

Senate BILL NO. 171
INTRODUCED BY *Humble*

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3
4 A BILL FOR AN ACT ENTITLED: "AN ACT CONCERNING SERVICE
5 CREDITS AND SURVIVORSHIP ALLOWANCES IN THE PUBLIC EMPLOYEES"
6 RETIREMENT SYSTEM; AMENDING SECTIONS 68-1607, 68-1608, AND
7 68-2304, R.C.M. 1947; AND PROVIDING AN IMMEDIATE EFFECTIVE
8 DATE."

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

11 Section 1. Section 68-1607, R.C.M. 1947, is amended to
12 read as follows:

13 "68-1607. Qualification of service with employer. (1)
14 Subject to the provisions of this section, any person who
15 has service with an employer which is not creditable service
16 may convert all or a portion of such service to membership
17 service by filing written notice thereof with the board of
18 administration ~~no later than July 1, 1975, provided that any~~
19 ~~such person who is not a member on July 1, 1974, may make~~
20 ~~such filing no later than one (1) year after subsequently~~
21 ~~becoming a member. In either event, such~~ the person must pay
22 to the retirement system the sum of the amount which he and
23 his employer would have contributed during the period of
24 service so converted if the employer had then been an
25 employer and the interest which would have accumulated

1 thereon to the time of such payment; provided, that the
2 employer may pay the employer's portion including accrued
3 interest. The employer must establish a policy as to the
4 retroactive employer contributions and apply this policy
5 indiscriminately for all employees and former employees.
6 All employee appeals of discrimination will be subject to
7 the determination of the board of administration. All
8 successful appeals will obligate the employer to pay the
9 employer and employee contributions with accrued interest
10 for that employee filing such appeal with the board of
11 administration. Each appeal will be heard on its individual
12 merits and will not bind the employer to pay all retroactive
13 payments for all former and present employees.

14 ~~(2) A member may secure service credit not previously~~
15 ~~credited by submitting salary information certified by the~~
16 ~~member's employer or former employer to the board. The board~~
17 ~~will determine the eligibility of all service credit~~
18 ~~requests as prescribed in 68-1803.~~

19 ~~(2)(3)~~ Payment may be made in one sum at the time of
20 such filing or on an installment basis. Installment payments
21 shall not exceed twenty-four (24) monthly payments. When the
22 monthly payment, exceeds five percent (5%) of compensation
23 in the initial month of payment, the board of administration
24 may allow smaller payments over a period to exceed
25 twenty-four (24) months. Failure to make regular monthly

1 payments in any month where the member receives his normal
2 compensation shall thereafter, forfeit such person's right
3 to make any further installment payments, unless permission
4 is granted to do so by the board of administration."

5 Section 2. Section 68-1608, R.C.M. 1947, is amended to
6 read as follows:

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8 previously credited. Credit for any prior service not
9 previously granted shall be granted to a member upon his
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15 otherwise has not less than five (5) years of creditable
16 service of which not less than three (3) years have been as
17 a contributing member of the retirement system. Proper
18 certification of such service must be furnished certified by
19 the employer and furnished by the member."

20 Section 3. Section 68-2304, R.C.M. 1947, is amended to
21 read as follows:

22 "68-2304. Survivorship allowance elected by
23 beneficiary. A beneficiary eligible to receive a death
24 benefit may elect a survivorship allowance instead if all of
25 the following conditions are met:

1 (1) the member on behalf of whom the death benefit is
2 payable had completed ~~ten (10)~~ 5 years of creditable
3 service;

4 (2) the beneficiary is a natural person of legal age
5 with an insurable interest in the deceased at the time of
6 his death;

7 (3) the beneficiary elects the survivorship allowance
8 within ninety (90) days of receipt of notice from the board
9 that he is eligible to receive the death benefit. Election
10 shall be by written application."

11 Section 4. Effective date. This act is effective upon
12 passage and approval.

-End-

STATE OF MONTANA

REQUEST NO. 131-77

FISCAL NOTE

Form BD-15

In compliance with a written request received January 20, 19 77, there is hereby submitted a Fiscal Note for Senate Bill 171 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

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

DESCRIPTION OF PROPOSED LEGISLATION:

Senate Bill 171 would allow a state, city or county employee, with previous work credit with a governmental unit not included for retirement purposes, to convert all or a portion of such service for retirement credit.

ASSUMPTIONS:

1. This bill is primarily an administrative consideration. The individual may pay all costs associated with his service, or the employer may elect to cover the employer's share of these costs.
2. There is no additional cost to the retirement system.
3. There is no way of determining how many employees would participate under coverage of this act, but it is estimated to be small.

FISCAL IMPACT:

Fiscal impact to the state would be minimal.

LOCAL IMPACT:

The cost of this provision to the respective political subdivisions is not measurable as any payments of employer contributions are dependent upon local administrative policy.

Richard L. Drury for
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-26-77

Approved by Committee
on State Administration

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25 employer and the interest which would have accumulated

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2 employer may pay the employer's portion including accrued
3 interest. The employer must establish a policy as to the
4 retroactive employer contributions and apply this policy
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19 (2)(3) Payment may be made in one sum at the time of
20 such filing or on an installment basis. Installment payments
21 shall not exceed twenty-four (24) monthly payments. When the
22 monthly payment, exceeds five percent (5%) of compensation
23 in the initial month of payment, the board of administration
24 may allow smaller payments over a period to exceed
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SB171

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23 beneficiary. A beneficiary eligible to receive a death
24 benefit may elect a survivorship allowance instead if all of
25 the following conditions are met:

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2 payable had completed ~~ten (10)~~ 5 years of creditable
3 service;

4 (2) the beneficiary is a natural person of legal age
5 with an insurable interest in the deceased at the time of
6 his death;

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8 within ninety (90) days of receipt of notice from the board
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