

1 House BILL NO. 794  
2 INTRODUCED BY Brand

3 BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION

4  
5 A BILL FOR AN ACT ENTITLED: "AN ACT DEFINING THE TRUSTEE  
6 AND FIDUCIARY RESPONSIBILITIES OF THE RETIREMENT BOARDS OF  
7 THE HIGHWAY PATROLMEN'S RETIREMENT SYSTEM, THE GAME WARDENS'  
8 RETIREMENT SYSTEM, THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM,  
9 THE SHERIFFS' RETIREMENT SYSTEM, AND THE JUDGES' RETIREMENT  
10 SYSTEM; REVISING AND CLARIFYING THE LAW PERTAINING TO THESE  
11 TRUSTEE AND FIDUCIARY RESPONSIBILITIES AND THE CALCULATION  
12 AND PAYMENT OF RETIREMENT ALLOWANCES; AMENDING SECTIONS  
13 31-201, 31-206, 31-220, 68-1401, 68-1405, 68-1406, 68-1419,  
14 68-1503, 68-1803, 68-1901, 68-2002, 68-2003, 68-2004,  
15 68-2104, 68-2203, 68-2501, 68-2602, 68-2604, 68-2619,  
16 93-1112, AND 93-1125, R.C.M. 1947; AND REPEALING SECTION  
17 68-1425, R.C.M. 1947."

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 contributor, and paid

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 82A, chapter 2.

6 (3) "Beneficiary" means a person or persons having on  
7 insurable interest in his life nominated to receive benefits  
8 under this chapter 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  
12 retirement allowance under this act.

13 (5) "Board" means the board of administration provided  
14 for in section 82A-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 fund, standing to his credit.

19 (8) "Final salary" means the average annual  
20 compensation received by a contributor, before any  
21 deductions have been made, 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--(3) years,  
25 the total retirement compensation earned, divided by the

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1 number of years served. ~~Lump-sum payments for sick leave~~  
 2 ~~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 month for month basis, the normal compensation for a~~  
 6 ~~month or months included in the calculation of the final~~  
 7 ~~salary. A lump-sum payment may not be added to a single~~  
 8 ~~month's compensation.~~

9 ~~(9) "Actuarial equivalent" means the accumulated~~  
 10 ~~contributions and the present value of the member's state~~  
 11 ~~service based on length of service and member's attained age~~  
 12 ~~used to provide a life or temporary life income to the~~  
 13 ~~legally designated person based on the person's attained~~  
 14 ~~age and sex at the time the option becomes available.~~

15 ~~(9) "Actuarial equivalent" means a benefit of equal~~  
 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) "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 twenty-(20) years' service or

1 more.

2 (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 Montana."

9 Section 2. Section 31-206, R.C.M. 1947, is amended to  
 10 read as follows:

11 "31-206. Rules -- actuarial data -- ~~protection of~~  
 12 ~~funds.~~ (1) The board ~~is the trustee of all moneys~~

13 ~~collected for the retirement system. It may establish such~~  
 14 ~~rules as it considers necessary to carry out its functions~~  
 15 ~~under this act. The board shall determine the conditions~~  
 16 ~~under which persons may be admitted to become members of 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 ~~(2) The assets of the retirement system may not be~~

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.~~

5 ~~(3) Upon termination of the retirement system,~~  
 6 ~~termination of employment of a substantial number of members~~  
 7 ~~which would constitute a partial termination of the~~  
 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~~  
 11 ~~occurrence becomes fully vested and nonforfeitable to the~~  
 12 ~~extent funded."~~

13 Section 3. Section 31-220, R.C.M. 1947, is amended to  
 14 read as follows:

15 "31-220. Monthly payments of retirement allowances.  
 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  
 19 unless by act of the ~~legislative assembly~~ legislature of the  
 20 state of Montana. ~~However, there may not be any duplication~~  
 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 58-1401, R.C.M. 1947, is amended to  
 24 read as follows:

25 "68-1401. ~~Definition of terms~~ Definitions. Unless the

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, 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 ~~or persons having an~~  
 8 ~~insurable interest in his life as he shall nominate~~  
 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 account, standing to his credit.

18 (6) "Final salary" means the average annual  
 19 compensation received by a contributor, before any  
 20 deductions have been made, and exclusive of maintenance,  
 21 allowances, and expenses, for any ~~three--(3)~~ years of  
 22 continuous service upon which contributions have been made,  
 23 or, in the event a member has not served ~~three--(3)~~ years,  
 24 the total retirement compensation earned, divided by the  
 25 number of years served. Lump-sum payments for sick leave

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 ~~(7) "Actuarial equivalent" means the accumulated~~  
 9 ~~contributions and the present value of the member's state~~  
 10 ~~service based on length of service and member's attained age~~  
 11 ~~used to provide a life or temporary life income to the~~  
 12 ~~legally designated person based on the person's attained~~  
 13 ~~age and sex at the time the option becomes available.~~

14 ~~(7) "Actuarial equivalent" means a benefit of equal~~  
 15 ~~value when computed upon the basis of the actuarial tables~~  
 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 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 ~~twenty~~(20) years service or  
 25 more, provided that the contributor has reached the age of

1 fifty-five (55) years.

