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BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION A BILL FOR AN ACT ENTITLED: "AN ACT DEFINING THE TRUSTEE AND FIDUCIARY RESPONSIBILITIES OF THE RETIREMENT BOARDS OF THE HIGHWAY PATROLMEN'S RETIREMENT SYSTEM, THE GAME WARDENS' RETIREMENT SYSTEM, THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM, THE SHERIFFS' RETIREMENT SYSTEM, AND THE JUDGES' RETIREMENT SYSTEM; REVISING AND CLARIFYING THE LAW PERTAINING TO THESE TRUSTEE AND FIDUCIARY RESPONSIBILITIES AND THE CALCULATION AND PAYMENT OF RETIREMENT ALLOWANCES; AMENDING SECTIONS 31-201, 31-206, 31-220, 68-1401, 68-1405, 68-1406, 68-1419, 68-1503, 68-1803, 68-1901, 68-2002, 68-2003, 68-2004, 568-2104, 68-2203, 68-2501, 68-2602, 68-2604, 68-2619, 93-1112, AND 93-1125, R.C.M. 1947; AND REPEALING SECTION BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: Section 1. Section 31-201, R.C.M. 1947, is amended to	1	House BILL NO. 794
A BILL FOR AN ACT ENTITLED: "AN ACT DEFINING THE TRUSTEE AND FIDUCIARY RESPONSIBILITIES OF THE RETIREMENT BOARDS OF THE HIGHWAY PATROLMEN'S RETIREMENT SYSTEM, THE GAME WARDENS' RETIREMENT SYSTEM, THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM, THE SHERIFFS' RETIREMENT SYSTEM, AND THE JUDGES' RETIREMENT SYSTEM; REVISING AND CLARIFYING THE LAW PERTAINING TO THESE TRUSTEE AND FIDUCIARY RESPONSIBILITIES AND THE CALCULATION AND PAYMENT OF RETIREMENT ALLOWANCES; AMENDING SECTIONS 31-201, 31-206, 31-220, 68-1401, 68-1405, 68-1406, 68-1419, 68-1503, 68-1803, 68-1901, 68-2002, 68-2003, 68-2004, 568-2104, 68-2203, 68-2501, 68-2602, 68-2604, 68-2619, 93-1112, AND 93-1125, R.C.M. 1947; AND REPEALING SECTION 763-1425, R.C.M. 1947." BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: Section 1. Section 31-201, R.C.M. 1947, is amended to	2	INTRODUCED BY Brand
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0       SYSTEM; REVISING AND CLARIFYING THE LAW PERTAINING TO THESE         1       TRUSTEE AND FIDUCIARY RESPONSIBILITIES AND THE CALCULATION         2       AND PAYMENT OF RETIREMENT ALLOWANCES; AMENDING SECTIONS         3       31-201, 31-206, 31-220, 68-1401, 68-2405, 68-1406, 68-1419,         4       68-1503, 68-1803, 68-1901, 68-2002, 68-2003, 68-2004,         5       68-2104, 68-2203, 68-2501, 68-2602, 68-2604, 68-2619,         9       93-1112, AND 93-1125, R.C.M. 1947; AND REPEALING SECTION         7       68-1425, R.C.M. 1947.**         8       8         9       BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:         9       Section 1. Section 31-201, R.C.M. 1947, is amended to	8	RETIREMENT SYSTEM, THE PUBLIC EMPLOYEES RETIREMENT SYSTEM,
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Section 1. Section 31-201, R.C.M. 1947, is amended to	18	
	19	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
1 read as follows:	20	Section 1. Section 31-201, R.C.M. 1947, is amended to
	21	read as follows:

31-201. Definitions. Unless the context requires
otherwise, <u>the following definitions apply</u> in this act:

24 (1) "Accumulated deductions" means the total of the
25 amounts deducted from the salary of a contributor<u>s</u> and paid

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1 into the fund, and standing to his credit in the fund, 2 togetner with the regular interest thereon. 3 (2) "Department" means the <u>public employees</u>" 4 retirement division of the department of administration 5 provided-for----in-Title-82Ay-chapter-2. 5 (3) "Beneficiary" means a person or-persons-having-on insurable-interest-in-his-life nominated to receive benefits 7 8 <u>under\_\_this:\_chaoter</u> as-he-shall-nominate by a member's 9 written designation, duly acknowledged and filed with the 10 department. 11 (4) "Retired patrolman" means a person in receipt of a retirement allowance under this act. 12 (5) "Board" means the board of administration provided 13 for in section 82A-210. 14 15 (6) "Compulsory retirement age" means sixty 60 years of age. 16 17 (7) "Contributor" means a person who has accumulated deductions in the fundy standing to his credit. 18 19 (8) "Final salary" means the average annual 20 compensation received by a contributor, before any 21 deductions have been madey and exclusive of maintenance, 22 allowances, and expenses, for any three-(3) years of 23 continuous service upon which contributions have been madew 24 or, is the event a member has not served  $\frac{1}{1}$  years, 25 the total retirement compensation earnedy divided by the

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1	number of years served. Lump_sum_payments_for_sick_leave
Z	and annual leave paid to an employee upon termination of
3	employment may be used in the calculation of a retirement
4	allowance only to the extent that they are used to replace.
5	on a wonth for wonth basis, the normal compensation for _a
5	month_or_months_included_in_the_calculation_of_the_final
7	<u>salary. A lumpisum payment may not be added to a single</u>
8	month's compensation.
9	<del>{9}#Actuorialequivalent<b>#</b>#eo</del> n <del>sthe</del> ac <del>cum</del> ulated
10	contributions-and-the-present-value-ofthemember*sstate
11	service-based-on-length-of-service-and-member*s-attained-age
12	usedto-+providea{}ife-for{temporary=}ife-income+to-the
13	}eg#}}y+designated-persony-based-ontheperson*s+-attained
14	age-and-sex-at-the-time-the-option-becomes-available.
15	<u>[9] "Actuarial eduivalent" means a benefit of equal</u>
16	value when computed on the basis of the actuarial tables in
17	use by the system.
18	(10) "Account" means the Montana highway patrolmen's
19	retirement account in the agency fund.
20	(11) "Involuntary retirement" means a retirement not
21	for cause and before retirement age.
Z 2	(12) "Member's annuity" means payments for life
23	derived from contributions made by the contributor.
24	(13) "Optional retirement age" means the age at which
25	a contributor may retire after <del>twenty-(</del> 20 <del>)</del> years <sup>e</sup> service <del>or</del>

1	more.
2	(14) "Retirement age" means the age at which a member
3	ratires after <del>twenty-five-(</del> 2 <del>5)</del> years of creditable service
4	with the Nontana highway patrol.
5	(15) "Retirement allowance" means the state annuity
6	plus the member's annuity.
7	(16) "State annuity" means payments for life derived
8	from contributions made by the state of Montana."
9	Section 2. Section 31-206, R.C.M. 1947, is amended to
10	read as follows:
11	"31-206. Rules actuarial data <u> iprotection of</u>
12	funds. (1) The board is the trustee of all moneys
13	<u>collected for the retirement system. It</u> may establish <u>such</u>
14	rules <u>as</u> it considers necessary to carry out its functions
15	under this act. The board shall determine the conditions
16	under which persons may be-odmitted-to become mambers of and
17	continueto receive benefits under the retirement system.
18	<u>All persons in similar circumstances shall be treated alike.</u>
19	It Ibe board shall keep such data as shall be necessary for
20	actuarial valuation purposes. It shall cause to be made
21	periodic actuarial investigations into the mortality and
22	service experience of the contributors to and the
23	beneficiaries of the account, and shall adopt for the
24	retirement system one or more mortality tables.

25 <u>(2) The assets of the retirement system may not be</u>

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used for or diverted to any purpose other than for the 1 2 exclusive benefit of the members and their beneficiaries and for paying the reasonable expenses of administering the 3 4 retirement\_system. 5 (3) Upon termination of the retirement system: termination of employment of a substantial number of members 6 which would constitute a partial termination of the 7 8 retirement system, or complete discontinuance of 9 contributions to the retirement system, the retirement 10 allowance accrued to each member directly affected by such occurrence becomes fully vested and nonforfeitable to the 11 12 extent\_funded.\*\* Section 3. Section 31-220, R.C.M. 1947, is amended to 13 14 read as follows: "31-220. Monthly payments of retirement allowances. 15 The retirement allowances granted under the provisions of 16 17 this act shall be paid in equal monthly installments and shall may not be increased, decreased, revoked or repealed 18 unless by act of the legislative-assembly legislature of the 19 state of Montana. However, there may not be any duplication 20 21 of benefits to a member or beneficiary due to there being 22 more than one period of service of the member." 23 Section 4. Section 68-1401, R.C.M. 1947, is amended to 24 read as follows:

1	context requires otherwise, the following definitions apply
2	in this act:
3	
-	(1) "Accumulated deductions" means the total of the
4	amount deducted from the salary of a contributor <u>s</u> and paid
5	into the account, and standing to his credit in the ${\sf account}_{1}$
5	together with the regular interest thereon.
7	(2) "Beneficiary" means a person <del>or∹persons≺having∽an</del>
8	<del>insurable<u>re</u>vinteresterin-chiselife</del> e-as-he <del>e</del> sh <del>all-cominate</del>
9	nowindted to receive benefits under this chapter by a
10	<pre>member's written designation, duly acknowledged and filed</pre>
11	with the board.
12	(3) "Retired state game:warden" means any person in
13	receipt of a retirement allowance under this act.
14	(4) "Board" means the Montana state game wardens"
15	retirement board.
16	(5) "Contributor" means any person who has accumulated
17	deductions in the accounty standing to his credit.
18	(6) "Final salary" means the average annual
19	compensation received by a contributors before any
20	deductions have been madey and exclusive of maintenance,
21	allowances, and expenses, for any <del>thres-(3)</del> years of
22	continuous service upon which contributions have been madew
23	or, in the event a member has not served <del>three 131</del> years,
24	the total retirement compensation earnedy divided by the
25	number of years served. Lump-sum payments for sick leave
27	unmer of legis servers than she baiments tot site 164A5

"68-1401. Definition-of-terms Definitions. Unless the

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1	and annual leave paid to an employee upon fermination of
Z	employment inay be used in the calculation of a retirament
3	allowance conty to the extent that they are used to ireplace.
4	on a month for month basis the normal compensation for a
5	month or wonths included in the calculation of the final
5	salary. A lump-sum payment imay not be added to a single
7	month's compensation.
8	<del>(7)#Actuarialequivalent#meanstheaccumulated</del>
9	contributionsandthepresent-volve-of-the-mamber*s-state
10	service-based-on-kength-of-servica-and-member*s-attained-age
11	used-to-provide-o-lifeor(temporarylifeincometothe
12	<del>}ega3}y:-designatidpersonsbased-on-the-person*s-attained</del>
13	age-and-sex-at-the-time-the-option-becomes-availablev :
14	171 Mactuarial envivalent" means a benefit of equal
15	<u>value: when 'computed upon the Basis of the actuarial tables</u>
16	in use by the system.
17	(8) "Account" means the Montana state game wardens"
18	retirement account in the agency fund.
19	(9): "Involuntary cretirement" means a retirement not
20	for cause and before retirement age.
21	(10) "Member's annuity" means payments for life derived
22	from contributions made by the contributor.
23	(11) "Optional retirement age" means the age at which a
24	contributor may retire after <del>twenty (</del> 20 <del>)</del> years service or
25	more, provided that the contributor has reached the age of

