally granted, nor an amount which when
 9 added to the amount earnable by the beneficiary, together
 10 with his annuity, equals the amount of his average final
 11 compensation. A beneficiary restored to active service at a
 12 salary less than the average final compensation upon the
 13 basis of which he was retired shall not become a member of
 14 the retirement system while receiving a reduced benefit.

15 (d) Should a disability beneficiary under age sixty
 16 (60) be restored to active service at a compensation not
 17 less than his average final compensation, his retirement
 18 allowance shall cease, and he shall again become an active
 19 member of the retirement system. Any prior service
 20 certificate on the basis of which his service was computed
 21 at the time of his disability retirement shall be restored
 22 to full force and effect an addition upon his subsequent
 23 retirement, and he shall be credited with all his subsequent
 24 service as a member. Should he be restored to active
 25 service on or after the attainment of the age of fifty-five

1 (55) years, his pension upon subsequent retirement shall not
 2 exceed the pension that he would have received had he
 3 remained in service during the period of his previous
 4 retirement nor the sum of the pension which he was receiving
 5 immediately prior to his last restoration to service and the
 6 pension that he would have received on account of his
 7 service since his last restoration had he entered service at
 8 that time as a new member.

9 (4) Allowance for disability retirement. Upon
 10 retirement for disability, a member shall receive a
 11 superannuation allowance prescribed under subsection (2)
 12 above if he is eligible; otherwise he shall receive a
 13 disability retirement allowance which shall consist of:

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

16 (b) A pension which together with his annuity, shall
 17 provide a total retirement allowance equal to one sixtieth
 18 (1/60) of his average final compensation multiplied by the
 19 number of years of his creditable service, if such
 20 retirement allowance exceeds one-quarter (1/4) of his
 21 average final compensation; otherwise, a pension which,
 22 together with his annuity, shall provide a total retirement
 23 allowance equal to one-quarter (1/4) of his average final
 24 compensation, provided, however, that no such allowance
 25 shall exceed one sixtieth (1/60) of his average final

1 compensation multiplied by the number of years which would
 2 be creditable to him were his service to continue until the
 3 attainment of the minimum age for superannuation retirement.

4 (c) In the event payments made to a person retired
 5 because of disability do not equal the amount of his
 6 accumulated contributions prior to his death, the difference
 7 between the total retirement allowance paid and the amount
 8 of the accumulated contributions of the member shall be paid
 9 to the beneficiary.

10 (5) Withdrawal of accumulated contributions. Any
 11 inactive member electing to do so or any person whose
 12 membership terminates may withdraw his accumulated
 13 contributions to his annuity account in the retirement
 14 system in accordance with the following provisions:

15 (a) An inactive member under the provisions of
 16 subsections (1) or (3) of section 75-6210 may elect, without
 17 right of revocation to withdraw his accumulated
 18 contributions, and if he does not withdraw his accumulated
 19 contributions he shall thereafter remain an inactive member
 20 of the retirement system with the right to qualify for the
 21 benefits of the retirement system;

22 (b) Upon recovery from a disabling illness or
 23 separation from the armed forces, any person qualifying as
 24 an inactive member under the provisions of subsection (2) of
 25 section 75-6210 may withdraw his accumulated contributions

1 unless he returns to active membership.

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

5 (6) Allowances for death of member.

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

11 (b) In lieu of benefits provided in (a) above, if the
 12 deceased member had qualified by reason of service for a
 13 retirement benefit, the beneficiary nominated by the
 14 deceased member may elect to receive a monthly life annuity.
 15 The monthly life annuity shall be determined as prescribed
 16 in subsections (2) (a) through (2) (h) assuming the member
 17 had elected option A as prescribed in subsection (7) (a)
 18 below. In addition, if the deceased member had five (5) or
 19 more years of creditable service and was an active member in
 20 the state of Montana within one (1) year prior to his death,
 21 a lump sum death benefit of \$500 will be payable to his
 22 designated beneficiary.

