

SENATE BILL NO. 184

INTRODUCED BY HAZELBAKER

BY REQUEST OF THE PUBLIC EMPLOYEES' RETIREMENT BOARD

IN THE SENATE

January 19, 1981	Introduced and referred to Committee on State Administration.
	Fiscal note requested.
January 23, 1981	Fiscal note returned.
February 10, 1981	Committee recommend bill do pass. Report adopted.
February 11, 1981	Bill printed and placed on members' desks.
February 12, 1981	Second reading, do pass.
February 13, 1981	Correctly engrossed.
February 14, 1981	Third reading, passed. Ayes, 49; Noes, 0. Transmitted to House.

IN THE HOUSE

February 16, 1981	Introduced and referred to Committee on State Administration.
March 10, 1981	Committee recommend bill be concurred in. Report adopted.
March 12, 1981	Second reading, concurred in.
March 14, 1981	Third reading, concurred in. Ayes, 93; Noes, 0.

IN THE SENATE

March 16, 1981

Returned from House. Con-  
curred in. Sent to enrolling.

Reported correctly enrolled.

1 *Senate* BILL NO. *104*  
 2 INTRODUCED BY *Hall*  
 3 BY REQUEST OF THE PUBLIC EMPLOYEES' RETIREMENT BOARD

4  
 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY CLARIFY  
 6 AND REVISE THE PROVISIONS RELATING TO EARLY RETIREMENT  
 7 OPTIONS, INVOLUNTARY RETIREMENT ALLOWANCES, AND DEATH  
 8 BENEFIT PAYMENTS IN THE SHERIFFS' RETIREMENT SYSTEM;  
 9 AMENDING SECTIONS 19-7-502, 19-7-504, AND 19-7-604, MCA."

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

12 Section 1. Section 19-7-502, MCA, is amended to read:  
 13 "19-7-502. Early retirement option. If a member has  
 14 served 20 years of creditable service as a sheriff and has  
 15 reached the age of 55 years, he is granted the option and  
 16 privilege of retiring, and in such case his retirement  
 17 allowance shall be the actuarial equivalent of his  
 18 retirement allowance as otherwise accrued, based upon  
 19 payment commencing when he would have completed 25 years of  
 20 creditable service had he not retired or reached age 65,  
 21 whichever is less."

22 Section 2. Section 19-7-504, MCA, is amended to read:  
 23 "19-7-504. Involuntary retirement allowance. If a  
 24 member is involuntarily discontinued from service after  
 25 having completed 10 years of total service but before

1 reaching retirement age, he shall, upon filing an  
 2 application, be paid in one of the following ways:

- 3 (1) the full amount of his accumulated deductions; or
- 4 (2) ~~a member's annuity of equivalent actuarial value~~  
~~to his accumulated deductions plus an annuity which is the~~  
~~actuarial equivalent of the present value of the state~~  
~~annuity~~ a retirement allowance beginning on his 55th  
~~birthday, calculated under the provisions of 19-7-502."~~

9 Section 3. Section 19-7-604, MCA, is amended to read:

10 "19-7-604. Payments in case of death before  
 11 retirement. (1) If a member dies before retirement, his  
 12 beneficiary is entitled to elect ~~among these one~~ of the  
 13 following options for which the member qualified and the  
 14 beneficiary qualifies:

- 15 (a) a lump-sum payment of the accumulated deductions  
 16 standing to the member's credit at his death;
- 17 (b) ~~if the member was not eligible to retire at the~~  
~~time of death, a retirement allowance commencing on the~~  
~~member's death which is the actuarial equivalent of a~~  
~~retirement allowance in the amount of 2% of the final salary~~  
~~for each year of service up to a maximum of 25 years a~~  
~~retirement allowance based on 2% of the final salary for~~  
~~each year of service up to a maximum of 25 years, reduced~~  
~~actuarially from age 65;~~  
 22 retirement allowance based on 2% of the final salary for  
 23 each year of service up to a maximum of 25 years, reduced  
 24 actuarially from age 65;
- 25 (c) ~~if the member was eligible to retire at the time~~

1 of death a retirement allowance commencing on the member's  
 2 death in the amount of 2% of the final salary for each year  
 3 of service up to a maximum of 25 years; a retirement  
 4 allowance based on one-half of final salary, reduced to 25%  
 5 of final salary for the period of time the beneficiary  
 6 receives workers' compensation, if the board finds that the  
 7 member died as a direct and proximate result of injuries  
 8 received in the course of employment.