2 (12) "Retirement age" means the age at which a member  
 3 retires after ~~twenty-five~~(25) years of creditable service  
 4 as a state game warden of the department of fish and game as  
 5 prescribed in 68-1411. ~~All members must retire at age sixty~~  
 6 ~~(60).~~

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 of ~~Montana from~~  
 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. ~~Payments into the Montana game wardens'~~  
 16 ~~retirement system Retirement account. (i) The following~~  
 17 ~~shall be paid to the board and shall be credited by the~~  
 18 ~~board to the account:~~

19 (a) ~~All~~ all contributions by the state ~~from department~~  
 20 ~~of fish and game moneys in the earmarked revenue fund; and~~

21 (b) all contributions by the state game wardens as  
 22 designated by ~~section 1-68-1401 above~~ in the amount  
 23 hereinafter specified; and

24 (c) all interest on and increase of the investments  
 25 and moneys under this in the account, ~~shall be paid to the~~

1 ~~boards, who shall credit such payments to the Montana state~~  
 2 ~~game wardens' retirement account in the agency funds.~~

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 ~~shall be~~ is custodian of the account,  
 7 subject to the exclusive control of the board; as to the  
 8 administration thereof and the board of investments as to  
 9 the investment thereof.

10 ~~(3) Whenever there is on deposit in the Montana state~~  
 11 ~~game wardens' retirement 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, and any~~ the part ~~of the account~~  
 15 ~~less than~~ not in excess of twenty-five thousand dollars  
 16 ~~(\$25,000) in amount shall be invested by the board of~~  
 17 ~~investments as part of the short-term investment fund when~~  
 18 ~~so directed by the Montana game wardens' retirement 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 ~~retirement system.~~

24 ~~(5) Upon termination of the retirement system,~~  
 25 ~~termination of employment of a substantial number of members~~

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."~~

7 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. (1) The board may establish such rules and~~  
 11 ~~regulations as it deems necessary and is charged within the~~  
 12 ~~limitations of this act for its~~ 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 be the authority under this act as to determining the~~  
 16 ~~conditions under which persons may be admitted to become~~  
 17 ~~members of and continue to receive benefits under the~~  
 18 ~~retirement system. All persons in similar circumstances~~  
 19 ~~shall be treated alike.~~

20 ~~(2) 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 of the account, and shall adopt for~~  
 25 ~~the retirement system one or more mortality tables."~~

1 Section 7. Section 68-1419, R.C.M. 1947, is amended to  
2 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 duplication~~  
9 ~~of benefits to a member or beneficiary due to there being~~  
10 ~~more than one period of service of the member."~~

11 Section 8. Section 68-1503, R.C.M. 1947, is amended to  
12 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 act.

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

23 (3) "Member" 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 82A-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.

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

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

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

6 (11) "Final compensation" means a member's highest  
7 average annual compensation during any three (3) consecutive  
8 years of membership service. ~~Lump-sum payments for sick  
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  
12 on a month for month basis the normal compensation for a  
13 month or months included in the calculation of the final  
14 salary. A lump-sum payment may not be added to a single  
15 month's compensation.~~

16 (12) "Regular interest" means interest at the rate set  
17 from time to time by the board.

18 (13) "Normal contributions" means contributions  
19 required by members under this act and any optional  
20 contributions made under the provisions of sections 68-1605  
21 and 68-1906.

22 (14) "Additional contributions" means contributions by  
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

1 member's individual account without interest.

2 (16) "Accumulated additional contributions" means the  
3 sum of all the additional contributions standing to the  
4 credit of a member's individual account, together with the  
5 regular interest thereon.

6 (17) "Accumulated contributions" means the sum of  
7 accumulated normal contributions and accumulated additional  
8 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.

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.

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  
25 accumulated contributions provided by this act.

1           (24) "Contracting employer" means any political  
2 subdivision or governmental entity which has contracted to  
3 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  
3 pursuant to section 68-2504 and from contracting employers  
4 pursuant to the contracts between them and the board.

5           (30) "Written application" means a written instrument  
6 duly executed and filed with the board and containing all  
7 information required by the board, including such proofs of  
8 age as the board shall deem necessary.

9           (31) "Retirement" means withdrawal from active service  
10 with a retirement allowance granted under the provisions of  
11 this act.

12           (32) "Disability" and "incapacity for performance of  
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  
16 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  
20 read as follows:

21           "68-1803. Rules and regulations -- records -- annual  
22 report by board. (1) The board of administration may  
23 establish such rules and regulations as it deems proper for  
24 the administration and operation of the retirement system  
25 and enforcement of this act, subject to its limitation. The



1 board shall determine who are employees within the meaning  
 2 of this act. The board shall be the sole authority under  
 3 this act as to the conditions under which persons may become  
 4 members of and receive benefits under the retirement system.  
 5 The board shall determine and may modify allowances for  
 6 service and disability under this act. The board shall  
 7 establish those uniform rules and regulations as are  
 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 of ~~administration shall have~~ is the  
 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 ~~shall be~~ is custodian of the  
 15 retirement fund, subject to the exclusive control of the  
 16 board of ~~administration~~ as to the administration thereof and  
 17 the board of investments as to the investment thereof.