23 (c) If the a deceased member had five (5) or more
 24 years of creditable service and was an active member in the
 25 state of Montana within one (1) year prior to his death or

1 ~~was retired at the time of his death,~~ the sum of one hundred
 2 dollars (\$100) per month shall be paid to each minor child
 3 of the deceased member until such child reaches his
 4 eighteenth (18th) birthday.

5 (7) Optional allowances. With the provision that no
 6 optional selection shall be effective in case a beneficiary
 7 dies within thirty (30) days after retirement, and that such
 8 a beneficiary shall be considered as an active member at the
 9 time of his death; until the first payment on account of any
 10 benefit becomes normally due, any member may elect to
 11 receive his benefit in a retirement or disability allowance
 12 payable throughout life as hereinabove provided. This
 13 benefit shall be referred to as the normal form of
 14 retirement allowance. In lieu of normal form of retirement
 15 allowance, the member may elect an optional allowance which
 16 would be the actuarial equivalent at the time of his
 17 retirement or disability allowance and would provide an
 18 allowance payable throughout his lifetime and upon his death
 19 continue to such person as he shall nominate by written
 20 designation duly acknowledged and filed with the retirement
 21 board at the time of his retirement with the provision that:

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

25 (b) Option B. The optional allowance will continue

1 throughout his lifetime and upon his death, one-half (1/2)
 2 of his optional allowance will be continued throughout the
 3 lifetime of his designated beneficiary; or

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

8 (d) Option D. The optional allowance shall continue
 9 while both the member and his designated beneficiary are
 10 living and upon the death of either, one-half (1/2) of the
 11 optional allowance shall be continued throughout the
 12 lifetime of the survivor; or

13 (e) Option E. The optional allowance will be payable
 14 while both the member and his designated beneficiary are
 15 living and upon the death of either, two-thirds (2/3) of the
 16 optional allowance shall be continued throughout the
 17 lifetime of the survivor; or

18 (f) Option F. Some other benefit or benefits shall be
 19 paid either to the member or his surviving designated
 20 beneficiary. The provisions of this retirement allowance
 21 shall be approved by the retirement board.

22 ~~(8) There may not be any duplication of benefits to a~~
 23 ~~member or beneficiary due to there being more than one~~
 24 ~~period of service of the member."~~

25 Section 6. Section 75-6209, R.C.M. 1947, is amended to

1 read as follows:

2 "75-6209. Active membership. Any of the following
3 persons shall be active members of the retirement system
4 unless otherwise provided by this Title, except for those
5 persons who became eligible for membership on the first day
6 of September, nineteen hundred and thirty-seven (1937) or on
7 the first day of September, nineteen hundred and thirty-nine
8 (1939) and who elected not to be a member under the
9 provisions of the law at that time:

10 (1) Any person who is a teacher, principal or district
11 superintendent as defined under the provisions of section
12 75-6101.

13 (2) Any person who is an administrative officer or a
14 member of the instructional or scientific staff of a unit of
15 the Montana university system.

16 (3) Any person employed in an instructional services
17 capacity by the office of the superintendent of public
18 instruction, the office of a county superintendent, a public
19 institution of the state of Montana, the Montana state deaf
20 and blind school, or a district.

21 (4) Any person who shall have elected not to become a
22 member of the retirement system and is re-entering service
23 in a capacity prescribed by subsections (1), (2) and (3)
24 above.

25 (5) Any person who shall have elected not to become a

1 member of the retirement system, who has been continuously
2 employed in a capacity prescribed by subsection (1), (2) or
3 (3) above since the time of such election and who may
4 thereafter elect to become a member of the retirement
5 system.