9 (d) if the board finds that the member died as a  
 10 direct and proximate result of injuries received in the  
 11 course of employment and the beneficiary is other than the  
 12 surviving spouse or minor children a retirement allowance  
 13 commencing on the member's death in the amount of 50% of the  
 14 final salary, less the amount paid to the beneficiary under  
 15 the Workers' Compensation Act of the state of Montana during  
 16 the period such compensation is paid or payable;

17 (e) if the board finds that the member died as a  
 18 direct and proximate result of injuries received in the  
 19 course of employment and the beneficiary is the surviving  
 20 spouse or minor children whichever of the following that  
 21 the beneficiary or the beneficiary's guardian elects:

22 (i) the retirement allowance provided for in  
 23 subsection (i)(d); or

24 (ii) a retirement allowance to be paid to the guardian  
 25 of the surviving minor children commencing on the member's

1 death and consisting of \$100 per month per surviving minor  
 2 child of the deceased member up to a maximum of \$300 per  
 3 months

4 (2) Under the circumstances described in subsection  
 5 (i)(d) the surviving spouse or if there is no surviving  
 6 spouse the surviving minor children are entitled to the  
 7 benefit provided for in subsection (i)(e)(ii). On or before  
 8 July 1, 1982, a beneficiary who is receiving a death benefit  
 9 may elect a different option under subsection (1). Any  
 10 change in options is subject to actuarial adjustments for  
 11 benefits received prior to the change as determined by the  
 12 board.

13 (3) A beneficiary may not be said for a period longer  
 14 than the time it would have taken the deceased member to  
 15 reach the age of 65 years or more than 15 years, whichever  
 16 is greater."

-End-

STATE OF MONTANA

REQUEST NO. 154-81

FISCAL NOTE

Form BD-15

In compliance with a written request received January 20, 19 81, there is hereby submitted a Fiscal Note for Senate Bill 184 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA). 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

The purpose of this bill is to clarify the retirement provisions of the Sheriff's Retirement System relating to early and involuntary retirement and redefine the death benefit allowance in case of death before retirement.

Assumptions

There will be a slight increase in the number of individuals eligible to receive a benefit under the redefined death benefit allowance.

Fiscal Impact

	<u>FY 1982</u>	<u>FY 1983</u>
Cost of Funding Increase (From the Retirement System Funds)	\$ 6,494	\$ 7,208

Comments

The cost of redefining the benefit is offset by doing away with current benefit provisions. The difference is .09% of salary. No additional employer and employee contributions are required. The system can fund the cost.

David M Lewis

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-23-81

Approved by Committee  
on State Administration

1 *Sen. S. H. H. H.* BILL NO. 184  
2 INTRODUCED BY *S. H. H. H.*

3 BY REQUEST OF THE PUBLIC EMPLOYEES' RETIREMENT BOARD

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16 privilege of retiring, and in such case his retirement  
17 allowance shall be the actuarial equivalent of his  
18 retirement allowance as otherwise accrued, based upon  
19 payment commencing when he would have completed 25 years of  
20 creditable service ~~had he not retired or reached age 65,~~  
21 whichever is less."

22 Section 2. Section 19-7-504, MCA, is amended to read:

23 "19-7-504. Involuntary retirement allowance. If a  
24 member is involuntarily discontinued from service after  
25 having completed 10 years of total service but before

1 reaching retirement age, he shall, upon filing an  
2 application, be paid in one of the following ways:

- 3 (1) the full amount of his accumulated deductions; or
- 4 (2) ~~a member's annuity of equivalent actuarial value~~  
5 ~~to his accumulated deductions plus an annuity which is the~~  
6 ~~actuarial equivalent of the present value of the state~~  
7 annuity a retirement allowance beginning on his 55th  
8 birthday, calculated under the provisions of 19-7-502."

9 Section 3. Section 19-7-604, MCA, is amended to read:

10 "19-7-604. Payments in case of death before  
11 retirement. (1) If a member dies before retirement, his  
12 beneficiary is entitled to elect among ~~those~~ one of the  
13 following options for which the member qualified and the  
14 beneficiary qualifies:

- 15 (a) a lump-sum payment of the accumulated deductions  
16 standing to the member's credit at his death;
- 17 (b) ~~if the member was not eligible to retire at the~~  
18 ~~time of death a retirement allowance commencing on the~~  
19 ~~member's death which is the actuarial equivalent of a~~  
20 ~~retirement allowance in the amount of 2% of the final salary~~  
21 ~~for each year of service up to a maximum of 25 years a~~  
22 retirement allowance based on 2% of the final salary for  
23 each year of service up to a maximum of 25 years, reduced  
24 actuarially from age 65;

25 (c) ~~if the member was eligible to retire at the time~~

1 of death a retirement allowance commencing on the member's  
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 5 of final salary for the period of time the beneficiary  
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 7 member died as a direct and proximate result of injuries  
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9 (d) if the board finds that the member died as a  
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 11 course of employment and the beneficiary is other than the  
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 15 the Workers' Compensation Act of the state of Montana during  
 16 the period such compensation is paid or payable;

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 25 of the surviving minor children commencing on the member's

1 death and consisting of \$100 per month per surviving minor  
 2 child of the deceased member up to a maximum of \$300 per  
 3 month;

4 (2) Under the circumstances described in subsection  
 5 (i)(e), the surviving spouse or, if there is no surviving  
 6 spouse, the surviving minor children are entitled to the  
 7 benefit provided for in subsection (i)(e)(ii). On or before  
 8 July 1, 1982, a beneficiary who is receiving a death benefit  
 9 may elect a different option under subsection (1). Any  
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 15 reach the age of 65 years or more than 15 years, whichever  
 16 is greater."

-End-

1 *Sen. Bill No. 184*  
2 INTRODUCED BY *Rayburn*

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