18 (5) Interest earned on any cash ~~deposit~~ deposited in 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 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,

1 and other contingencies.

2 (6) Except as herein provided, no member and no  
3 employee of the department of administration shall may:

4 (a) have any interest, direct or indirect, in the  
5 making of any investment or in the gains or profits  
6 accruing therefrom; ~~and no member or employee of the~~  
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; ~~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; ~~or nor shall any member or employee of 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 ~~retirement system.~~

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~~

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 first day of the  
12 month following the member's last day of membership service  
13 or on the first day of the month in which his application is  
14 filed with the board, whichever is later."

15 Section 12. Section 68-2003, R.C.M. 1947, is amended  
16 to read as follows:

17 "68-2003. Annual amount of retirement allowance  
18 payable. (1) The annual amount of retirement allowance  
19 payable to a member following his service retirement is the  
20 sum of ~~(1)(a)~~, ~~(2)(b)~~ and ~~(3)(c)~~ as follows:

21 ~~(1)(a)~~ 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;

1        ~~(c)~~ any retirement allowance payable under section  
2 68-2004.

3        ~~(2) If a member dies after retirement and has not~~  
4 ~~electd an optional retirement allowance provided for in~~  
5 ~~68-2203, his beneficiary will be paid the excess, if any, of~~  
6 ~~the member's accumulated contributions on the day his~~  
7 ~~retirement allowance commenced over the total of the~~  
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 ~~subsection (2) of section 68-2003(i)(b):~~

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  
2 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  
6 for disability retirement for other than duty-related  
7 reasons is the sum of (a), (b) and (c) as follows:

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

11        (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        (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 lesser ~~greater~~ of (i) or (ii) as follows:

18        (i) a pension which, together with the annuity  
19 provided under (b), 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        (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~~

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 member."

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  
 11 converted, in lieu of all other benefits under this act,  
 12 into an optional retirement allowance which is the actuarial  
 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 ~~(a) Option 1--a death benefit--to--the--member's~~  
 18 ~~beneficiary--equal--to--the--excess, if any, 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 annuitant;~~

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

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 ~~any an~~ optional retirement allowance  
 6 shall ~~must~~ 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 have an~~  
 9 ~~insurable interest in the life of the member.~~

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 effect,~~  
 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:

22 "68-2501. Monthly payments -- combining installments.  
 23 (1) A retirement allowance or survivorship allowance granted  
 24 under the provisions of this act shall be payable in monthly  
 25 installments, except that the board at its discretion may

1 convert payments of less than ~~twenty dollars~~ ~~(\$20)~~ per month  
 2 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 ~~twenty dollars~~ ~~(\$20)~~ 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 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~~  
 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. ~~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~~  
 21 ~~his credit in the account together with the accrued~~  
 22 ~~interest. Unless the context requires otherwise, the~~  
 23 following definitions apply in this chapter:

24 (2)(1) "Accumulated contributions" -- or "accumulated  
 25 deductions" means the total amount deducted from the salary

1 of a member either during a period of membership service or  
 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 (3)(2) "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 (6)(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 made  
 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  
 22 member has not served three (3) years, the total salary  
 23 earned, divided by the number of years served. Lump-sum  
 24 payments for sick leave and annual leave paid to an employee  
 25 upon termination of employment may be used in the

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 fiscal salary. A lump-sum payment may~~  
 5 ~~not be added to a single month's compensation.~~

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)(8) "Account" -- means the Montana sheriffs'  
 10 retirement account administered by the sheriffs' retirement  
 11 board.

12 (10)(9) "Vested retirement" -- means a retirement not  
 13 for cause and before retirement age.

14 (11)(10) "Member's annuity" -- means payments for life  
 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)(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

1 ~~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 employment.~~

5 (16)(14) "Membership service" -- means service for  
 6 which an amount is deducted from the salary of a member and  
 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 Montana.

11 (18)(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  
 23 necessary. The board shall ~~be the authority to~~ prescribe the  
 24 conditions under which persons may ~~be admitted to become~~  
 25 members of and ~~continue to~~ receive benefits under the

1 retirement system. All persons in similar circumstances  
 2 shall be treated alike. It shall keep the data necessary for  
 3 actuarial valuation purposes. It shall have biennial  
 4 actuarial investigations made into the mortality and service  
 5 experience of the members and to the beneficiaries of the  
 6 accounty and shall adopt one or more mortality tables.

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

12 (3) Upon termination of the retirement system,  
 13 termination of employment of a substantial number of members  
 14 which would constitute a partial termination of the  
 15 retirement system, or complete discontinuance of  
 16 contributions to the retirement system, the retirement  
 17 allowance accrued to each member directly affected 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. Retirement allowances payable monthly  
 23 payments to be monthly and fixed. The retirement allowances  
 24 granted under the provisions of this act shall be paid in  
 25 monthly annuities and shall not be increased, decreased,

1 revoked, or repealed unless by an act of the legislative  
 2 assembly of the state of Montana. However, there may not be  
 3 any duplication of benefits to a member or beneficiary due  
 4 to there being more than one period of service of the  
 5 member."