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	<del>fifty-five-(</del> 55 <del>)</del> years•
	(12) "Retirement age" means the age at which a member
	retires <del>after-stwenty-fives(25)-years-of-creditable-service</del>
	a <del>s-a-state-game+warden-af-the-department-of-fish-and-game</del> . <u>as</u>
	prescribed in 68-1411. All-members-must-retird-at-agesixty
	<del>(68)</del> # :
	(13) "Retirement allowance" means the state annuity
	plus the member's annuity.
	(14) "State annuity" means payments for life derived
	from contributions made by the state ofMontane from
•	department of fish and game moneys in the earmarked revenue
	funde
	Section 5. Section 68-1405, R.C.M. 1947, is amended to
	read as follows:
	"68-1405. <del>PaywentsintotheMontanagamewardens</del>
	retirement-system Retirement account. (11 The following
	shall.pe_paid.to; the board and shall be credited by the
	board (to the account:
	(a) #11 all contributions by the state from department
	of fish and game moneys in the earmarked revenue fund; and
	(b) all contributions by the state game wardens as
	designatedbysection1;68-1481aboveyintheamount
	hereinafter-specifiedy: .and

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<u>(c)</u> all interest on and increase of the investments and moneys under-this in the account, shall be paid to the

L	boordy-who-shell-credit-such-payments-to-theMontanastate
2	game-wardens <sup>a</sup> -retirdment-account-in-the-agency-fund-
3	(2) Such The board is the trustee of all moneys
4	collected for the refirement system and has shall have
5	exclusive control of the administration of such the account.
5	The state treasurer shall-be is custodian of the account.
7	subject to the exclusive control of the board ${f c}$ as to ${f c}$ the
8	administration thereof and the board of investments as to
9	the investment thereof.
10	(31 Whenever there is on deposit in the Montana State :
11	gemewandens*retinement account a sum in excess of
12	<del>twenty-five (thousand-dollars- {</del> \$25,000 <del>)</del> , such excess ` <del>will</del> :
13	shall be invested by the board of investments as part of the
14	long-term investment fund <u>e and any Iné part</u> iof the account
15	<del>less than</del> ' <u>not in 'excess of</u> twenty-five:-thausanddollars :
16	f\$25+000 <del>}inamount</del> shall be invested by the board of
17	investments as part of the short-term investment fund when
18	so directed by the <del>Montand-game-wardens-retirement</del> board.
19	(41 The assets of the retirement system may not be
20	used for dridiverted to any iperpose other ithan for the
21	exclusive benefit of the members and their beneficiaries and
22	for paying the reasonable expenses of administering the
23	<u>retīrement system</u>
21	ter then thereighting of the retirdment switches

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24 (5) Uson termination of the retirement system. termination of employment of a substantial number of members 25

1	which would constitute a partial termination of the
2	retirement system, or complete discontinuance of
3	contributions to the retirement system. the retirement
4	allowance accrued to each member directly affected by such
5	occurrence becomes fully vested and monforfeitable to the
6	extent funded."
7	Section 6. Section 68-1406, R.C.N. 1947, is amended to
8	read as follows:
9	"68-14066" Rules and regulations Board (to make rules :
10	actuarial data. <u>(1)</u> The board <del>may establish such sules and</del>
11	regulations as it deens necessary and is charged within the
12	limitations of this act of for this with the proper
13	administration, operation: and enforcement, of this act.
14	The board may make such rules as it considers necessary and
15	shall ser-the-authority under this act as to <u>deterning</u> the
16	conditions under which persons may beadmittedto become
17	<pre>members_of and continue-to receive benefits under the</pre>
18	retirement system. <u>All persons in similar circumstances</u>
19	shall be treated alike.
20	125 The board It shall keep such data as shall be is
21	necessary for actuarial valuation purposes. It shall cause
22	to be made periodic actuarial investigations into the
23	mortality and service experience of the contributors and to
24	and the beneficiaries <del>of the accounty</del> and shall adopt for
25	the retirement system one or more mortality tables."

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Section 7. Section 58-1419, R.C.M. 1947, is amended to
 read as follows:

3 \*68-1419. Monthly payments of retirement allowances. 4 The retirement allowances granted under the provisions of 5 this act shall be paid in 'equal :monthly: installments and 6 shall: may not be increased, decreased, revoked or repealed 7 unless by act of the legislative-assembly legislature of the 8 state of Montana. However, there may not be any ; dudlication 9 of benefits to a member or beneficiary due to there being 10 nore than one period of service of the members"

11 Section 8. Section 68-1503, R.C.N. 1947; is amended to read as follows:

13 \*68-1503. Definitions. Unless the context requires
14 otherwise, in this act:

15 (1) "Retirement system" means the public employees"
16 retirement system created by this fact.

17 (2) "Head of department" means the head of any department, institution or branch of the state service which directly pays salaries out of its income or which prepares, approves and submits salary statements of its employees to the department of administration, state auditor and state treasurer for payment.

23 (3) "Hember" means any person included in the
24 membership of the retirement system set forth in section
25 68-1601 and not excluded in section 68-1602, 68-1603 or

1 68-2510.

2 (4) "Board" means the board of administration provided
3 for in section 824~210.

4 (5) "Employee" means any person employed by an 5 employer in any capacity whatever and whose salary is paid 6 either by warrant of the employer or from the fees or income 7 of any: department or agency of the employer. "Employee" 8 means further any person deemed such pursuant to section 9 68-2510.

10 (6) "Retirement fund" means the public employees"
11 retirement account in the agency fund.

12 (7) "Service" means employment of an employee, except
 13 as provided in sections 68-1604 and 68-1605.

14 (8) "Prior Service" shall mean all service rendered as 15 an employee of the state before July 1, 1945, and all 16 service rendered as an employee of a contracting employer 17 before July 1, 1947. Prior service includes all service 18 rendered prior to July 1, 1945, as a member of the 19 legislative assembly or lieutenant governor of the state of 20 Montana.

(9) "deneficiary" means the person so designated
 pursuant to section 68-2401.

(10) "Compensation" means remuneration paid out of
 funds controlled by an employer. The compensation of each
 member of the legislative assembly and the lieutenant

governor of the state of Montana for any year shall be 1 2 deemed to be that portion of the product of the daily compensation for such position multiplied by three hundred 3 sixty (360), upon which such member elects to pay normal 4 contributions during the year. 5

(11) "Final compensation" means a member's highest ó 7 average annual compensation during any three (3) consecutive 8 years of membership service. Lund-sul dayments for sick 9 leave and annual leave daid to the emiloyee upon termination 10 of employment may be used in the calculation of a retirement allowance only to the extant that they are used to replace. 11 on a month for month basis; the normal compensation for a 12 13 month of months included in the calculation of the final salary. A lumo-sum navment may not be added to a sindle 14 15 month%s compensation. (12) "Regular interest" means interest at the rate set 16 17 from time to time by the board. 18 (13) "Normal contributions" means contributions required by members under this act and any optional 19 contributions, made under the provisions of sections 68-1605 20 21 and 68-1906.

(14) "Additional contributions" means contributions by 22 23 members under the provisions of section 68-1903.

24 (15) "Accumulated normal contributions" means: the sum 25 of all the normal contributions standing to the credit of a

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1 member's individual account without interest. 2 (16) "Accumulated additional contributions" means the 3 sum of all the additional contributions standing to the credit of a member's individual account, together with the 4 5 regular interest thereon. 5 (17) "Accumulated contributions" means the sum of accumulated normal contributions and accumulated additional 7 я contributions. 9 (18) "Pension" means payments for life derived from 10 contributions made from the state controlled funds, or in 11 the case of members from contracting employers, from the 12 funds of such contracting employers, as provided in this 13 act. 14 (19) "Annuity" means payments for life derived from 15 contributions made by a member as provided in this act. 16 (20) "Retirement allowance" means the periodic benefit 17 payable following service, early or disability retirement. (21) "Actuarial equivalent" means a benefit of equal 18 19 value when computed upon the basis of the actuarial tables 20 in use by the system. 21 (22) "Actuary" means the actuary retained by the board 27 in accordance with section 68-1804. 23 (23) "Benefit" means the retirement allowance.

24 survivorship allowance, death benefit or refund of

25 accumulated contributions provided by this act.

(24) "Contracting employer" means any political
 subdivision or governmental entity which has contracted to
 come into the system.

4 (25) "Employer" means the state of Montana, its
5 university or any of the colleges, schools, components or
6 units thereof for the purposes of this act, or any political
7 subdivision or governmental entity which has contracted to
8 come into the system.

9 (26) "Nembership service" means service with respect to 10 which normal contributions and employer contributions are 11 paid. A member of the legislative assembly and a lieutenant 12 governor of the state of Montana shall be credited with 13 membership service for that portion of each year for which 14 he pays normal contributions pursuant to section 68-1503 15 (10).

16 (27) "Survivorship allowance" means payments for life
17 to the beneficiary of a deceased member as provided in Title
18 68, chapter 23.

19 (28) "Creditable service" means the aggregate of 20 membership service and prior service. A member employed on a 21 part-time basis shall receive credit for a year of service 22 for each fiscal year during which such member was employed 23 throughout the year and was engaged in his duties the full 24 amount of time he was required by his employment to be so 25 engaged. LC 1558/01

(29) "Employer contributions" means payments to the 1 retirement fund from appropriations of the state of Montana 2 pursuant to section 68-2504 and from contracting employers 3 pursuant to the contracts between them and the board. 4 5 (30) "Written application" means a written instrument duly executed and filed with the board and containing all . 6 7 information required by the boardy including such proofs of A age as the board shall deem necessary. 9 (31) "Retirement" means withdrawal from active service 10 with a ratirement allowance granted under the provisions of 11 this act. (32) "Disability" and "incapacity for performance of 12 13 duty" referred to herein as a basis of retirement, means 14 disability of permanent duration or disability of extended 15 and uncertain duration, as determined by the board on the 15 basis of competent medical opinion. 17 (33) "Fiscal year" means any year commencing with July 18 1 and ending June 30 next following." 19 Section 9. Section 68-1803; R.C.M. 1947; is amended to read as follows: 20 **Z**1 #68-1803. Rules and regulations -- records -- annual report by board. (1) The board of administration may 22 23 establish such rules and regulations as it deems proper for 24 the administration and operation of the retirement system

-16-

and enforcement of this act, subject to its limitation. The

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board shall determine who are employees within the meaning 1 of this act. The board shall be the sole authority under 2 3 this act as to the conditions under which persons may become members of and receive benefits under the retirement system. 4 The board shall determine and may modify allowances for 5 service and disability under this act. The board shall 6 establish those uniform rules and regulations as are 7 necessary to determine credit for fractional years of в service. All persons in similar circudstances shall be 9 treated alike. The board shall maintain such records and 10 accounts it determines necessary for the administration of 11 this act. Upon the basis of the findings of the actuary 12 pursuant to section 68-1804, the board shall adopt those 13 actuarial tables and those rates of regular interest it 14 determines appropriate to comply with the provisions of this 15 15 act.

17 (2) As soon as practical after the close of each fiscal year, the department of administration shall file 13 with the governor a report of its work for that fiscal year. 19 The report shall include a statement as to the accumulated 20 cash and securities in the retirement fund as certified by 21 the state treasurer and the board of investment. The report 22 shall also include the most recent unpublished report of the 23 actuary of the actuarial valuation of the assets and 24 25 liabilities of the system."