6 Any person who is designated a member by this section
7 shall be employed ~~full-time, outside-of-vacation-periods,~~ in
8 the capacity prescribed for his eligibility, ~~except that~~
9 ~~when a person is employed less than full-time, the~~
10 ~~retirement board may allow such person to become a member of~~
11 ~~the retirement system for at least 30 days in any fiscal~~
12 ~~year.~~ The compensation for the creditable service of any
13 person who is designated a member by this section shall be
14 totally paid by an employer as defined herein, ~~except that~~
15 ~~when this requirement is not satisfied, the retirement board~~
16 ~~may allow such a person to become a member of the retirement~~
17 ~~system.~~ At any time a person's eligibility to become a
18 member of the retirement system is in doubt, the retirement
19 board shall determine his eligibility for membership. All
20 persons in similar circumstances shall be treated alike.

21 Section 7. Section 75-6212, R.C.M. 1947, is amended to
22 read as follows:

23 "75-6212. Membership application and creditable
24 service. Whenever a person becomes ~~eligible for membership~~
25 ~~in a member of~~ the retirement system as required by 75-6209,

1 he shall ~~apply for such membership on the~~ complete an
 2 application form prescribed by the retirement board. The
 3 creditable service of a member ~~shall begin~~ begins on the
 4 ~~receipt of the membership application by the retirement~~
 5 ~~board~~ date of his employment in a capacity prescribed for
 6 his eligibility in 75-6209 and ~~shall accumulate~~ accumulates
 7 to the member's credit on the basis of the retirement
 8 board's policy governing creditable service.

9 The creditable service of any member shall include the
 10 following:

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

18 (2) any out-of-state employment service awarded by the
 19 retirement board under the provisions of section 75-6213;
 20 plus

21 (3) any service awarded by a prior service certificate
 22 issued under the provisions of chapter 87, Laws of 1937,
 23 chapter 215, Laws of 1939 and their subsequent amendments,
 24 or under the provisions of section 75-6213; plus

25 (4) the creditable service established by the

1 retirement board under the provisions of this section shall
 2 be final and conclusive for the purposes of the retirement
 3 system unless, at any time, the retirement board discovers
 4 an error or fraud in the establishment of the creditable
 5 service, in which case the retirement board shall
 6 re-establish the creditable service; plus

7 (5) any service awarded for employment while on leave
 8 under section 75-6213."

9 Section 8. Section 75-6214, R.C.M. 1947, is amended to
 10 read as follows:

11 "75-6214. Duties of employer. It shall be the duty of
 12 each employer to:

13 (1) deduct the contribution of each member employed by
 14 him at the rate prescribed by subsection (1) of section
 15 75-6207 from each salary payment for each payroll period,
 16 and transmit the contribution each month to the secretary of
 17 the retirement board;

18 (2) pay to the secretary of the retirement board the
 19 employer's contribution prescribed by subsection (3) of
 20 section 75-6207 at the time that the employee contributions
 21 are transmitted to the secretary of the retirement board;

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

25 (4) upon the employment of any person who is required

1 to become a member of the retirement system, inform him of
2 his rights and obligations related to the retirement system.
3 Each person accepting such employment shall be deemed to
4 consent to membership and to the withholding of the
5 contributions from his compensation;

6 (5) at the request of the retirement board, certify
7 the names of all persons who are eligible for membership or
8 are members of the retirement board system; and

9 (6) notify the retirement board of the employment of a
10 person eligible for membership and forward his membership
11 application to the retirement board."

12 Section 9. Section 75-6216, R.C.M. 1947, is amended to
13 read as follows:

14 "75-6216. Guarantee by state. Regular interest charges
15 payable, the creation and maintenance of reserves in the
16 pension accumulation fund and the maintenance of annuity
17 reserves in the annuity reserve fund ~~and-of-pension-reserves~~
18 ~~in-the-pension-reserve-fund~~ as provided for in this Title
19 and the payment of all annuities, pensions, refunds, and
20 other benefits granted under the retirement system are
21 hereby made obligations of the state of Montana."

22 Section 10. Effective date. This act is effective on
23 its passage and approval.

-End-