6 Section 20. Section 93-1112, R.C.M. 1947, is amended  
 7 to read as follows:

8 "93-1112. Rules and regulations--actuarial data Powers  
 9 and duties of board-- protection of funds. (1) The board is  
 10 the trustee of all moneys collected for the retirement  
 11 system and may establish such rules and regulations as it  
 12 deems considers necessary, and is charged within within the  
 13 limitations of this act, for the board is charged with and  
 14 is the authority as to its proper administration, operation,  
 15 and enforcement, and shall be the authority under this act  
 16 for its proper administration, operation, and enforcement,  
 17 and shall be the board is the authority under this act as to  
 18 the conditions under which persons may be admitted to become  
 19 members of and continue to receive benefits under the  
 20 retirement system. All persons in similar circumstances  
 21 shall be treated alike.

22 (2) It the board shall keep such data as shall be is  
 23 necessary for actuarial valuation purposes. It shall cause  
 24 to be made periodic actuarial investigations into the  
 25 mortality and service experience of the contributors to and

1 the beneficiaries of the fund 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 ~~retirement system.~~

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 "93-1125. Monthly payments of retirement allowances.  
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

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  
4 repealed.

-End-



1 House BILL NO. 794  
2 INTRODUCED BY Broad

3 BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION  
4  
5 A BILL FOR AN ACT ENTITLED: "AN ACT DEFINING THE TRUSTEE  
6 AND FIDUCIARY RESPONSIBILITIES OF THE RETIREMENT BOARDS OF  
7 THE HIGHWAY PATROLMEN'S RETIREMENT SYSTEM, THE GAME WARDENS'  
8 RETIREMENT SYSTEM, THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM,  
9 THE SHERIFFS' RETIREMENT SYSTEM, AND THE JUDGES' RETIREMENT  
10 SYSTEM; REVISING AND CLARIFYING THE LAW PERTAINING TO THESE  
11 TRUSTEE AND FIDUCIARY RESPONSIBILITIES AND THE CALCULATION  
12 AND PAYMENT OF RETIREMENT ALLOWANCES; AMENDING SECTIONS  
13 31-201, 31-206, 31-220, 68-1401, 68-1405, 68-1406, 68-1419,  
14 68-1503, 68-1803, 68-1901, 68-2002, 68-2003, 68-2004,  
15 68-2104, 68-2203, 68-2501, 68-2602, 68-2604, 68-2619,  
16 93-1112, AND 93-1125, R.C.M. 1947; AND REPEALING SECTION  
17 68-1425, R.C.M. 1947."

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 contributor, and paid

There are no changes in HB 794, & will not be re-run.  
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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 82A, chapter 2.

6 (3) "Beneficiary" means a person or persons having an  
7 insurable interest in his life nominated to receive benefits  
8 under this chapter 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  
12 retirement allowance under this act.

13 (5) "Board" means the board of administration provided  
14 for in section 82A-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 fund, standing to his credit.

19 (8) "Final salary" means the average annual  
20 compensation received by a contributor, before any  
21 deductions have been made, 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--(3) years,  
25 the total retirement compensation earned, divided by the

HB 794

1 number of years served. ~~Lump-sum payments for sick leave~~  
 2 ~~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 month for month basis, the normal compensation for a~~  
 6 ~~month or months included in the calculation of the final~~  
 7 ~~salary. A lump-sum payment may not be added to a single~~  
 8 ~~month's compensation.~~

9 ~~(9) "Actuarial equivalent" means the accumulated~~  
 10 ~~contributions and the present value of the member's state~~  
 11 ~~service based on length of service and member's attained age~~  
 12 ~~used to provide a life or temporary life income to the~~  
 13 ~~legally designated person based on the person's attained~~  
 14 ~~age and sex at the time the option becomes available.~~

15 ~~(9) "Actuarial equivalent" means a benefit of equal~~  
 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) "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 twenty (20) years' service or

1 more.

2 (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 Montana."

9 Section 2. Section 31-206, R.C.M. 1947, is amended to  
 10 read as follows:

11 "31-206. Rules -- actuarial data -- protection of  
 12 funds. (1) The board is the trustee of all moneys

13 collected for the retirement system. It may establish such  
 14 rules as it considers necessary to carry out its functions  
 15 under this act. The board shall determine the conditions  
 16 under which persons may be admitted to become members of 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 (2) The assets of the retirement system may not be

1 House BILL NO. 794  
 2 INTRODUCED BY Broad  
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 4  
 5 A BILL FOR AN ACT ENTITLED: "AN ACT DEFINING THE TRUSTEE  
 6 AND FIDUCIARY RESPONSIBILITIES OF THE RETIREMENT BOARDS OF  
 7 THE HIGHWAY PATROLMEN'S RETIREMENT SYSTEM, THE GAME WARDENS'  
 8 RETIREMENT SYSTEM, THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM,  
 9 THE SHERIFFS' RETIREMENT SYSTEM, AND THE JUDGES' RETIREMENT  
 10 SYSTEM; REVISING AND CLARIFYING THE LAW PERTAINING TO THESE  
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 15 68-2104, 68-2203, 68-2501, 68-2602, 68-2604, 68-2619,  
 16 93-1112, AND 93-1125, R.C.M. 1947; AND REPEALING SECTION  
 17 68-1425, R.C.M. 1947."

