

HOUSE BILL NO. 688

INTRODUCED BY SALES

BY REQUEST OF THE PUBLIC EMPLOYEES' RETIREMENT DIVISION

IN THE HOUSE

February 8, 1983	Introduced and referred to Committee on State Administration.
February 14, 1983	Committee recommend bill do pass. Report adopted.
February 15, 1983	Bill printed and placed on members' desks.
February 16, 1983	Second reading, do pass.
February 18, 1983	Considered correctly engrossed.
February 19, 1983	Third reading, passed. Transmitted to Senate.

IN THE SENATE

February 21, 1983	Introduced and referred to Committee on State Administration.
March 15, 1983	Committee recommend bill be concurred in. Report adopted.
March 17, 1983	Second reading, concurred in.
March 19, 1983	Third reading, concurred in. Ayes, 49; Noes, 0.

IN THE HOUSE

March 19, 1983	Returned to House.
March 21, 1983	Sent to enrolling.
	Reported correctly enrolled.

1 House BILL NO. 688  
2 INTRODUCED BY Selen  
3 BY REQUEST OF THE PUBLIC EMPLOYEES' RETIREMENT DIVISION  
4  
5 A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING PROCEDURES  
6 FOR TRANSFERRING SERVICE CREDITS BETWEEN THE PUBLIC  
7 EMPLOYEES' RETIREMENT SYSTEM AND THE TEACHERS' RETIREMENT  
8 SYSTEM; AMENDING SECTION 19-3-509, MCA; REPEALING SECTION  
9 19-3-507, MCA; AND PROVIDING AN EFFECTIVE DATE."  
10  
11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
12 NEW SECTION. Section 1. Transfer of service credits  
13 from teachers' retirement system. (1) For the purpose of  
14 this section, "assumed salary" means the sum of the  
15 following:  
16 (a) earned compensation for all full-time service and  
17 part-time service as defined in 19-4-101; and  
18 (b) the amount of the first full year's teaching  
19 salary earned in Montana after any period of creditable  
20 service not included in subsection (1)(a) multiplied by the  
21 number of years or partial years granted by the teachers'  
22 retirement system.  
23 (2) A member may at any time before his retirement  
24 make a written election with the board to qualify in the  
25 public employees' retirement system all of his creditable

1 service in the teachers' retirement system.  
2 (3) The amount that must be paid to the retirement  
3 system to qualify this service under subsection (2) is the  
4 sum of the following:  
5 (a) from the teachers' retirement system, an amount  
6 equal to the combined employer and employee contributions as  
7 defined in 19-3-701 and 19-3-801, based on the assumed  
8 salary, less the amount paid by the employee in subsection  
9 (3)(b); and  
10 (b) from the employee, the amount of his accumulated  
11 contributions at the time he terminated active membership,  
12 as defined in 19-4-302, plus accrued interest from the date  
13 of termination until payment is received by the retirement  
14 system based on the interest tables in use by the retirement  
15 system.  
16 (4) The amount of creditable service granted in  
17 subsection (2) must be on a month-by-month basis. Military  
18 service credit transferred from the teachers' retirement  
19 system must be included in the 5-year maximum military  
20 service credit provided for in 19-3-503.  
21 (5) Subject to the provisions of 19-3-304, the board  
22 is the sole authority in determining the amount of  
23 creditable service qualified under subsections (2) and (4)  
24 and the amount paid to the retirement system under  
25 subsection (3).

(6) If a member who has creditable service in the teachers' retirement system dies before he qualifies this service in the public employees' retirement system and if the service credits from both systems, when combined, entitle his beneficiary to a death benefit, the payment of the death benefit is the liability of the public employees' retirement system. Before payment of the death benefit, the teachers' retirement board must transfer to the public employees' retirement system the employee and employer contributions necessary to qualify this service in the public employees' retirement system as provided in subsection (3)(a).

**NEW SECTION.** Section 2. Transfer of service credits from public employees' retirement system. (1) For the purpose of this section, "assumed salary" means the sum of the following:

(a) compensation for all membership service as defined in 19-3-104; and

(b) the salary base used by the public employees' retirement system when granting military service under 19-3-302 and 19-3-503 and service credits for time when a member is absent from service because of injury or illness under 19-3-504.

(2) A member may at any time before his retirement make a written election with the retirement board to qualify

in the teachers' retirement system all of his creditable service in the public employees' retirement system.