1	Section 10. Section 68-1901, R.C.M. 1947, is amended
2	to read as follows:
3	"68-1901. Management of fund. The retirement fund
4	shall be managed as follows:
5	(1) The board <del>of administration and there</del> : <u>is: the</u>
6	trustee of all moneys collected for the retirement system
7	and has exclusive control of the administration of the fund
8	except as otherwise provided <u>by law</u> .
9	(2) The fund shall be invested by the state board of
10	investments as part of the long-term investment fund.
11	(3) The department of administration shall deposit
12	monthly in the state treasury all amounts received by it as
13	provided in this act.
14	(4) The state treasurer <del>shall be</del> is custodian of the
15	retirement fund, subject to the exclusive control of the
16	board of-edministration as to the administration thereof and
17	the board of investments as to the investment thereof.
18	(5) Interest aarned on any cash <del>deposit <u>deposited</u> in</del> a
19	bank by the state treasurer and income on other assets
20	constituting a part of the fund shall be paid into the fund
21	as received. Income, of whatever nature, earned on the
22	ratirement fund during any fiscal year, in excess of the
23	interest credited to contributions during that year shall be
24	retained in the fund as a reserve against deficiencies in
25	interest earned in other years, losses under investments,

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1	and other contingencies.
Z	(6) Except as herein provided, no member and no
3	employee of the department of administration shall may:
4	(a) have any interests directy or indirect, in the
5	making of any investmenty or in the gains or profits
5	accruing therefrom <del>s</del> : <del>Andnomemberoremployeeof-the</del>
7	department
8	(b) directly or indirectly, for himself or as an agent
9	or partner of others, imay borrow any of fits funds or
10	deposits <del>y: nor-shall-any-member-or-amplayee</del>
11	[
12	current and necessary payments as are authorized by the
13	<pre>department:or nor-(shall ("any-(member-tor-employee-of-the</pre>
14	department
15	(d) become an endorser or surety as to or in any
16	manner an coligor for investments for the retirement system.
17	17) The assets of the retirement system may not be
18	used for or diverted to any purpose other than for the
19	exclusive benefit of the members and their beneficiaries and
20	for paying the reasonable expenses of administering the
21	<u>retirement_system</u>
22	(8) Upon termination of the retirement system.
23	<u>termination of employment of a substantial number of members</u>
24	which would constitute a partial termination of the
25	retirement system, or complete discontinuance of

contributions to the retirement system, the retirement 1 2 allowance accrued to each member directly affected by such occurrence becomes fully vested and nonforfeitable to the 3 4 extent funded." 5 Section 11. Section 68-2002, R.C.M. 1947, is amended to read as follows: 6 #68-2002. Time for commencement of allowance. The 7 8 board shall grant a retirement allowance to any member who has fulfilled the eligibility requirements of section 9 68-2001 and filed the appropriate written application. The 10 retirement allowance shall:commence on the first day of the 11 gonth following the member's last day of membership service 12 or on the first day of the month in which his application is 13 filed with the board, whichever is later." 14 Section 12. Section 68-2003, R.C.N. 1947, is amended 15 15 to read as follows: "68-2003. Annual amount of retirement allowance 17 payables (1) The annual camount of retirement allowance 18 19 payable to a member following his service retirement is the

20 sum of (1)(1); (2)(1) and (3)(c) as follows:
 21 (1)(1) an annuity which is the actuarial equivalent of
 22 his accumulated additional contributions on the day his
 23 retirement allowance commences;

24 (2)(b) one sixtieth (1/60) of his final compensation
 25 multiplied by the number of years of his creditable service;

(3)(c) any retirement allowance payable under section 1 68-2004-2 3 (2) If a member dies after retirement and has not elected an optional retirement allowance provided for in 4 68-2203; his beneficiary will be paid the excess, if any, of 5 the member's accumulated contributions on the day his 6 7 retirement allowance commenced over the total of the 8 retirement\_allowance\_payments made to the retired member." Section 13. Section 68-2004, R.C.M. 1947, is amended 9 10 to read as follows: 11 #68-2004. Excess allowance to members on July 1, 1973. 12 The annual amount of retirement allowance payable to a 13 person who was a member on July 1, 1973, shall be increased by the excess, if any, of the greater of (1) or (2) as 14 follows over subsection (2) of section 68-2003(11(b1:)) 15 16 (1) the sum of a pension for prior service equal to one sixtieth (1/60) of his final compensation multiplied by 17 the number of years of his prior service, an annuity which 18 19 is the actuarial equivalent of his accumulated normal contributions with regular interest to the day his 20 21 retirement allowance commences, and a pension for membership 22 service equal to such annuity; 23 (2) if the member attained age seventy (70) in 24 service: the lesser of four hundred eighty dollars (\$480) or 25 one-half (1/2) of his final compensation.\*

Section 14. Section 68-2104. R.C.M. 1947. is amended
 to read as follows:

3 #68-2104. Annual allowance for nonduty-related 4 disability -- reduction for misconduct. (1) The annual 5 amount of retirement allowance payable to a member eligible 5 for disability retirement for other than duty-related 7 reasons is the sum of (1)[a], (2)[b] and (3)[c] as follows: 8 (2)((a) an annuity which is the actuarial equivalent of 9 his accumulated additional contributions on the day his 10 retirement allowance commences;

11 (2)(b) an annuity which is the actuarial equivalent of 12 his accumulated normal contributions with normal interest to 13 the day his retirement allowance commences; 14 (3)(c) if, in the opinion of the board, the disability

15 is not due to intemperance, willful misconduct or violation 16 of law on the part of the member, a pension which is the 17 <del>lesser greater</del> of <del>(a)</del>[1] or <del>(b)</del>[1] as follows:

18 (a)(i) a pension which, together with the annuity 19 provided under (2)(b), shall make the retirement allowance 20 equal to ninety percent (90%) of one-sixty fifth (1)(65) 21 <u>one-sixtighh</u> of his final compensation multiplied by his 22 years of creditable service;

23 (b)(ii) a pension retirement allowance equal to
24 twenty-five percent (25%) of his final compensation.

25 (2) Except as provided in 68-2301. If a member dies

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1 after retirement and has not elected an optional retirement 2 allowance\_provided\_for in 68-2203; his beneficiary will be 3 paid\_the\_excess; if\_any; of\_the\_member's\_accumulated 4 contributions\_on\_the\_day his retirement\_allowance\_commenced 5 over the total of the retirement\_allowance\_payments\_made\_to 6 the retired members"

7 Section 15. Section 68-2203, R.C.M. 1947, is amended 8 to read as follows:

9 "68-2203. Optional retirement allowance. (1) The 10 retirement allowance of a member who so elects shall be converted, in lieu of all other benefits under this act, 11 into an optional retirement allowance which is the actuarial 12 13 equivalent of such-other the regular retirement allowance. 14 The optional retirement allowance is a reduced amount 15 payable during the member's lifetime with a subsequent 16 benefit as follows:

17 tal--Option-l-a-death-benefit---to--the--member\*s
18 beneficiary-equal--to--the-excessy-if-anyy-of-the-member\*s
19 accumulated-contributions-with-regular-interest-to--the--day
20 his--retirement--allowance--commenced--over-the-total-of-his
21 retirement-blowance-poymentsy

22 (b)(a) Option option 2)--a continuation of the reduced
 23 retirement allowance during the lifetime of his named
 24 contingent annuitant\*:

25 (c)(b) Option option 32~-a continuation of one-half

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1 (1/2) of the reduced retirement allowance during the
2 lifetime of his named contingent annuitant\*:

3 (d)(c). Option option 43--such other actuarially
 4 equivalent benefit as shall may be approved by the board.

5 {2} Election of ony an optional retirement allowance 6 shall: <u>must</u> be by written application filed prior to the 7 first payment of the regular retirement allowance. The 8 contingent--annuitant--named--by--the--member--must--hove-an 9 insurable-interest-in-the-life of the members:

(3) If either the member or his contingent annuitant
 should--die: dies: before the member has received the first
 payment under option 21 or 32; the 'election of such the
 option shall is automatically be canceled.

14 (4) If a member dies after retirement and within 15 thirty-(30) days from the date his election or changed 16 election of an optional retirement allowance is received by 17 the board, then said the election is void end-of-no--effecty 18 and the death shell--be is considered as that of a member 19 before retirement."

20 Section 16. Section 68-2501. R.C.M. 1947, is amanded 21 to read as follows:

\*68-2501. Monthly payments -- combining installments.
(11):A retirement allowance or survivorship allowance granted
under the provisions of this act shall be payable in monthly
installments, except that the board at its discretion may

convert payments of less than twenty-dollars (\$20) per month 1 to largar periodic payments which are the actuarial 2 3 equivalent of such smaller payments, but which occur less frequently. If payments of at least twenty-dollars-(\$20) per 4 year are not so payable, the payment may be commuted into a 5 single sum. A smaller pro rata amount may be paid for part 6 of a month when the retirement allowance begins-after-the 7 first day of the wonth or ends before the last day of the R 9 sonth-121 There: may indt; be: any duplication of retirement 10

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13 Section 17. Section 68-2502, R.C.N. 1947. is amended 14 to read as follows:

\*68-2602. Definitions. The words and phrases used in 15 this-act-shall-have-the-following-meaningst-(1)-=Accumulated 15 17 member-either-during-a-periad-of-membership--service-tor-as 18 transferred--from--the--public--employees--retirement-system 19 with-respect-to-a-period-of-prior-service--and--standing--to 20 his---credit--in--the--account--together-with--the--accrued 21 interesty Unless the context redulras otherwise, the 22 following definitions apply in this chapter: 23 terributions" -- or "accumulated -24

25 <u>deductions</u> means the total amount deducted from the salary

of a member either during a period of membership service or . 1 2 as plus the total amount deducted during a period of prior 3 service and transferred from the public employees' 4 retirement system with-respect-to-a-period-of-prior-service 5 and, standing to his the member's credit in the account, 6 together with the accrued interest. 7 t3)(2) "Beneficiary" --- means a person having-an insurable: interest in the member a life who is nominated in 8 an acknowledged document by the member, which is filed with 9 10 the board. 11 (4)(3) "Retired sheriff" --- means a person receiving 12 a retirement allowance under this act. 13 (5)(4) "Board" -- means the sheriffs' retirement 14 board. 15 totion "Member" --- means any person who has 16 accumulated deductions in the account to his credit. 17 +71(6) "Final salary" -- means the average annual 16 salary received by a member, before any deductions are made. 19 and exclusive of maintenance, allowances, and expenses, for 20 21 contributions were deducted an or ... in the event that a 22 member has not served three--f3; years, the total salary 23 earnedy divided by the number of years served. Lump-sum 24 payments for sick leave and annual leave paid to an 'employee upon termination of employment may be used in the 25

1 calculation of a retirement allowance only to the extent 2 that they are used to replace on a month for month basis. 3 the normal compensation for a month or months included in 4 the calculation of the fidak salary, A lung-sup payment way 5 not be added to a single sooth's comparation. 6 (8)(7). "Actuarial equivalent" -- means. a benefit 7 computed using the mortality tables and interest rates 8 adopted by the board, compounded annually. 9 (9)(81: "Account" -- (means) the Montana sheriffs" 10 retirement account administered by the sheriffs\* retirement 11 board. 12 (19)/191 "Vested retirement" -- means a retirement not 13 for cause and before retirement ago. 14 this is an autre a set of the set 15 derived from contributions made by the contributor while 16 employed. 17 (12)(11) "Retirement allowance" -- means the state 18 annuity plus the member's annuity. 19 (13) "State annuity" -- means payments for life 20 derived from contributions-made-by county contributions into 21 the sheriffs\* retirement account, together with any 22 supplemental legislative appropriations to said the account. 23 (14)(13) "Creditable service" -- means the aggregate of all of a member's current and prior service. 24 25 (15)---Service-credits\*---the-credit-a--nember--employed