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 contributor, and paid

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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 82A, Chapter 2.  
 6 (3) "Beneficiary" means a person ~~or persons having an~~  
 7 ~~insurable interest in his life~~ nominated to receive benefits  
 8 under this chapter ~~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  
 12 retirement allowance under this act.  
 13 (5) "Board" means the board of administration provided  
 14 for in section 82A-210.  
 15 (6) "Compulsory retirement age" means ~~sixty~~ sixty years  
 16 of age.  
 17 (7) "Contributor" means a person who has accumulated  
 18 deductions in the fund standing to his credit.  
 19 (8) "Final salary" means the average annual  
 20 compensation received by a contributor, before any  
 21 deductions have been made, and exclusive of maintenance,  
 22 allowances, and expenses, for any ~~three~~ three years of  
 23 continuous service upon which contributions have been made  
 24 or, in the event a member has not served ~~three~~ three years,  
 25 the total retirement compensation earned, divided by the

HB 794

1 number of years served. ~~Lump-sum payments for sick leave~~  
 2 ~~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 month for month basis, the normal compensation for a~~  
 6 ~~month or months included in the calculation of the final~~  
 7 ~~salary. A lump-sum payment may not be added to a single~~  
 8 ~~month's compensation.~~

9 ~~(9) "Actuarial equivalent" means the accumulated~~  
 10 ~~contributions and the present value of the member's state~~  
 11 ~~service based on length of service and member's attained age~~  
 12 ~~used to provide a life or temporary life income to the~~  
 13 ~~legally designated person based on the person's attained~~  
 14 ~~age and sex at the time the option becomes available.~~

15 ~~(9) "Actuarial equivalent" means a benefit of equal~~  
 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) "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 twenty-(20) years' service or

1 more.

2 (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 Montana."

9 Section 2. Section 31-206, R.C.M. 1947, is amended to  
 10 read as follows: :

11 "31-206. Rules -- actuarial data -- protection of  
 12 funds. (1) The board is the trustee of all moneys  
 13 collected for the retirement system. It may establish such  
 14 rules as it considers necessary to carry out its functions  
 15 under this act. The board shall determine the conditions  
 16 under which persons may be admitted to become members of 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 (2) The assets of the retirement system may not be

1 HOUSE BILL NO. 794  
 2 INTRODUCED BY BRAND  
 3 BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION  
 4  
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 6 AND FIDUCIARY RESPONSIBILITIES OF THE RETIREMENT BOARDS OF  
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 8 RETIREMENT SYSTEM, THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM,  
 9 THE SHERIFFS' RETIREMENT SYSTEM, AND THE JUDGES' RETIREMENT  
 10 SYSTEM; REVISING AND CLARIFYING THE LAW PERTAINING TO THESE  
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 15 68-2104, 68-2203, 68-2501, 68-2602, 68-2604, 68-2619,  
 16 93-1112, AND 93-1125, R.C.M. 1947; AND REPEALING SECTION  
 17 63-1425, R.C.M. 1947."  
 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 contributor, and paid

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 82A, chapter 2.~~  
 6 (3) "Beneficiary" means a person ~~or persons having an~~  
 7 ~~insurable interest in his life~~ nominated to receive benefits  
 8 under this chapter ~~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  
 12 retirement allowance under this act.  
 13 (5) "Board" means the board of administration provided  
 14 for in section 82A-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 fund, standing to his credit.  
 19 (8) "Final salary" means the average annual  
 20 compensation received by a contributor, before any  
 21 deductions have been made, 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--{3}~~ years,  
 25 the total retirement compensation earned, divided by the

1 number of years served. ~~Lump-sum payments for sick leave~~  
 2 ~~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 month for month basis, the normal compensation for a~~  
 6 ~~month or months included in the calculation of the final~~  
 7 ~~salary. A lump-sum payment may not be added to a single~~  
 8 ~~month's compensation.~~

9 ~~(9) "Actuarial equivalent" means the accumulated~~  
 10 ~~contributions and the present value of the member's state~~  
 11 ~~service based on length of service and member's attained age~~  
 12 ~~used to provide a life or temporary life income to the~~  
 13 ~~legally designated person based on the person's attained~~  
 14 ~~age and sex at the time the option becomes available.~~

15 (9) "Actuarial equivalent" means a benefit of equal  
 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) "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 twenty-{20} years' service or

1 more.

2 (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 Montana."