(3) The amount that must be paid to the retirement system to qualify this service under subsection (2) is the sum of the following:

(a) from the public employees' retirement system, an amount equal to the combined employer and employee contributions as defined in 19-4-602 and 19-4-605, based on the assumed salary less the amount paid by the employee in subsection (3)(b); and

(b) from the employee, the amount of his accumulated contributions at the time he terminated active membership under 19-3-406 plus accrued interest from the date of termination until payment is received by the retirement system, based on the interest tables in use by the retirement system.

(4) A member who qualifies service from the public employees' retirement system in the teachers' retirement system must complete 5 years of membership service in the teachers' retirement system to qualify or purchase military service, out-of-state teaching service, employment while on leave, and private school employment.

(5) The retirement board shall determine the service credits that may be transferred.

(6) If a member who has creditable service in the

1 public employees' retirement system dies before he qualifies  
 2 this service in the teachers' retirement system and if his  
 3 service credits from both systems, when combined, entitle  
 4 his beneficiary to a death benefit, the payment of the death  
 5 benefit is the liability of the teachers' retirement system.  
 6 Before payment of the death benefit, the public employees'  
 7 retirement board must transfer to the teachers' retirement  
 8 system the employee and employer contributions necessary to  
 9 qualify this service in the teachers' retirement system as  
 10 provided in subsection (3)(a).

11 (7) If the retirement board determines that an  
 12 individual's membership was erroneously classified, the  
 13 member's accumulated contributions and service must be  
 14 transferred to the teachers' retirement system and any  
 15 employee and employer contributions due as calculated in  
 16 subsection (3)(a) are the liability of the employing entity  
 17 where the error occurred.

18 Section 3. Section 19-3-509, MCA, is amended to read:

19 "19-3-509. Qualification of service from other Montana  
 20 public retirement systems. (1) A member may, at any time  
 21 before his retirement, make a written election with the  
 22 board to qualify all or any portion of his creditable  
 23 service in the highway patrolmen's, sheriffs', game  
 24 wardens', or municipal police officers' retirement system  
 25 for which he has received a refund of his membership

1 contributions. To qualify this service, he must contribute  
 2 to the retirement fund the actuarial cost of granting the  
 3 service in the public employees' retirement system as  
 4 determined by the board based on his compensation earned as  
 5 a member of the former system and the normal contribution  
 6 rate according to the most recent actuarial valuation minus  
 7 the employer contribution provided in subsection (2). This  
 8 service may not be credited in more than one retirement  
 9 system under Title 19.

10 (2) Upon receiving the member's payment under  
 11 subsection (1), the administrator shall transfer from the  
 12 member's former retirement system to the public employees'  
 13 retirement system an amount equal to the employer  
 14 contributions made during the member's service but no more  
 15 than an amount equal to the normal contribution rate minus  
 16 the employee contribution rate in the public employees'  
 17 retirement system, according to the most recent actuarial  
 18 valuation, based on the salaries earned by the employee as a  
 19 member of the former system.

20 ~~{3}--Service--qualified--under--subsections--(1)--and--(2)--~~  
 21 ~~may-not-be-used-for-qualification-under-19-3-507."~~

22 NEW SECTION. Section 4. Repealer. Section 19-3-507,  
 23 MCA, is repealed.

24 NEW SECTION. Section 5. Codification instruction. (1)  
 25 Section 1 is intended to be codified as an integral part of

1 Title 19, chapter 3, part 5, and the provisions of Title 19,  
2 chapter 3, apply to section 1.

3 (2) Section 2 is intended to be codified as an  
4 integral part of Title 19, chapter 4, part 4, and the  
5 provisions of Title 19, chapter 4, apply to section 2.

6 NEW SECTION. Section 6. Effective date. This act is  
7 effective July 1, 1983.

-End-

Approved by Committee  
on State Administration

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9 19-3-507, MCA; AND PROVIDING AN EFFECTIVE DATE."  
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11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
12 NEW SECTION. Section 1. Transfer of service credits  
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19 salary earned in Montana after any period of creditable  
20 service not included in subsection (1)(a) multiplied by the  
21 number of years or partial years granted by the teachers'  
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23 (2) A member may at any time before his retirement  
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1 service in the teachers' retirement system.  
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16 (4) The amount of creditable service granted in  
17 subsection (2) must be on a month-by-month basis. Military  
18 service credit transferred from the teachers' retirement  
19 system must be included in the 5-year maximum military  
20 service credit provided for in 19-3-503.  
21 (5) Subject to the provisions of 19-3-304, the board  
22 is the sole authority in determining the amount of  
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(6) If a member who has creditable service in the teachers' retirement system dies before he qualifies this service in the public employees' retirement system and if the service credits from both systems, when combined, entitle his beneficiary to a death benefit, the payment of the death benefit is the liability of the public employees' retirement system. Before payment of the death benefit, the teachers' retirement board must transfer to the public employees' retirement system the employee and employer contributions necessary to qualify this service in the public employees' retirement system as provided in subsection (3)(a).