1 on--a--part-time--basis--shall--receive--which--is-a-vesr-of 2 service-for-each-fiscal-year-during--which--the--member--was 3 employed-the--whole--year-and-was-engaged-in-this-duties-the full-amount-of-time-he-was-required-by-employments 4 5 +161(14) "Membership service" -- means service for which an amount is deducted from the salary of a member and 6 7 paid into the account. 8 (17)(15) "Prior service" -- means that service for 9 which credit was granted by the public employees' retirement 10 system of the state of Hontana. 11 (18)(16) "Service" -- means employment as a sheriff. (19)(17) "Sheriff" --- means lany elected or appointed 12 county sheriff, undersheriff, or regularly appointed and 13 14 acting deputy sheriff." Section 18. Section 68-2604. R.C.M. 1947. is amended 15 16 to read as follows: 17 \*68-2604. Functions of the board \_-\_\_\_protection\_of 18 funds. [1] The board may-establish-such-rules-and 19 requisitions-as-it-deems-necessary-and is the frustee of all Z0 moneys collected for the retirement system and . is charged 21 with the proper administration, operations and enforcement 22 of this act. It may establish such rules as it considers 23 necessary. The board shall be-the-suthority-to prescribe the Z4 conditions under which persons may be--admitted--to become

members of and continue--to receive benefits under the

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1	retirement system. <u>All: persons in isimilar: circumstances</u>
z	shall be treated alike. It shall keep the data necessary for
3	actuarial valuation purposes. It shall thave biennial
4	actuarial investigations made into the mortality and service
5	experience of the members and <del>to</del> the beneficiaries of the
6	accounty and shall adopt one or more mortality tables.
7	121 The assets of the retirement system may not be
8	used for an diverted to any indraose other ithan ifor the
9	exclusive benefit of the members and their beneficiaries and
10	<u>for paying the reasonable expenses of addidistering the</u>
11	<u>retirement_system</u>
12	131 Uson termination of the retirement system
13	termination of employment of a substantial dumber of members
14	which
15	retirement system; or complete discontinuance of
16	contributions to the retirement systems the retirement
17	allowance accrued to each member directly affacted by such
18	occurrence becomes fully vested and nonforfeitable to the
19	extent_funded_"
20	Section 19. Section 68-2619, R.C.M. 1947, is amended
21	to read as follows:
22	#68-2619。 Retirementallowancespayablewonthly
23	Payments to be monthly and fixed. The retirement allowances
24	granted under the provisions of this act shall be paid in

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25 monthly annuities and shall not be increased, decreased,

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ı	revokad, or repealed unless by an act of the legislative
2	assembly of the state of Montana. <u>Howevers there may not be</u>
3	any duplication of benefits to a deaber of beneficiary due
4	to there being more than one period of service of the
5	Resber
6	Section 20. Section 93-1112, R.C.M. 1947, is amended
7	to read as follows:
8	=93-1112. Rules-and regulationsactuariet data ( <u>Powers</u> )
9	and duties of board protection of funds. (1) The board is
10	the trustee of [all: modeys: collected lfor the retirement
11 1	<u>System _and</u> : may establish such rules <del>and regulations</del> as it
12	deems: <u>considers</u> inecessary, <del>and is charged within <u>Within</u> the</del>
13	limitations of this act <u>e for the board is charged with and</u> :
14	is the authority as to its proper administration, operation,
15	and enforcement <del>y</del> .a <del>nd/shall/bc/the-outhority-under-this-</del> act :
16	foritsproper-administrationy-operationy-and-enforcementy .
17	and-shall be <u>The board is</u> the authority under-this act as to
18	the conditions under which persons may <del>be admitted to <u>become</u></del>
19	members of and continue to receive benafits under the
20	retirement system. <u>All persons in similar dircumstances</u>
21	shall be treated alike.
22	[2] It <u>The board</u> shall keep such data as <del>shall be</del> is
23	necessary for actuarial valuation purposes. It shall cause

to be made periodic actuarial investigations into the

mortality and service experience of the contributors to and

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1 the beneficiaries of the fundy and shall adopt for the 2 retirement system one or more mortality tables. 3 (3) The assets of the retirement system may not be 4 used for or diverted to any purpose other than for the 5 exclusive benefit of the members and their beneficiaries and б for paying the reasonable expenses of administering the 7 retirement system. 8 (4) Voon termination of the retirement systems 9 tershightion of smoldyment of a substantial number of sembers 10 which would constitute a partial termination of the 11 retirement 'systems or 'complete discontinuance of 12 contributions to the retirement system. the retirement 13 allowance accrued to each memoer directly affected by such 14 occurrence becomes fully vested and nonforfeitable to the 15 extent\_funded." 16 Section 21. Section 93-1125, R.C.M. 1947, is amended 17 to read as follows: "93-1125. Monthly payments of retirement allowances. 13 19 The retirement allowances granted under the provisions of 20 this act shall be paid in equal monthly installments and 21 shall may not be increased, decreased, revoked or repealed 22 unless by act of the legislative-assembly legislature of the 23 state of Montana. However, there may not be any duplication 24 of benefits to a member or beneficiary due to there being

25 more than one period of service of a member. No retirement

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- allowances can may be approved by the board while the member
- 2 is drawing full compensation as a judge or justice."
- 3 Section 22. Repealer. Section 68-1425, R.C.M. 1947 is

4 repealed.

-End-

House BILL NO. 794 L INTRODUCED BY Z BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION 3 4 A BILL FOR AN ACT ENTITLED: "AN ACT DEFINING THE TRUSTEE 5 AND FIDUCIARY RESPONSIBILITIES OF THE RETIREMENT BOARDS OF 5 THE HIGHWAY PATROLMEN'S RETIREMENT SYSTEM, THE GAME WARDENS" 7 RETIREMENT SYSTEM, THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM, 8 THE SHERTFES! RETTREMENT SYSTEM. AND THE JUDGES! RETIREMENT 9 SYSTEM: REVISING AND CLARIFYING THE LAW PERTAINING TO THESE 10 TRUSTEE AND FIDUCIARY RESPONSIBILITIES AND THE CALCULATION 11 AND PAYMENT OF RETIREMENT ALLOWANCES; AMENDING SECTIONS 12 31-201, 31-206, 31-220, 58-1401, 68-1405, 68-1406, 68-1419, 13 68-1503+ 68-1803+ 68-1901+ 68-2002+ 68-2003+ 68-2004+ 14 68-2104, 68-2203, 68-2501, 68-2602, 68-2604, 68-2619, 15 93-1112, AND 93-1125, R.C.M. 1947; AND REPEALING SECTION 15 68-1425, R.C.H. 1947." 17

18

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

20 Section 1. Section 31-201, R.C.M. 1947, is amended to 21 read as follows:

22 \*31-201. Definitions. Unless the context requires
23 otherwise: the following definitions apply in this act:

24 (1) "Accumulated deductions" means the total of the
 25 amounts deducted from the salary of a contributor1 and paid
 There are no changes in <u>HB popp</u>, & will not be re-run.
 Please refer to white copy for complete text. SECOND READING

1 into the fund, and standing to his credit in the fund, 2 together with the regular interest thereon. 3 (2) "Department" means the public \_\_\_\_\_employees! 4 retirement division of the department of administration 5 provided-for----in-Title-82Ay-chapter-2. 6 (3) "Beneficiary" means a person or-persons-having--an 7 insurable-interest-in-his fife nowinated to receive benefits 8 under this chapter as he shall nominate by a member's Q written designation, duly acknowledged and filed with the 10 department. 11 (4) "Retired patrol#an" means a person in receipt of a 12 retirement allowance under this act. 13 (5) "Board" means the board of administration provided 14 for in section 824-210. 15 (6) "Compulsory retirement age" means sixty 60 years 16 of age. 17 (7) "Contributor" means a person who has accumulated 18 deductions in the fundy standing to his credit. (8) "Final 19 salary" means the average annual 20 compensation received by a contributor, before any 21 deductions have been madey and exclusive of maintenance. 22 allowances, and expenses, for any thres-(3) years of 23 continuous service upon which contributions have been madew 24 25 the total retirement compensation earnedy divided by the

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L	number of years served. Lump-sum payments for sick leave
2	and andual leave paid to an employee upon termination of
3	employment may be used in the calculation of a retirement
4	allowance only to the extent that they are used to replace.
5	on a wonth for wonth basis. the normal compensation for a
5	month or months included in the calculation of the final
7	<u>salary. A lump∹sum payment may not be added to a single</u>
8	month's compensation.
9	<del>{9}~~**Actuorio?equivatent*meanstheaccumutate</del> d
10	contributions-and-the-present-walue-of-thememberlastate
11	<del>service-based-on-</del> kength-of-servic <del>a</del> -and-nember*s-attained-age
12	usedto+providea+lifeforftemporary+life-income+tothe
13	<del>legally-designated-persony-based-ontheperson'sattained</del>
14	age-and-sex-at-the-time-the-coption-becomes-availables
15	<u>(9) _=Actuariat (equivalent=) means is benefit of equal</u>
16	value when computed on the basis of the actuarial tables, in
17	use by the system.
18	(10) "Account" means the Montana highway patrolmen's
19	retirement account in the agency fund.
20	(11) "Involuntary retirement" means a retirement not
21	for cause and before retirement age.
22	(12) "Hember's annuity" means payments for life
23	derived from contributions made by the contributor.
24	(13) "Optional retirement age" means the age at which
25	a contributor may retire after <del>twenty-1</del> 20 <del>)</del> years* service <del>or</del>

# l mort.

2	(14) "Retirement age" means the age at which a member
3	retires after <del>twenty-five∹{</del> 2 <del>5}</del> years of creditable: service
4	with the Montana highway patrol.
5	(15) "Retirement allowance" means the state annuity
6	plus the member's annuity.
7	(16) "State annuity" means payments for life derived
8	from contributions made by the state of Montana."
9	Section 2. Section 31-206, R.C.M. 1947, is amended to
10	read as follows:
11.	=31-206. Rules actuarial data <u> protection of</u>
12	funds. (1): The board is the trustee of all moneys
13	<u>collectéd for the rétirement système it</u> may establish <u>such</u>
14	rules <u>as</u> , it considers necessary to carry out its functions
15	under this act. The board shall determine the conditions
16	under which persons may <del>be admitted to</del> <u>become members of</u> and
17	<del>continue to</del> receive benefits under the retirement system.
18	All persons in similar circumstances shall be treated alike.
19	It <u>The board</u> shall keep such data as shall be necessary for
20	actuarial valuation purposes. It shall cause to be made
21	periodic actuarial investigations into the mortality and
22	service experience of the contributors to and the
23	beneficiaries of the account, and shall adopt for the
24	retirement system one or more mortality tables.
25	12) The assets of the ratirement system may not be

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House BILL NO. 794 1 INTRODUCED BY -Drama 2 3 BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION 4 5 A BILL FOR AN ACT ENTITLED: "AN ACT DEFINING THE TRUSTEE AND FIDUCIARY RESPONSIBILITIES OF THE RETIREMENT BOARDS OF 5 THE HIGHWAY PATROLMEN'S RETIREMENT SYSTEM, THE GAME WARDENS" 7 RETIREMENT SYSTEM, THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM, 8 THE SHERIFFS RETIREMENT SYSTEM, AND THE JUDGES RETIREMENT 9 SYSTEN; REVISING AND CLARIFYING THE LAW PERTAINING TO THESE 10 TRUSTEE AND FIDUCIARY RESPONSIBILITIES AND THE CALCULATION H AND PAYMENT OF RETIREMENT ALLOWANCES; AMENDING SECTIONS 12 31-201, 31-206, 31-220, 68-1401, 68-1405, 68-1406, 68-1419, 13 68-1503, 68-1803, 68-1901, 68-2002, 68-2003, 68-2004, 14 68-2104, 68-2203, 68-2501, 68-2602, 68-2604, 68-2619, 15 93-1112, AND 93-1125, R.C.H. 1947; AND REPEALING SECTION 15 68-1425+ R.C.N. 1947.\* 17 18 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: 19 Section 1. Section 31-201, R.C.H. 1947, is amended to 20 21 read as follows: "31-201. Definitions. Unless the context requires 22 23 otherwise, the following definitions apply in this act: (1) "Accumulated deductions" means the total of the 24 amounts deducted from the salary of a contributors and paid 25 There are no changes in <u>HB 1944</u>, & will not be re-run.