9 Section 2. Section 31-206, R.C.M. 1947, is amended to  
 10 read as follows:

11 "31-206. Rules -- actuarial data -- protection of  
 12 funds. (1) The board is the trustee of all moneys  
 13 collected for the retirement system. It may establish such  
 14 rules as it considers necessary to carry out its functions  
 15 under this act. The board shall determine the conditions  
 16 under which persons may be admitted to become members of 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 (2) The assets of the retirement system may not be

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.~~

5 ~~(3) Upon termination of the retirement system,~~  
 6 ~~termination of employment of a substantial number of members~~  
 7 ~~which would constitute a partial termination of the~~  
 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~~  
 11 ~~occurrence becomes fully vested and nonforfeitable to the~~  
 12 ~~extent funded."~~

13 Section 3. Section 31-220, R.C.M. 1947, is amended to  
 14 read as follows:

15 "31-220. Monthly payments of retirement allowances.  
 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  
 19 unless by act of the ~~legislative assembly~~ legislature of the  
 20 state of Montana. ~~However, there may not be any duplication~~  
 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. ~~Definition of terms~~ Definitions. Unless the

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, 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 ~~or persons having an~~  
 8 ~~insurable interest in his life as he shall nominate~~  
 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 account, standing to his credit.

18 (6) "Final salary" means the average annual  
 19 compensation received by a contributor, before any  
 20 deductions have been made, and exclusive of maintenance,  
 21 allowances, and expenses, for any ~~three--{3}~~ years of  
 22 continuous service upon which contributions have been made,  
 23 or, in the event a member has not served ~~three--{3}~~ years,  
 24 the total retirement compensation earned, divided by the  
 25 number of years served. Lump-sum payments for sick leave

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 ~~{7} "Actuarial equivalent" means the accumulated~~  
 9 ~~contributions and the present value of the member's state~~  
 10 ~~service based on length of service and member's attained age~~  
 11 ~~used to provide a life or temporary life income to the~~  
 12 ~~legally designated person based on the person's attained~~  
 13 ~~age and sex at the time the option becomes available.~~

14 {7} "Actuarial equivalent" means a benefit of equal  
 15 value when computed upon the basis of the actuarial tables  
 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 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 ~~twenty~~{20} years service or  
 25 more, provided that the contributor has reached the age of

1 fifty-five{55} years.

2 {12} "Retirement age" means the age at which a member  
 3 retires after ~~twenty-five~~{25} years of creditable service  
 4 as a state game warden of the department of fish and game as  
 5 prescribed in 68-1411. ~~All members must retire at age sixty~~  
 6 ~~{60}.~~

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 of ~~Montana from~~  
 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. Payments ~~into the Montana game wardens'~~  
 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 all contributions by the state from department  
 20 of fish and game moneys in the earmarked revenue fund; and

21 {b} all contributions by the state game wardens as  
 22 designated by section 1-68-1401 above, in the amount  
 23 hereinafter specified; and

24 {c} all interest on and increase of the investments  
 25 and moneys under this in the account, shall be paid to the



1 ~~board, who shall credit such payments to the Montana state~~  
2 ~~game wardens' retirement account in the agency funds.~~

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 ~~shall be~~ is custodian of the account,  
7 subject to the exclusive control of the board as to the  
8 administration thereof and the board of investments as to  
9 the investment thereof.

10 (3) Whenever there is on deposit in the ~~Montana state~~  
11 ~~game wardens' retirement~~ 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, ~~and any~~ The part of the account  
15 ~~less than not in excess of~~ twenty-five thousand dollars  
16 ~~(\$25,000) in amount~~ shall be invested by the board of  
17 investments as part of the short-term investment fund when  
18 so directed by the ~~Montana game wardens' retirement~~ 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 retirement system.

24 (5) Upon termination of the retirement system,  
25 termination of employment of a substantial number of members

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."

7 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. ~~(1) The board may establish such rules and~~  
11 ~~regulations as it deems necessary and is charged within the~~  
12 ~~limitations of this act for its~~ 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 be ~~the authority under this act as to determine~~ the  
16 conditions under which persons may be ~~admitted to become~~  
17 members of and ~~continue to~~ receive benefits under the  
18 retirement system. All persons in similar circumstances  
19 shall be treated alike.

20 (2) 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 ~~of the account,~~ and shall adopt for  
25 the retirement system one or more mortality tables."

1 Section 7. Section 68-1419, R.C.M. 1947, is amended to  
2 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 duplication~~  
9 ~~of benefits to a member or beneficiary due to there being~~  
10 ~~more than one period of service of the member."~~

11 Section 8. Section 68-1503, R.C.M. 1947, is amended to  
12 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 act.

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

23 (3) "Member" 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 82A-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.

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

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

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

6 (11) "Final compensation" means a member's highest  
 7 average annual compensation during any three (3) consecutive  
 8 years of membership service. ~~Lump-sum payments for sick  
 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,  
 12 on a month for month basis, the normal compensation for a  
 13 month or months included in the calculation of the final  
 14 salary. A lump-sum payment may not be added to a single  
 15 month's compensation.~~

16 (12) "Regular interest" means interest at the rate set  
 17 from time to time by the board.

18 (13) "Normal contributions" means contributions  
 19 required by members under this act and any optional  
 20 contributions, made under the provisions of sections 68-1605  
 21 and 68-1906.

22 (14) "Additional contributions" means contributions by  
 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

1 member's individual account without interest.