**NEW SECTION.** Section 2. Transfer of service credits from public employees' retirement system. (1) For the purpose of this section, "assumed salary" means the sum of the following:

(a) compensation for all membership service as defined in 19-3-104; and

(b) the salary base used by the public employees' retirement system when granting military service under 19-3-302 and 19-3-503 and service credits for time when a member is absent from service because of injury or illness under 19-3-504.

(2) A member may at any time before his retirement make a written election with the retirement board to qualify

in the teachers' retirement system all of his creditable service in the public employees' retirement system.

(3) The amount that must be paid to the retirement system to qualify this service under subsection (2) is the sum of the following:

(a) from the public employees' retirement system, an amount equal to the combined employer and employee contributions as defined in 19-4-602 and 19-4-605, based on the assumed salary less the amount paid by the employee in subsection (3)(b); and

(b) from the employee, the amount of his accumulated contributions at the time he terminated active membership under 19-3-406 plus accrued interest from the date of termination until payment is received by the retirement system, based on the interest tables in use by the retirement system.

(4) A member who qualifies service from the public employees' retirement system in the teachers' retirement system must complete 5 years of membership service in the teachers' retirement system to qualify or purchase military service, out-of-state teaching service, employment while on leave, and private school employment.

(5) The retirement board shall determine the service credits that may be transferred.

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public employees' retirement system dies before he qualifies this service in the teachers' retirement system and if his service credits from both systems, when combined, entitle his beneficiary to a death benefit, the payment of the death benefit is the liability of the teachers' retirement system. Before payment of the death benefit, the public employees' retirement board must transfer to the teachers' retirement system the employee and employer contributions necessary to qualify this service in the teachers' retirement system as provided in subsection (3)(a).

(7) If the retirement board determines that an individual's membership was erroneously classified, the member's accumulated contributions and service must be transferred to the teachers' retirement system and any employee and employer contributions due as calculated in subsection (3)(a) are the liability of the employing entity where the error occurred.

Section 3. Section 19-3-509, MCA, is amended to read:

"19-3-509. Qualification of service from other Montana public retirement systems. (1) A member may, at any time before his retirement, make a written election with the board to qualify all or any portion of his creditable service in the highway patrolmen's, sheriffs', game wardens', or municipal police officers' retirement system for which he has received a refund of his membership

contributions. To qualify this service, he must contribute to the retirement fund the actuarial cost of granting the service in the public employees' retirement system as determined by the board based on his compensation earned as a member of the former system and the normal contribution rate according to the most recent actuarial valuation minus the employer contribution provided in subsection (2). This service may not be credited in more than one retirement system under Title 19.

(2) Upon receiving the member's payment under subsection (1), the administrator shall transfer from the member's former retirement system to the public employees' retirement system an amount equal to the employer contributions made during the member's service but no more than an amount equal to the normal contribution rate minus the employee contribution rate in the public employees' retirement system, according to the most recent actuarial valuation, based on the salaries earned by the employee as a member of the former system.

~~(3) Service qualified under subsections (1) and (2) may not be used for qualification under 19-3-507.~~

NEW SECTION. Section 4. Repealer. Section 19-3-507, MCA, is repealed.

NEW SECTION. Section 5. Codification instruction. (1) Section 1 is intended to be codified as an integral part of

1 Title 19, chapter 3, part 5, and the provisions of Title 19,  
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6 ~~NEW SECTION.~~ Section 6. Effective date. This act is  
7 effective July 1, 1983.

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(2) A member may at any time before his retirement make a written election with the retirement board to qualify

in the teachers' retirement system all of his creditable service in the public employees' retirement system.

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(b) from the employee, the amount of his accumulated contributions at the time he terminated active membership under 19-3-406 plus accrued interest from the date of termination until payment is received by the retirement system, based on the interest tables in use by the retirement system.