please refer to white copy for complete text. IHIRD READING

1	into the fund, and standing to his credit in the fund,
Z	together with the regular interest thereon.
3.	(2) "Department" means the <u>public employees</u> "
4	retirement division of the department of administration
5	provided-forin-Title-Blag-chapter-2.
6	(3) "Beneficiary" means a person <del>or persons having on</del>
7	insurable-interest-in-his life nowinated to receive benefits
8	under this chapter os-he-shold mominate by a member's
9	written designation, duly:acknowledged and filed with the
10	department.
11	(4) "Retired patrolman" means a person in preceipt of a
12	retirement allowance under this act.
13	(5) "Board" means the board of administration provided
14	for in section 824-210.
15	(6) "Compulsory retirement age" mean's sixty <u>60</u> years
16	of age.
17	(7) "Contributor" means a person who has accumulated
18	deductions in the fundy standing to his credit.
19	(8) "Final salary" means the average annual
20	compensation received by a contributor, before any
21	deductions have been madey and exclusive of maintenance,
22	allowances, and expenses, for any three+3+ years of
23	continuous service upon which contributions have been made
24	or, in the event a member has not served three
25	the total retirement compensation earnedy divided by the
	the rotal retrement compensation eathers divided by the

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1	number of years served. Lugorsum payments for sick leavs
2	and annual leave paid to an employee upon termination of
3	employment way be used in the calculation of a retirement
4	allowance. only:to the extent that they are used to replaces
5	on a month for month basis. the normal compensation for a
5	month or months included in the calculation of the final
7	<u>salary. A lump-sum payment may not be added to a single</u>
8	month's compensation.
9	<del>(9)</del>
10	contributions-and-the-present-waise-ofthememberisstate
11	service-based-on-kength-of-service-and-member*s-attsined-age
12	usedtotprovide-(-a <del>lifefort</del> emporaxy <del>-life-income-to-the</del>
13	<del>logolly designated persons based on the sperson's attained</del> :
14	age-and-sex-at-the-time-the-option-becomes-avaitable.
15	<u>(91 _=Actuariat (eduivalent=) means la bénéfit of aquat :</u>
16	value_wben_computed on the basis of the actuarial tables in
17	use by the system.
18	(10) "Account" means the Montana highway patrolmen's
19	retirement account in the agency fund.
20	(11) "Involuntary retirement" means a retirement not
21	for cause and before retirement age.
22	(12) "Nember's annuity" means payments for life
23	derived from contributions made by the contributor.
24	(13) "Optional retirement age" means the age at which

25 a contributor may retire after twenty-(20) years' service or

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z	(14) "Retirement age" means the age at which⊹a member
3	retires after twenty-five-{25} years of creditable service
4	with the Montana highway patrol.
5	(15) "Retirement allowance" means the state annuity
6	plus the member's annuity.
7	(16) "State annuity" means payments for life derived
8	from contributions made by the state of Montanas"
9	Section 2. Section 31-206, R.C.M. 1947, is amended to
10	read as follows:
11.	"31-206. Rules actuarial data <u> profection of</u>
12	funds. <u>(11)</u> The board <u>is the trustee of all moneys</u>
13	<u>collected for the retirement system. It may establish such</u>
14	rules <u>as</u> : it considers necessary to carry out its functions
15	under this act. The board shall determine the conditions
16	under which persons may <del>be admitted to <u>he</u>come mambers of</del> and
17	continue to receive benefits under the retirement system.
18	All persons in similar circumstances shall be treated alike.
19	It The board shall keep such data as shall be necessary for
20	actuarial valuation purposes. It shall cause to be made
21	periodic actuarial investigations into the mortality and
22	service experience of the contributors to and the
23	beneficiaries of the account, and shall adopt for the
24	retirement: system one or more mortality tables.
25	121 The assets of the retirement system may not be

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HB 0794/02

1	HOUSE BILL NO. 794	1	into the fund, and standing to his credit in the fund,
2	INTRODUCED BY BRAND	2	together with the regular interest thereon.
3	BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION	3	(2) "Department" means the <u>public employees</u> !
4		4	retirement division of the department of administration
5	A BILL FUR AN ACT ENTITLED: "AN ACT DEFINING THE TRUSTEE	5	provided-forin-Title-B2Av-chapter-2.
6	AND FIDUCIARY RESPONSIBILITIES OF THE RETIREMENT BOARDS OF	6	(3) "Beneficiary" means a person <del>or-persons-having-an</del>
7	THE HIGHWAY PATROLMEN'S RETIREMENT SYSTEM, THE GAME WARDENS'	7	insurable-interest-in-his-life nominated to receive benefits
8	RETIREMENT SYSTEM, THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM,	8	under_this_chapter as-he-shall-nominate by a_member's
9	THE SHERIFFS' RETIREMENT SYSTEM, AND THE JUDGES' RETIREMENT	9	written designation, duly acknowledged and filed with the
10	SYSTEM; REVISING AND CLARIFYING THE LAW PERTAINING TO THESE	10	department.
11	TRUSTEE AND FIDUCIARY RESPONSIBILITIES AND THE CALCULATION	11	(4) "Retired patrolman" means a person in receipt of a
12	AND PAYMENT OF RETIREMENT ALLOWANCES; AMENDING SECTIONS	12	retirement allowance under this act.
13	31-201, 31-206, 31-220, 68-1401, 68+1405, 68-1406, 68-1419,	13	(5) "Board" means the board of administration provided
14	68-1503, 68-1803, 68-1901, 68-2002, 68-2003, 68-2004,	14	for in <del>section</del> 82A-210.
15	63-2104, 68-2203, 68-2501, 68-2602, 68-2604, 68-2619,	15	(6) "Compulsory retirement age" means <del>sixty <u>60</u> years</del>
15	93-1112+ AND 93-1125+ R.C.M. 1947; AND REPEALING SECTION	16	of age.
17	63-1425, R.C.M. 1947."	17	(7) "Contributor" means a person who has accumulated
18		18	deductions in the fund <del>,</del> standing to his credit.
19	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:	19	(8) "Final salary" means the average annual
20	Section 1. Section 31-201, R.C.M. 1947, is amended to	20	compensation received by a contributor, before any
21	read as follows:	21	deductions have been madey and exclusive of maintenance,
22	"31-201. Definitions. Unless the context requires	22	allowances <sub>1</sub> and expenses, for any <del>three-(3)</del> years of
23	otherwise, the following definitions apoly in this act:	23	continuous service upon which contributions have been made ${f v}$
Z4	(1) "Accumulated deductions" means the total of the	24	or, in the event a member has not served three{3; years,
25	amounts deducted from the salary of a contributor <del>s and</del> paid	25	the total retirement compensation earnedy divided by the

# REFERENCE BILL

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HB 794

1 number of years served. Lump-sum payments for sick leave 1 more. (14) "Retirement age" means the age at which a member 2 and annual leave paid to an employee upon termination of 2 retires after twenty-five-t25t years of creditable service 3 employment may be used in the calculation of a retirement 3 4 allowance only to the extent that they are used to replace. 4 with the Montana highway patrol. . . 5 on a month for month basis. the normal compensation for a (15) "Retirement allowance" means the state annuity 5 month, or months included in the calculation of the final 6 plus the member's annuity. 6 7 salary. A lump-sum payment may not be added to a single (16) "State annuity" means payments for life derived 7 R month's compensation. from contributions made by the state of Montana." А 9 f9}--\*Actuarie}---equivalent\*---means--the--eccumulated 9 Section 2. Section 31-206, R.C.M. 1947, is amended to contributions-and-the-present-volue-of--the--member-s--state 10 10 read as follows: service-based-on-length-of-service-and-member\*s-attained-age 11 11 "31-206. Rules -- actuarial data -- protection of used--to--provide--a--life--or--temporary-life-income-to-the 12 12 funds. (1) The board is the trustee of all moneys 13 legally-designated-persony-based-on--the--person\*s--al lained 13 collected for the retirement system. It may establish such 14 age-and-sex-at-the-time-the-option-becomes-available. 14 rules as it considers necessary to carry out its functions 15 (9) "Actuarial equivalent" means a benefit of equal 15 under this act. The board shall determine the conditions value when computed on the basis of the actuarial tayles in 16 under which persons may be-admitted-to become members of and 16 17 continue--to receive benefits under the retirement system. use by the system. 17 18 (10) "Account" means the Montana highway patrolmen's 18 All persons in similar circumstances shall be treated alike. 19 retirement account in the agency fund. It lie board shall keep such data as shall be necessary for 19 20 (11) "Involuntary retirement" means a retirement not 20 actuarial valuation purposes. It shall cause to be made 21 for cause and before retirement age. 21 periodic actuarial investigations into the mortality and (12) "Member's annuity" means payments for life 22 service experience of the contributors to and the 22 23 beneficiaries of the account, and shall adopt for the 23 derived from contributions made by the contributor. 24 retirement system one or more mortality tables. 24 (13) "Optional retirement age" means the age at which 25 a contributor may retire after twenty-{20} years' service or 25 (2) The assets of the retirement system may not be -3-HB 794 -4-

1 used for or diverted to any purpose other than for the 2 exclusive benefit of the members and their beneficiaries and 3 for paying the reasonable expenses of administering the 4 retirement\_system. [3] Upon termination of the retirement system. 5 termination of employment of a substantial number of members 6 7 which would constitute a partial termination of the 8 9 contributions to the retirement system, the retirement 10 allowance accrued to each member directly affected by such 11 occurrence becomes fully vested and nonforfeitable to the . 12 extent\_funded." Section 3. Section 31-220, R.C.M. 1947, is amended to 13 14 read as follows: "31-220. Monthly payments of retirement allowances. 15 16 The retirement allowances granted under the provisions of 17 this act shall be paid in equal monthly installments and 18 shall may not be increased, decreased, revoked or repealed unless by act of the legislative-assembly legislature of the 19 state of Montana. However, there may not be any duplication 20 21 of benefits to a member or beneficiary due to there being 22 more than one period of service of the member." 23 Section 4. Section 68-1401, R.C.M. 1947, is amended to 24 read as follows: 25 "68-1401. Befinition-of-terms Definitions. Unless the

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1	context requires otherwise, the following definitions apply			
2	in this act:			
3	(1) "Accumulated deductions" means the total of the			
4	amount deducted from the salary of a contributor <u>s</u> and paid			
5	into the account, and standing to his credit in the account,			
6	together with the regular interest thereon.			
7	{2} "Beneficiary" means a person <del>or-persons-havi</del> ngan			
8	insurableinterestinhislifeasheshallnominate			
9	nominated to receive benefits under this chapter by a			
10	member's written designation, duly acknowledged and filed			
11	with the board.			
12	(3) "Retired state game warden" means any person in			
13	receipt of a retirement allowance under this act.			
14	{4} "Board" means the Montana state game wardens"			
15	retirement board.			
16	(5) "Contributor" means any person who has accumulated			
17	deductions in the accounty standing to his credit.			
18	(6) "Final salary" means the average annual			
19	compensation received by a contributor <u>r</u> before any			
20	deductions have been madey and exclusive of maintenance,			
21	allowances, and expenses, for any <del>three(3)</del> years of			
22	continuous service upon which contributions have been madey			
23	or, in the event a member has not served <del>three (</del> 3) years,			
24	the total retirement compensation earnedy divided by the			
25	number of years served. <u>Lump-sum payments for sick leave</u>			