2 (16) "Accumulated additional contributions" means the  
 3 sum of all the additional contributions standing to the  
 4 credit of a member's individual account, together with the  
 5 regular interest thereon.

6 (17) "Accumulated contributions" means the sum of  
 7 accumulated normal contributions and accumulated additional  
 8 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.

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.

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  
 25 accumulated contributions provided by this act.

1 (24) "Contracting employer" means any political  
2 subdivision or governmental entity which has contracted to  
3 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  
3 pursuant to section 68-2504 and from contracting employers  
4 pursuant to the contracts between them and the board.

5 (30) "Written application" means a written instrument  
6 duly executed and filed with the board and containing all  
7 information required by the board, including such proofs of  
8 age as the board shall deem necessary.

9 (31) "Retirement" means withdrawal from active service  
10 with a retirement allowance granted under the provisions of  
11 this act.

12 (32) "Disability" and "incapacity for performance of  
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  
16 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  
20 read as follows:

21 "68-1803. Rules and regulations -- records -- annual  
22 report by board. (1) The board of administration may  
23 establish such rules and regulations as it deems proper for  
24 the administration and operation of the retirement system  
25 and enforcement of this act, subject to its limitation. The

1 board shall determine who are employees within the meaning  
 2 of this act. The board shall be the sole authority under  
 3 this act as to the conditions under which persons may become  
 4 members of and receive benefits under the retirement system.  
 5 The board shall determine and may modify allowances for  
 6 service and disability under this act. The board shall  
 7 establish those uniform rules and regulations as are  
 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 of ~~administration shall have~~ is the  
 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 ~~shall be~~ is custodian of the  
 15 retirement fund, subject to the exclusive control of the  
 16 board of ~~administration~~ as to the administration thereof and  
 17 the board of investments as to the investment thereof.

18 (5) Interest earned on any cash ~~deposit~~ deposited in 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 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,

1 and other contingencies.

2 (6) Except as herein provided, no member and no  
3 employee of the department of administration shall ~~may:~~

4 (a) have any interest, direct or indirect, in the  
5 making of any investment, or in the gains or profits  
6 accruing therefrom; ~~And--no--member--or--employee--of--the~~  
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; ~~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; ~~or--nor--shall--any--member--or--employee--of--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 ~~retirement system.~~

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~~

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 first day of the  
12 month following the member's last day of membership service  
13 or on the first day of the month in which his application is  
14 filed with the board, whichever is later."

15 Section 12. Section 68-2003, R.C.M. 1947, is amended  
16 to read as follows:

17 "68-2003. Annual amount of retirement allowance  
18 payable. (1) The annual amount of retirement allowance  
19 payable to a member following his service retirement is the  
20 sum of ~~(1)(a)~~, ~~(2)(b)~~ and ~~(3)(c)~~ as follows:

21 ~~(1)(a)~~ 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;

1        ~~†3)(c)~~ 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 ~~68-2203, his beneficiary will be paid the excess, if any, of~~  
6 ~~the member's accumulated contributions on the day his~~  
7 ~~retirement allowance commenced over the total of the~~  
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 ~~subsection (2) of section 68-2003(1)(b)~~:

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  
2 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  
6 for disability retirement for other than duty-related  
7 reasons is the sum of †1)(a), †2)(b) and †3)(c) as follows:

8        †1)(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 ~~lesser greater~~ of †1)(i) or †b)(iii) as follows:

18        †1)(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 ~~one-sixtieth~~ of his final compensation multiplied by his  
22 years of creditable service;

23        †b)(iii) 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~~

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 member."~~

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  
 11 converted, in lieu of all other benefits under this act,  
 12 into an optional retirement allowance which is the actuarial  
 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 ~~(a) Option 1--a death benefit--to--the--member's~~  
 18 ~~beneficiary--equal--to--the--excess, if any, 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 annuitant.~~

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

1 ~~(1/2) of the reduced retirement allowance during the~~  
 2 ~~lifetime of his named contingent annuitant.~~

3 ~~(c) Option option 42--such other actuarially~~  
 4 ~~equivalent benefit as shall may be approved by the board.~~

5 (2) Election of ~~any an~~ optional retirement allowance  
 6 shall ~~must~~ 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--have--an~~  
 9 ~~insurable--interest--in--the--life--of--the--member.~~

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--effect~~  
 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:

22 "68-2501. Monthly payments -- combining installments.  
 23 ~~(1) A retirement allowance or survivorship allowance granted~~  
 24 ~~under the provisions of this act shall be payable in monthly~~  
 25 ~~installments, except that the board at its discretion may~~



1 convert payments of less than ~~twenty-dollars-(\$20)~~ per month  
 2 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 ~~twenty-dollars-(\$20)~~ 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 ~~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  
 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. ~~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~~  
 21 ~~his credit in the account together with the accrued~~  
 22 ~~interest. Unless the context requires otherwise, the~~  
 23 following definitions apply in this chapter:

24 (2)(1) "Accumulated contributions" -- or "accumulated  
 25 deductions" means the total amount deducted from the salary

1 of a member either during a period of membership service or  
 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 (3)(2) "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 (6)(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 made  
 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  
 22 member has not served three (3) years, the total salary  
 23 earned, divided by the number of years served. Lump-sum  
 24 payments for sick leave and annual leave paid to an employee  
 25 upon termination of employment may be used in the

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~~  
 5 ~~not be added to a single month's compensation.~~

6 (10)(7) "Actuarial equivalent" -- means a benefit  
 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 (10)(9) "Vested retirement" -- means a retirement not  
 13 for cause and before retirement ago.