(4) A member who qualifies service from the public employees' retirement system in the teachers' retirement system must complete 5 years of membership service in the teachers' retirement system to qualify or purchase military service, out-of-state teaching service, employment while on leave, and private school employment.

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public employees' retirement system dies before he qualifies this service in the teachers' retirement system and if his service credits from both systems, when combined, entitle his beneficiary to a death benefit, the payment of the death benefit is the liability of the teachers' retirement system. Before payment of the death benefit, the public employees' retirement board must transfer to the teachers' retirement system the employee and employer contributions necessary to qualify this service in the teachers' retirement system as provided in subsection (3)(a).

(7) If the retirement board determines that an individual's membership was erroneously classified, the member's accumulated contributions and service must be transferred to the teachers' retirement system and any employee and employer contributions due as calculated in subsection (3)(a) are the liability of the employing entity where the error occurred.

Section 3. Section 19-3-509, MCA, is amended to read:

"19-3-509. Qualification of service from other Montana public retirement systems. (1) A member may, at any time before his retirement, make a written election with the board to qualify all or any portion of his creditable service in the highway patrolmen's, sheriffs', game wardens', or municipal police officers' retirement system for which he has received a refund of his membership

contributions. To qualify this service, he must contribute to the retirement fund the actuarial cost of granting the service in the public employees' retirement system as determined by the board based on his compensation earned as a member of the former system and the normal contribution rate according to the most recent actuarial valuation minus the employer contribution provided in subsection (2). This service may not be credited in more than one retirement system under Title 19.

(2) Upon receiving the member's payment under subsection (1), the administrator shall transfer from the member's former retirement system to the public employees' retirement system an amount equal to the employer contributions made during the member's service but no more than an amount equal to the normal contribution rate minus the employee contribution rate in the public employees' retirement system, according to the most recent actuarial valuation, based on the salaries earned by the employee as a member of the former system.

~~(3) Service qualified under subsections (1) and (2) may not be used for qualification under 19-3-507.~~

**NEW SECTION.** Section 4. Repealer. Section 19-3-507, MCA, is repealed.

**NEW SECTION.** Section 5. Codification instruction. (1) Section 1 is intended to be codified as an integral part of

1 Title 19, chapter 3, part 5, and the provisions of Title 19,  
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4 integral part of Title 19, chapter 4, part 4, and the  
5 provisions of Title 19, chapter 4, apply to section 2.

6 NEW SECTION. Section 6. Effective date. This act is  
7 effective July 1, 1983.

-End-

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A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING PROCEURES  
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EMPLOYEES' RETIREMENT SYSTEM AND THE TEACHERS' RETIREMENT  
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this section, "assumed salary" means the sum of the  
following:

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salary earned in Montana after any period of creditable  
service not included in subsection (1)(a) multiplied by the  
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(2) A member may at any time before his retirement  
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(3) The amount that must be paid to the retirement  
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salary, less the amount paid by the employee in subsection  
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subsection (2) must be on a month-by-month basis. Military  
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(5) Subject to the provisions of 19-3-304, the board  
is the sole authority in determining the amount of  
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and the amount paid to the retirement system under  
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1 (6) If a member who has creditable service in the  
 2 teachers' retirement system dies before he qualifies this  
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11 (b) from the employee, the amount of his accumulated  
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 18 employees' retirement system in the teachers' retirement  
 19 system must complete 5 years of membership service in the  
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 13 retirement system an amount equal to the employer  
 14 contributions made during the member's service but no more  
 15 than an amount equal to the normal contribution rate minus  
 16 the employee contribution rate in the public employees'  
 17 retirement system, according to the most recent actuarial  
 18 valuation, based on the salaries earned by the employee as a  
 19 member of the former system.

20 ~~{3}--Service--qualified--under--subsections--(1)--and--(2)--~~  
 21 ~~may-not-be-used-for-qualification-under-19-3-509."~~

22 NEW SECTION. Section 4. Repealer. Section 19-3-507,  
 23 MCA, is repealed.

24 NEW SECTION. Section 5. Codification instruction. (1)  
 25 Section 1 is intended to be codified as an integral part of

1 Title 19, chapter 3, part 5, and the provisions of Title 19,  
2 chapter 3, apply to section 1.

3 (2) Section 2 is intended to be codified as an  
4 integral part of Title 19, chapter 4, part 4, and the  
5 provisions of Title 19, chapter 4, apply to section 2.

6 NEW SECTION. Section 6. Effective date. This act is  
7 effective July 1, 1983.

-End-