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1	and annual leave paid to an employee upon termination of
2	employment may be used in the calculation of a retirement
3	allowance_only_to_the_extent_that_they_are_used_to_replace:
4	on a month for month basis, the normal compensation for a
5	month or months included in the calculation of the final
6	salary. A lump-sum payment may not be added to a single
7	month's compensation.
8	<del>{7}#Actuaria}equiva}ent#meanstheaccumulated</del>
9	contributionsandthepresent-value-of-the-member+s-state
10	service-based-on-length-of-service-and-member*s-attained-age
11	used-to-provide-e-lifeortemporarylifeincometothe
12	<del>legallydesignatedpersonybased-on-the-person*s-attained</del>
13	age-and-sex-at-the-time-the-option-becomes-availablex
14	(7) "Actuarial equivalent" means a benefit of equal
15	<u>yalue_when_computed_upon_the_basis_of_the_actuarial_tables</u>
16	in_use_by_the_system.
17	(8) "Account" means the Montana state game wardens"
18	retirement account in the agency fund.
19	(5) "Involuntary retirement" means a retirement not
20	for cause and before retirement age.
21	(10) "Member's annuity" means payments for life derived
22	from contributions made by the contributor.
23	(11) "Optional retirement age" means the age at which a
24	contributor may retire after <del>twenty-(</del> 20 <del>)</del> years service or
25	more $1$ provided that the contributor has reached the age of

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l	fifty-five-f55} years.
2	(12) "Retirement age" means the age at which a member
3	retires aftertwenty-five-{25}-years-of-creditable-service
4	as-a-state-game-warden-of-the-department-of-fish-and-game <u>as</u>
5	prescribed in 68-1411. All-members-must-retire-at-agesixty
6	<del>(68)</del>
7	(13) "Retirement allowance" means the state annuity
8	plus the member's annuity.
9	(14) "State annuity" means payments for life derived
10	from contributions made by the state <del>ofMontana</del> <u>from</u>
11	department of fish and game moneys in the earmarked revenue
12	fund•"
13	Section 5. Section 68-1405, R.C.M. 1947, is amended to
14	read as follows:
15	#68-1405• PaymentsintotheMontanagamewardens≛
16	retirement-system Retirement_account. [1] The_following
17	shall be paid to the board and shall be credited by the
18	board to the account:
19	(a) *++ all contributions by the state from department
20	<u>of</u> fish and game moneys in the earmarked revenue fund <u>:</u> and
21	<u>{b]</u> all contributions by the state game wardens <del>as</del>
22	designatedbysectionl60-1401aboveyintheamount
23	hersinafter-specifiedy; and
24	(c) all interest on and increase of the investments
25	and moneys under-this in the accounts shall-be-paid-to-the

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1	boardy-who-shall-credit-such-payments-to-theMontanastate
2	game-wardens <sup>*</sup> -retirement-account-in-the-agency-fund+
3	(2) Such The board is the trustee of all moneys
4	collected for the retirement system and has shall—have
5	exclusive control of the administration of such the account.
6	The state treasurer <del>shall be is</del> custodian of the account,
7	subject to the exclusive control of the board as to the
8	$\operatorname{adm}$ inistration thereof and the board of investments as to
9	the investment thereof.
10	(3) Whenever there is on deposit in the Hontanastate
11	g <del>omewordens*retirement</del> account a sum in excess of
12	twenty-five-thousand-dollars(\$25,000), such excess will
13	shall be invested by the board of investments as part of the
14	long-term investment fund <u>a and-any The part</u> of the account
15	less-than <u>not in excess of</u> twenty-fivethousanddollars
16	<b>†\$25,</b> 000 <del>}inamount</del> shall be invested by the board of
17	investments as part of the short-term investment fund when
18	so directed by the <del>Montons-game-wordens-retirement</del> board.
19	(4) The assets of the retirement system may not be
20	used for or diverted to any purpose other than for the
21	exclusive benefit of the members and their beneficiaries and
22	for paying the reasonable expenses of administering the
23	<u>retirement_system</u>
24	(5) Upon termination of the retirement system:
25	termination of employment of a substantial number of members
	-9- H8 794

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1	which would constitute a partial termination of the
2	retirement system, or complete discontinuance of
3	contributions to the retirement system, the retirement
4	allowance accrued to each member directly affected by such
5	occurrence becomes fully vested and nonforfeitable to the
6	extent_funded."
ר י	Section 6. Section 68-1406, R.C.M. 1947, is amended to
8	read as follows:
9	"68-1406. Rules-and-regulations Board to make rules
10	actuarial data. <u>(1)</u> The board may-establish-suchrulesand
11	regulationsas-it-deems-necessary-and is charged within-the
12	<del>limitationsofthisactforits withthe</del> proper
13	administration, operation, and enforcement, of this act.
14	The board may make such rules as it considers necessary and
15	shall betheauthority-under-this-act-as-to determine the
16	conditions under which persons may <del>beadmittedto <u>become</u></del>
17	<u>members of</u> and <del>continueto</del> receive benefits under the
18	retirement system. <u>All persons in similar circumstances</u>
19	shall be treated alike.
20	<u>(2) The board</u> It shall keep such data as <del>shall-be</del> is
21	necessary for actuarial valuation purposes. It shall cause
22	to be made periodic actuarial investigations into the
23	mortality and service experience of the contributors andto
24	and the beneficiaries of-the-accounty and shall adopt for

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25 the retirement system one or more mortality tables."

Section 7. Section 68-1419, R.C.M. 1947, is amended to	1	68-2510.
read as follows:	2	(4) "Board" me
*68-1419. Monthly payments of retirement allowances.	3	for in section 82A-2
The retirement allowances granted under the provisions of	4	(5) "Employee"
this act shall be paid in equal monthly installments and	5	employer in any capa
shall may not be increased, decreased, revoked or repealed	6	either by warrant of
unless by act of the <del>legislative assembly legislature</del> of the	7	of any department
state of Montana. <u>However, there may not be any duplication</u>	8	means further any pe
of benefits to a member or beneficiary due to there being	9	68-2510.
more than one period of service of the member."	10	(6) <sup>#</sup> Retiremen
Section 8. Section 68-1503, R.C.M. 1947, is amended to	11	retirement account i
read as follows:	12	(7) "Service"
#68-1503. Definitions. Unless the context requires	13	as provided in secti
otherwise, in this act:	14	(8) "Prior ser
(1) "Retirement system" means the public employees"	15	an employee of th
retirement system created by this act.	16	service rendered as
(2) "Head of department" means the head of any	17	before July 1, 19
department, institution or branch of the state service which	18	rendered prior to
directly pays salaries out of its income or which prepares,	19	legislative assembl
approves and submits salary statements of its employees to	20	Montana.
the department of administration, state auditor and state	21	(9) "Beneficia
treasurer for payment.	22	pursuant to section
(3) "Nember" means any person included in the	23	(10) "Compensat
membership of the retirement system set forth in section	24	funds controlled by
68-1601 and not excluded in section 68-1602, 68-1603 or	25	member of the lea

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HB 794

eans the board of administration provided 210.

means any person employed by an et . acity whatever and whose salary is paid f the employer or from the fees or income or agency of the employer. "Employee" erson deemed such pursuant to section

nt fund" means the public employees\* in the agency fund.

means employment of an employee, except ions 68-1604 and 68-1605.

rvice" shall mean all service rendered as ne state before July 1, 1945, and all an employee of a contracting employer 947. Prior service includes all service July 1, 1945, as a member of the ly or lieutenant governor of the state of

ary" means the person so designated 68-2401.

tion" means remuneration paid out of an employer. The compensation of each gislative assembly and the lieutenant

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governor of the state of Montana for any year shall be 1 deemed to be that portion of the product of the daily 2 compensation for such position multiplied by three hundred 3 4 sixty (360), upon which such member elects to pay normal contributions during the year. 5

6 (11) "Final compensation" means a member's highest 7 average annual compensation during any three (3) consecutive years of membership service. Lump-sum payments for sick 8 9 leave and annual leave paid to the employee upon termination 10 of employment may be used in the calculation of a retirement 11 allowance only to the extent that they are used to replace. on a month for month basis, the normal compensation for a 12 13 month or months included in the calculation of the final salary. A lumo-sum payment may not be added to a single 14 15 month's compensation. (12) "Regular interest" means interest at the rate set 16 from time to time by the board-17 contributions means contributions 18 (13) "Normal

19 required by members under this act and any optional 20 contributions, made under the provisions of sections 68-1605 and 68-1906. 21

22 (14) "Additional contributions" means contributions by 23 members under the provisions of section 68-1903.

24 (15) "Accumulated normal contributions" means the sum Z5 of all the normal contributions standing to the credit of a

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member's individual account without interest. (16) "Accumulated additional contributions" means the 2

3 sum of all the additional contributions standing to the credit of a member's individual account, together with the 4 regular interest thereon. 5

6 (17) "Accumulated contributions" means the sum of 7 accumulated normal contributions and accumulated additional contributions. А

9 (18) "Pension" means payments for life derived from 10 contributions made from the state controlled funds, or in 11 the case of members from contracting employers, from the 12 funds of such contracting employers, as provided in this 13 act.

14 (19) "Annuity" means payments for life derived from contributions made by a member as provided in this act. 15 (20) "Retirement allowance" means the periodic benefit 16

17 payable following service, early or disability retirement.

18 (21) "Actuarial equivalent" means a benefit of equal 19 value when computed upon the basis of the actuarial tables

20 in use by the system.

1

21 (22) "Actuary" means the actuary retained by the board 22 in accordance with section 68-1804.

23 {23) "Benefit" means the retirement allowance. 24 survivorship allowance, death benefit or refund of accumulated contributions provided by this act. 25

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(24) "Contracting employer" means any political
 subdivision or governmental entity which has contracted to
 come into the system.

4 {25} "Employer" means the state of Montana, its 5 university or any of the colleges, schools, components or 6 units thereof for the purposes of this act, or any political 7 subdivision or governmental entity which has contracted to 8 come into the system.

9 (26) "Membership service" means service with respect to 10 which normal contributions and employer contributions are 11 paid. A member of the legislative assembly and a lieutenant 12 governor of the state of Montana shall be credited with 13 membership service for that portion of each year for which 14 he pays normal contributions pursuant to section 68-1503 15 (10).

16 (27) "Survivorship allowance" means payments for life
17 to the beneficiary of a deceased member as provided in Title
18 68, chapter 23.

19 (28) "Creditable service" means the aggregate of 20 membership service and prior service. A member employed on a 21 part-time basis shall receive credit for a year of service 22 for each fiscal year during which such member was employed 23 throughout the year and was engaged in his duties the full 24 amount of time he was required by his employment to be so 25 engaged.

1 (29) "Employer contributions" means payments to the 2 retirement fund from appropriations of the state of Montana ٦ pursuant to section 68-2504 and from contracting employers pursuant to the contracts between them and the board. 4 5 (30) "Written application" means a written instrument duly executed and filed with the board and containing all 6 information required by the board, including such proofs of 7 8 age as the board shall deem necessary. (31) "Retirement" means withdrawal from active service 9 10 with a retirement allowance granted under the provisions of 11 this act. 12 (32) "Disability" and "incapacity for performance of duty" referred to herein as a basis of retirement, means 13 disability of permanent duration or disability of extended 14 15 and uncertain duration, as determined by the board on the 16 basis of competent medical opinion. (33) "Fiscal year" means any year commencing with July 17 18 1 and ending June 30 next following." 19 Section 9. Section 68-1803: R.C.N. 1947. is amended to 20 read as follows: \*68-1803. Rules and regulations -- records -- annual 21 22 report by board. (1) The board of administration may 23 establish such rules and regulations as it deems proper for

25 and enforcement of this act, subject to its limitation. The

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the administration and operation of the retirement system

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24

board shall determine who are employees within the meaning 1 of this act. The board shall be the sole authority under 2 3 this act as to the conditions under which persons may become members of and receive benefits under the retirement system. 4 The board shall determine and may modify allowances for 5 service and disability under this act. The board shall 6 establish those uniform rules and regulations as are 7 8 necessary to determine credit for fractional years of 9 service. All persons in similar circumstances shall be 10 treated alike. The board shall maintain such records and 11 accounts it determines necessary for the administration of 12 this act. Upon the basis of the findings of the actuary 13 pursuant to section 68-1804, the board shall adopt those 14 actuarial tables and those rates of regular interest it 15 determines appropriate to comply with the provisions of this 16 act.