14 (11)(10) "Member's annuity" -- means payments for life  
 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)(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

1 ~~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 employment.~~

5 (16)(14) "Membership service" -- means service for  
 6 which an amount is deducted from the salary of a member and  
 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 Montana.

11 (18)(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  
 23 necessary. The board shall ~~be the authority to~~ prescribe the  
 24 conditions under which persons may ~~be admitted to become~~  
 25 members of and ~~continue to~~ receive benefits under the

1 retirement system. All persons in similar circumstances  
 2 shall be treated alike. It shall keep the data necessary for  
 3 actuarial valuation purposes. It shall have biennial  
 4 actuarial investigations made into the mortality and service  
 5 experience of the members and to the beneficiaries of the  
 6 account, and shall adopt one or more mortality tables.

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

12 (3) Upon termination of the retirement system,  
 13 termination of employment of a substantial number of members  
 14 which would constitute a partial termination of the  
 15 retirement system, or complete discontinuance of  
 16 contributions to the retirement system, the retirement  
 17 allowance accrued to each member directly affected 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. Retirement allowances payable monthly  
 23 payments to be monthly and fixed. The retirement allowances  
 24 granted under the provisions of this act shall be paid in  
 25 monthly annuities and shall not be increased, decreased,

1 revoked, or repealed unless by an act of the legislative  
 2 assembly of the state of Montana. However, there may not be  
 3 any duplication of benefits to a member or beneficiary due  
 4 to there being more than one period of service of the  
 5 member."

6 Section 20. Section 93-1112, R.C.M. 1947, is amended  
 7 to read as follows:

8 "93-1112. Rules and regulations--actuarial data Powers  
 9 and duties of board -- protection of funds. (1) The board is  
 10 the trustee of all moneys collected for the retirement  
 11 system and may establish such rules and regulations as it  
 12 deems considers necessary, and is charged within Within the  
 13 limitations of this act, for the board is charged with and  
 14 is the authority as to its proper administration, operation,  
 15 and enforcement, and shall be the authority under this act  
 16 for its proper administration, operation, and enforcement  
 17 and shall be The board is the authority under this act as to  
 18 the conditions under which persons may be admitted to become  
 19 members of and continue to receive benefits under the  
 20 retirement system. All persons in similar circumstances  
 21 shall be treated alike.

22 (2) It The board shall keep such data as shall be is  
 23 necessary for actuarial valuation purposes. It shall cause  
 24 to be made periodic actuarial investigations into the  
 25 mortality and service experience of the contributors to and

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 ~~retirement system.~~

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 "93-1125. Monthly payments of retirement allowances.  
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

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  
4 repealed.

-End-

1 convert payments of less than ~~twenty-dollars-(\$20)~~ per month  
 2 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 ~~twenty-dollars-(\$20)~~ 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 ~~begins after the~~  
 8 ~~first-day-of-the-month-or~~ ends before the last day of the  
 9 month.

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 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~~  
 21 ~~his credit in the account together with the accrued~~  
 22 ~~interest. Unless the context requires otherwise, the~~  
 23 following definitions apply in this chapter:

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 25 deductions" means the total amount deducted from the salary

1 of a member either during a period of membership service or  
 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 (3)(2) "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.

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 12 a retirement allowance under this act.

13 (5)(4) "Board" -- means the sheriffs' retirement  
 14 board.

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 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 made,  
 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  
 22 member has not served three-(3) years, the total salary  
 23 earned, divided by the number of years served. Lump-sum  
 24 payments for sick leave and annual leave paid to an employee  
 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  
 4 the calculation of the final salary. A lump-sum payment may  
 5 not be added to a single month's compensation.

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 7 computed using the mortality tables and interest rates  
 8 adopted by the board, compounded annually.

9 (18) "Account" -- means the Montana sheriffs'  
 10 retirement account administered by the sheriffs' retirement  
 11 board.

12 (19) "Vested retirement" -- means a retirement not  
 13 for cause and before retirement age.

14 (20) "Member's annuity" -- means payments for life  
 15 derived from contributions made by the contributor while  
 16 employed.

17 (21) "Retirement allowance" -- means the state  
 18 annuity plus the member's annuity.

19 (22) "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 ~~and~~ the account.

23 (23) "Creditable service" -- means the aggregate of  
 24 all of a member's current and prior service.

25 (24) "~~Service credits~~" -- ~~the credit a member employed~~

1 ~~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~~  
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 23 necessary. The board shall ~~be the authority to~~ prescribe the  
 24 conditions under which persons may ~~be admitted to become~~  
 25 members of and ~~continue to~~ receive benefits under the