17 (2) As soon as practical after the close of each 18 fiscal year, the department of administration shall file 19 with the governor a report of its work for that fiscal year. 20 The report shall include a statement as to the accumulated 21 cash and securities in the retirement fund as certified by 22 the state treasurer and the board of investment. The report 23 shall also include the most recent unpublished report of the 24 actuary of the actuarial valuation of the assets and 25 liabilities of the system."

1	Section 10. Section 68-1901, R.C.M. 1947, is amended
2	to read as follows:
3	■68-1901. Management of fund. The retirement fund
4	shall be managed as follows:
5	(1) The board <del>ofadministrationshallhave</del> <u>is_the</u>
6	trustee of all moneys collected for the retirement system
7	and has exclusive control of the administration of the fund
8	except as otherwise provided by law.
9	(2) The fund shall be invested by the state board of
10	investments as part of the long-term investment fund.
11	(3) The department of administration shall deposit
12	monthly in the state treasury all amounts received by it as
13	provided in this act.
14	(4) The state treasurer <del>shall-be is</del> custodian of the
15	retirement fund, subject to the exclusive control of the
16	board <del>of-administration</del> as to the administration thereof and
17	the board of investments as to the investment thereof.
18	(5) Interest earned on any cash <del>deposit <u>deposited</u> in a</del>
19	bank by the state treasurer and income on other assets
20	constituting a part of the fund shall be paid into the fund
21	as received. Income, of whatever nature, earned on the
22	retirement fund during any fiscal year, in excess of the
23	interest credited to contributions during that year shall be
24	retained in the fund as a reserve against deficiencies in
25	interest earned in other years, losses under investments,

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1	and other contingencies.
2	(6) Except as herein provided, no member and no
3	employee of the department of administration <del>shall may:</del>
4	<u>(a)</u> have any interest, direct, or indirect, in the
5	making of any investmenty or in the gains or profits
6	accruing therefrom <del>s: Andnomemberoremployeeof-the</del>
7	department
8	(b) directly or indirectly, for himself or as an agent
9	or partner of others, may borrow any of its funds or
10	deposits <del>y:</del> nor-shall-any-member-or-employee
11	(c) in any manner use the same except to make such
12	current and necessary payments as are authorized by the
13	department <u>: or</u> norshallanymemberor-employee f-the
14	department
15	(d) become an endorser or surety as to or in any
16	manner an obligor for investments for the retirement system.
17	(7) The assets of the retirement system may not be
18	used for or diverted to any purpose other than for the
19	exclusive benefit of the members and their beneficiaries and
20	for paying the reasonable expenses of administering the
21	<u>retirement_system</u> e
22	(8) Upon termination of the retirement system.
23	termination of employment of a substantial number of members
24	which would constitute a partial termination of the
25	retirement system, or complete discontinuance of
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1	contributions to the retirement system, the retirement
2	allowance accrued to each member directly affected by such
3	occurrence_becomes_fully_vested_and_nonforfeitable_to_the
4	extent_funded."
5	Section 11. Section 68-2002, R.C.M. 1947, is amended
6	to read as follows:
7	#68-2002. Time for commencement of allowance. The
8	board shall grant a retirement allowance to any member who
9	has fulfilled the eligibility requirements of section
10	68-2001 and filed the appropriate written application. The
11	retirement allowance shall commence on the <u>first</u> day <u>of the</u>
12	month following the member's last day of membership service
12 13	<u>month</u> following the member's last day of membership service or on the first day of the month in which his application is
13	or on the first day of the month in which his application is
13 14	or on the first day of the month in which his application is filed with the board, whichever is later."
13 14 15	or on the first day of the month in which his application is filed with the board, whichever is later." Section 12. Section 68-2003, R.C.M. 1947, is amended
13 14 15 16	or on the first day of the month in which his application is filed with the board, whichever is later." Section 12. Section 68-2003, R.C.M. 1947, is amended to read as follows:
13 14 15 16 17	or on the first day of the month in which his application is filed with the board, whichever is later." Section 12. Section 68-2003, R.C.M. 1947, is amended to read as follows: "68-2003. Annual amount of retirement allowance
13 14 15 16 17 18	or on the first day of the month in which his application is filed with the board, whichever is later." Section 12. Section 68-2003, R.C.M. 1947, is amended to read as follows: "68-2003. Annual amount of retirement allowance payable. <u>(1)</u> The annual amount of retirement allowance
13 14 15 16 17 18 19	or on the first day of the month in which his application is filed with the board, whichever is later." Section 12. Section 68-2003, R.C.M. 1947, is amended to read as follows: "68-2003. Annual amount of retirement allowance payable. <u>(1)</u> The annual amount of retirement allowance payable to a member following his service retirement is the

23 retirement allowance commances;

24 (2)(b) one sixtieth (1/60) of his final compensation
 25 multiplied by the number of years of his creditable service;

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L	<del>(3)(c)</del> any retirement allowance payable under section
2	68-2004.
3	(2) If a member dies after retirement and has not
4	elected an optional retirement allowance provided for in
5	<u>68-2203. his beneficiary will be paid the excess. if any. of</u>
6	the member's accumulated contributions on the day his
7	<u>retirement allowance commenced over the total of the</u>
8	retirement allowance payments made to the retired member."
9	Section 13. Section 68-2004; R.C.M. 1947; is amended
10	to read as follows:
11	*68-2004. Excess allowance to members on July 1, 1973.
12	The annual amount of retirement allowance payable to a
13	person who was a member on July 1, 1973, shall be increased
14	by the excess, if any, of the greater of (1) or (2) as
15	follows over <del>subsection-{2}-of-section</del> 68-2003 <u>(1)(b)</u> :
16	(1) the sum of a pension for prior service equal to
17	one sixtieth (1/60) of his final compensation multiplied by
18	the number of years of his prior service, an annuity which
19	is the actuarial equivalent of his accumulated normal
20	contributions with regular interest to the day his
21	retirement allowance commences, and a pension for membership
22	service equal to such annuity;
23	(2) if the member attained age seventy (70) in
24	service, the lesser of four hundred eighty dollars (\$480) or
25	one-half (1/2) of his final compensation."

1 Section 14. Section 68-2104, R.C.M. 1947, is amended to read as follows: 2

3 #68-2104. Annual allowance for nonduty-related disability -- reduction for misconduct. (1) The annual 4 amount of retirement allowance payable to a member eligible 5 for disability retirement for other than duty-related 6 reasons is the sum of fly(a), f2)(b) and f3)(c) as follows: 7  $(\frac{1}{2})$  an annuity which is the actuarial equivalent of 8 his accumulated additional contributions on the day his 9 retirement allowance commences; 10

11 (2)(b) an annuity which is the actuarial equivalent of 12 his accumulated normal contributions with normal interest to 13 the day his retirement allowance commences;

14 (3)(c) if, in the opinion of the board, the disability 15 is not due to intemperance, willful misconduct or violation 16 of law on the part of the member, a pension which is the 17 tesser creater of tatii or that as follows:

18 tatil a pension which, together with the annuity 19 provided under  $\frac{1}{2}$ , shall make the retirement allowance 20 equal to ninety percent (90%) of one--sixty-fifth--(1/65) 21 one-sixtieth of his final compensation multiplied by his 22 years of creditable service; 23 (b)(ii) a pension retirement allowance equal to 24 twenty-five percent (25%) of his final compensation.

25 (2) Except as provided in 68-2301, if a member dies

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after\_retirement\_and\_has\_not\_elected\_an\_optional\_retirement allowance\_provided\_for\_in\_68=2203. his\_beneficiary\_will\_be paid\_the\_excess.\_if\_\_any.\_of\_the\_member's\_accumulated contributions\_on\_the\_day\_his\_retirement\_allowance\_commenced over\_the\_total\_of\_the\_retirement\_allowance\_payments\_made\_to the\_retired\_member."

7 Section 15. Section 68-2203, R.C.M. 1947, is amended 8 to read as follows:

\*68-2203. Optional retirement allowance. (1) The 9 retirement allowance of a member who so elects shall be 10 converted, in lieu of all other benefits under this act, 11 into an optional retirement allowance which is the actuarial 12 13 equivalent of such-other the regular retirement allowance. The optional retirement allowance is a reduced amount 14 payable during the member's lifetime with a subsequent 15 benefit as follows: 16

17 (s)--Bption--1--a--death--benefit---to---the---member\*s 18 beneficiory--equal--to--the--excessy-if-anyy-of-the-member\*s 19 accumulated-contributions-with-regular-interest-to--the--day 20 his--retirement--allowance--commenced--over-the-total-of-his 21 retirement-allowance-payments.

22 (b)(a) Option option 21--a continuation of the reduced
23 retirement allowance during the lifetime of his named
24 contingent annuitanty:

25 (c)(b) Option option 32--a continuation of one-half

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tifely of the reduced retirement allowance during the
lifetime of his named contingent annuitant★1
teleft(c) Bption option 43---such other actuarially

4 equivalent benefit as shall may be approved by the board.

5 (2) Election of <u>env an</u> optional retirement allowance 6 <del>shall <u>must</u></del> be by written application filed prior to the 7 first payment of the regular retirement allowance. The 8 contingent--onnuitant--nomed--by--the--member--must--have-on 9 insurable-interest-in-the-life-of-the-members

10 (3) If either the member or his contingent annuitant 11 should-die dies before the member has received the first 12 payment under option 21 or 32, the election of such the 13 option shall is automatically be canceled.

14 (4) If a member dies after retirement and within 15 thirty-(30) days from the date his election or changed 16 election of an optional retirement allowance is received by 17 the board, then said the election is void and-of-no--effecty 18 and the death shall--be is considered as that of a member 19 before retirement."

20 Section 16. Section 68-2501, R.C.M. 1947, is amended 21 to read as follows:

\*68-2501. Monthly payments -- combining installments.
(1) A retirement allowance or survivorship allowance granted
under the provisions of this act shall be payable in monthly
installments, except that the board at its discretion may

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convert payments of less than twenty-dollars-t\$20; per month 1 2 to larger periodic payments which are the actuarial 3 equivalent of such smaller payments, but which occur less frequently. If payments of at least twenty-dollars-(\$20) per 4 5 year are not so payable, the payment may be commuted into a 6 single sum. A smaller pro rata amount may be paid for part 7 of a month when the retirement allowance begins-after-the 8 first-day-of-the-month-or ends before the last day of the 9 month. 10 (2) There may not be any duplication of retirement 11 allowances to a member or beneficiary due to there being more than one period of service of the member." 12 13 Section 17. Section 68-2602, R.C.M. 1947, is amended 14 to read as follows: 15 \*68-2602. Definitions. The-words-and-phrases--used--in 16 this-act-shall-have-the-following-meanings--(1)-"Accumulated 17 deductions"--the--total-amount-deducted-from-the-salary-of-a 18 member-either-during-a-period-of-membership--service--or--as 19 transferred--from--the--public--employees\*-retirement-system 20 with-respect-to-a-period-of-prior-service--and--standing--to his---credit--in--the--account--together--with--the--accrued 21 22 interesty Unless the context requires otherwises the following definitions apply in this chapter: 23 +2+(1) "Accumulated contributions" -- or "accumulated 24 deductions" means the total amount deducted from the salary 25

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1 of a member either during a period of membership service or as plus the total amount deducted during a period of prior 2 service and transferred from the public employees\* з retirement system with-respect-to-a-period-of-prior--service 4 5 and, standing to his the member's credit in the account, 6 together with the accrued interest. 7 +3+121 "Beneficiary" --- means a person having--an 8 insurable--interest-in-the-member\*s-life who is nominated in 9 an acknowledged document by the member, which is filed with 10 the board. 11 (4)(3) "Retired sheriff" --- means a person receiving 12 a retirement allowance under this act. 13 (5)(4) "Board" -- means the sheriffs" retirement 14 board. 15 f61(5) "Member" -- means any person who has 16 accumulated deductions in the account to his credit. 17 (7)(6) "Final salary" -- means the average annual 18 salary received by a member, before any deductions are mader 19 and exclusive of maintenance, allowances, and expenses, for 20 any three-t3t years of continuous service from which 21 contributions were deducted In or, in the event that a 22 member has not served three--{3} years, the total salary 23 earnedy divided by the number of years served. Lump-sum 24 payments for sick leave and annual leave paid to an employee upon termination of employment may be used in the 25 -26-HB 794

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1 calculation of a retirement allowance only to the extent 2 that they are used to replace, on a month for month basis, 3 the normal compensation for a month or months included in 4 the calculation of the final salary. A lump-sum payment may not be added to a single month's compensation. 5 (8)(1) "Actuarial equivalent" -- means a benefit 6 7 computed using the mortality tables and interest rates 8 adopted by the board, compounded annually. 9 (9)(8) "Account" -- means the Montana sheriffs" 10 retirement account administered by the sheriffs' retirement 11 board. 12 ft0)(9) "Vested retirement" -- means a retirement not 13 for cause and before retirement ago. fttt:(10) "Member's annuity" -- means payments for life 14 15 derived from contributions made by the contributor while 16 employed. fi2;(11) "Retirement allowance" -- means the state 17 18 annuity plus the member's annuity. 19 ft3+(12) "State annuity" -- means payments for life 20 derived from contributions-made-by county contributions into 21 the sheriffs' retirement account, together with any 22 supplemental legislative appropriations to said the account. 23 (14)(13) "Creditable service" -- means the aggregate of

24 all of a member's current and prior service.

25 {15}--\*Service-credits\*--the-credit-a--member--employed

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3 on--a--part-time--basis--shall--receive--which--is-a-year-of 2 service-for-each-fiscal-year-during--which--the--member--was 3 employed--the--whole--year-and-was-engaged-in-his-duties-the 4 full-amount-of-time-he-was-required-by-employmenty 5 6 which an amount is deducted from the salary of a member and 7 paid into the account. 8 tt7+(15) "Prior service" -- means that service for 9 which credit was granted by the public employees\* retirement 10 system of the state of Montana. 11 fiel(16) "Service" -- means employment as a sheriff. 12 (19)(17) "Sheriff" -- means any elected or appointed 13 county sheriff, undersheriff, or regularly appointed and 14 acting deputy sheriff." 15 Section 18. Section 68-2604. R.C.M. 1947. is amended 16 to read as follows: 17 \*68-2604. Functions of the board \_-\_\_ protection\_of 18 funds. (1) The board may--establish--such--rules--and 19 regulations-as-it-deems-necessary-and is the trustee of all 20 moneys, collected for the retirement system and is charged 21 with the proper administration, operation, and enforcement 22 of this act. It may establish such rules as it considers necessary. The board shall be-the-authority-to prescribe the 23 conditions under which persons may be--admitted--to become 24 25 members of and continue--to receive benefits under the

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1	retirement system. <u>All persons in similar circumstances</u>	1	revoke
2	shall be treated alike. It shall keep the data necessary for	2	assemb
3	actuarial valuation purposes. It shall have biennial	3	any_d
4	actuarial investigations made into the mortality and service	4	<u>to the</u>
5	experience of the members and $ heta$ the beneficiaries of the	5	<u>aeaber</u>
6	accounty and shall adopt one or more mortality tables.	6	s
7	(2) The assets of the retirement system may not be	7	to rea
8	used for or diverted to any purpose other than for the	8	
9	exclusive benefit of the members and their beneficiaries and	9	and_du
10	for paying the reasonable expenses of administering the	10	<u>the tr</u>
11	retirement_system.	11	system
12	(3) Upon termination of the retirement system.	12	deems j
13	termination of employment of a substantial number of members	13	limita
14	which would constitute a partial termination of the	14	is the
15	retirement system, or complete discontinuance of	15	and en
16	contributions to the retirement system. the retirement	16	fori
17	allowance accrued to each member directly affected by such	17	and-sh
18	occurrence_becomes_fully_vested_and_nonforfeitable_to_the	18	the co
19	extent_funded."	19	nember:
20	Section 19. Section 68-2619, R.C.M. 1947, is amended	20	retire
21	to read as follows:	21	<u>shall</u>
22	"68-2619. Retirementallowancespayablemonthly	22	L.
23	Payments to be monthly and fixed. The retirement allowances	23	necess
24	granted under the provisions of this act shall be paid in	24	to be
25	monthly annuities and shall not be increased, decreased,	25	mortal

ed, or repealed unless by an act of the legislative ))y of the state of Montana. <u>However, there may not be</u> uplication of benefits to a member or beneficiary due ere being more than one period of service of the <u>.</u>\* ection 20. Section 93-1112, R.C.M. 1947, is amended d as follows: 93-1112. Rules-and-regulations--actuarial-data Powers ties of board -- protection of funds. [1] The board is ustee of all moneys collected for the retirement <u>\_\_and</u> may establish such rules <del>and-regulations</del> as it considers necessary, and is charged within Within the tions of this act<u>e for the board is charged with and</u> <u>authority as to</u> its proper administration, operation, forcementy\_ and-shall-be-the-authority-under-this--act ts--proper-administrationy-operationy-and-enforcementy ell-be The board is the authority under-this-act as to nditions under which persons may be-admitted-to become s\_of and continue--to receive benefits under the ment system. <u>All persons in similar circumstances</u> be treated alike. 21 It The board shall keep such data as shall-be is ary for actuarial valuation purposes. It shall cause

to be made periodic actuarial investigations into the mortality and service experience of the contributors to and

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1	the beneficiaries of the fundy and shall adopt for the
2	retirement system one or more mortality tables.
3	(3) The assets of the retirement system may not be
4	used for or diverted to any purpose other than for the
5	exclusive benefit of the members and their beneficiaries and
6	for paying the reasonable expenses of administering the
7	<u>retirement_system.</u>
8	(4) Upon termination of the retirement system.
9	termination of employment of a substantial number of members
10	which would constitute a partial termination of the
11	retirement system, or complete discontinuance of
12	contributions to the retirement system, the retirement
13	allowance accrued to each member directly affected by such
14	occurrence_becomes_fully_vested_and_nonforfeitable_to_the
15	extent_funded."
16	Section 21. Section 93-1125, R.C.M. 1947, is amended
17	to read as follows:
18	<pre>"93-1125. Monthly payments of retirement allowances.</pre>
19	The retirement allowances granted under the provisions of
20	this act shall be paid in equal monthly installments and
21	shall may not be increased, decreased, revoked or repealed
22	unless by act of the <del>legislative assembly</del> <u>legislature</u> of the
23	state of Montana. <u>However, there may not be any duplication</u>
24	of benefits to a member or beneficiary due to there being
25	more than one period of service of a member. No retirement

- 1 allowances can may be approved by the board while the member
- 2 is drawing full compensation as a judge or justice."
- 3 Section 22. Repealer. Section 68-1425, R.C.M. 1947 is
  - repealed.

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ì	convert payments of less than <del>twenty-dollars-{\$20}</del> per month
z	to larger periodic payments which are the actuarial
3	equivalent of such smaller payments, but which occur less
4	frequently. If payments of at least <del>twenty-dollars-(\$20)</del> per
5	year are not so payable, the payment may be commuted into a
6	single sum. A smaller pro rata amount may be paid for part
7	of a month when the retirement allowance <del>begins-after-the</del>
8	first-day-of-the-month-or ends before the last day of the
9	nonth.
10	(2) There may not be any duplication of retirement
11	allowances to a member or beneficiary due to there being
12	more than one period of service of the member."
13	Section 17. Section 68-2602, R.C.M. 1947, is amended
14	to read as follows:
15	*68-2602. Definitions. <del>The words and phrases - used - in</del>
16	this-act-shall-have-the-following-meanings+-(1)-"Accumulated
17	deductions=thetotal-amount-deducted-from-the-salary-of-a
18	member-either-during-a-period-of-membershipserviceoros
19	transferredfromthepu <del>blicemploy</del> ees <del>*-retirement-system</del>
20	with-respect-to-a-period-of-prior-serviceandstandingto
21	hiscreditintheaccounttogetherwiththeaccrued
22	interest. Unless the context requires otherwise, the
23	following definitions apply in this chapter:
24	<del>(2)[1]</del> "Accumulated contributions" <u>or "accumulated</u>
25	<u>deductions" means</u> the total amount deducted from the salary

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1 of a member either during a period of membership service or 2 as plus the total amount deducted during a period of prior service and transferred from the public employees\* 3 4 retirement system with-respect-to-a-period-of-prior--service and, standing to his the member's credit in the account, 5 6 together with the accrued interest. 7 +3+121 "Beneficiary" -- means a person having--an 8 insurable--interest-in-the-member\*s-life who is nominated in 9 an acknowledged document by the member, which is filed with 10 the board. 11 (4)(3) "Retired sheriff" -- means a person receiving 12 a retirement allowance under this act. 13 t5)(4) "Board" -- means the sheriffs' retirement 14 board. totion "Member" -- means any person who has 15 16 accumulated deductions in the account to his credit. (7)(6) "Final salary" -- means the average annual 17 salary received by a member\_ before any deductions are mader 18 19 and exclusive of maintenance, allowances\_ and expenses, for 20 any three--{3} years of continuous service from which 21 contributions were deducted. In or, in the event that a member has not served three--{3} years, the total salary 22 earnedy divided by the number of years served. Lump-sum 23 payments for sick leave and annual leave paid to an employee 24 25 upon termination of employment may be used in the

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1 calculation of a retirement allowance only to the extent 2 that they are used to replace, on a month for month basis, 3 the normal compensation for a month or months included in the calculation of the final salary. A lumo-sum payment may 4 5 not be added to a single month's compensation. 6 +a+[7] "Actuarial equivalent" -- means a benefit 7 computed using the mortality tables and interest rates 8 adopted by the board, compounded annually. 9 19918) "Account" -- means the Montana sheriffs" 10 retirement account administered by the sheriffs' retirement 11 board. 12 field(9) "Vested retirement" -- means a retirement not 13 for cause and before retirement age. 14 fttt(10) "Nember's annuity" -- means payments for life 15 derived from contributions made by the contributor while employed. 16 17 fi21(11) "Retirement allowance" -- means the state 18 annuity plus the member's annuity. (13)(12) "State annuity" -- means payments for life 19 derived from contributions-made-by county contributions into 20 the sheriffs' retirement account, together with any 21 supplemental legislative appropriations to said the account. 22 23 (14)(13) "Creditable service" -- means the aggregate of all of a member's current and prior service. 24 25 +15)--\*Service-credits\*--the-credit-a--member--employed

on--a--part-time--basis--shall--receive--which--is-a-vear-of service-for-each-fiscal-year-during--which--the--member--was employed--the--whole--year-and-was-engaged-in-his-duties-the full-amount-of-time-he-was-required-by-employments (16)(14) "Membership service" -- means service for which an amount is deducted from the salary of a member and paid into the account. f17+(15) "Prior service" -- means that service for which credit was granted by the public employees' retirement system of the state of Montana. tt0+(16) "Service" -- means employment as a sheriff. county sheriff, undersheriff, or regularly appointed and acting deputy sheriff." Section 18. Section 68-2604. R.C.M. 1947, is amended to read as follows: \*68-2604. Functions of the board \_\_\_\_\_protection\_of funds. (1) The board may--establish--such--rules--and regulations-as-it-deems-necessary-and is the trustee of \_\_all moneys collected for the retirement system and is charged with the proper administration, operation, and enforcement of this act. It may establish such rules as it considers necessary. The board shall be-the-authority-to prescribe the conditions under which persons may be--admitted--to become

- 25 members of and continue-to receive benefits under the
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