

HOUSE BILL NO. 882

Introduced: 2/15/83

Referred to Committee on State Administration: 2/15/83

Hearing: 2/18/83

Died in Committee

1 *House* BILL NO. *882*
 2 INTRODUCED BY *Endrey Daly*
 3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING AN AUTOMATIC
 5 COST-OF-LIVING INCREASE IN SERVICE AND DISABILITY RETIREMENT
 6 AND SURVIVORSHIP ALLOWANCES PAYABLE TO MEMBERS OF THE PUBLIC
 7 EMPLOYEES', TEACHERS', HIGHWAY PATROLMEN'S, SHERIFFS', AND
 8 GAME WARDENS' RETIREMENT SYSTEMS AND THEIR BENEFICIARIES AND
 9 TO MEMBERS OF THE MUNICIPAL POLICE OFFICERS' RETIREMENT
 10 SYSTEM RETIRED ON OR AFTER JULY 1, 1975, AND THEIR
 11 BENEFICIARIES; PROVIDING A MINIMUM MONTHLY BENEFIT ALLOWANCE
 12 FOR CERTAIN MEMBERS OF THESE RETIREMENT SYSTEMS AND THEIR
 13 BENEFICIARIES; PROVIDING FUNDING FOR THE COST-OF-LIVING
 14 INCREASE AND MINIMUM MONTHLY BENEFIT ALLOWANCE; AMENDING
 15 SECTIONS 19-3-701, 19-3-801, 19-4-602, 19-4-605, 19-4-802,
 16 19-4-1001, 19-6-402, 19-6-404, 19-7-403, 19-7-404, 19-8-502,
 17 19-8-504, 19-9-601, 19-9-702, AND 19-9-703, MCA; AND
 18 PROVIDING AN EFFECTIVE DATE."
 19
 20 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 21 NEW SECTION. Section 1. Cost-of-living increase. (1)
 22 The following definitions apply to this section:
 23 (a) "Index" means, for any calendar year, that year's
 24 annual average consumer price index for urban wage earners
 25 and clerical workers, all items (1967 = 100), compiled by

1 the bureau of labor statistics, United States department of
 2 labor, or a successor agency.
 3 (b) "Salary" means the average salary for all active
 4 members of the public employees' retirement system with 5
 5 years or more of creditable service on June 30 in the same
 6 year used in the index.
 7 (2) (a) Except as provided in subsection (2) of
 8 [section 2], a member of the public employees' retirement
 9 system retired on or before July 1, 1980, who is receiving a
 10 service or disability retirement allowance, his beneficiary
 11 who is receiving a service or disability retirement
 12 allowance, or his surviving spouse or dependent child who is
 13 receiving a survivorship allowance is eligible for an
 14 increase in his allowance on July 1, 1983, and on each July
 15 1 thereafter.
 16 (b) A member of the public employees' retirement
 17 system retired after July 1, 1980, who is receiving a
 18 service or disability retirement allowance, his beneficiary
 19 who is receiving a service or disability retirement
 20 allowance, or his surviving spouse or dependent child who is
 21 receiving a survivorship allowance is eligible for an
 22 increase in his allowance on:
 23 (i) July 1 following the third anniversary date of the
 24 member's retirement and each July 1 thereafter; or
 25 (ii) if he retired on July 1, the third anniversary

1 date of the member's retirement and each anniversary date
2 thereafter.

3 (3) The increase in the allowance equals one-half of
4 the salary multiplied by the ratio of the member's years of
5 creditable service to 30 multiplied by the average
6 percentage increase in the index during the previous 3 years
7 or 12%, whichever is less, minus 3% multiplied by
8 two-thirds, subject to the following adjustments. The
9 increase must be:

10 (a) based on 30 years of creditable service for a
11 recipient of a disability or survivorship allowance;

12 (b) adjusted by the actuarial factors determined by
13 the board for a member or beneficiary receiving an optional
14 retirement allowance or for a surviving spouse or dependent
15 child receiving a survivorship allowance;

16 (c) adjusted by the actuarial factors determined by
17 the board for a member or beneficiary receiving an early
18 retirement allowance; and

19 (d) less than or equal to the percentage increase in
20 the index from the previous calendar year.

21 NEW SECTION. Section 2. Minimum monthly benefit
22 allowance for certain members. (1) Except as provided in
23 subsection (2), a member terminated on or before June 30,
24 1983, with vested rights who is receiving a service or
25 disability retirement allowance, his beneficiary who is

1 receiving a service or disability retirement allowance, or
2 his surviving spouse or dependent child who is receiving a
3 survivorship allowance is eligible for a minimum monthly
4 benefit allowance based on the ratio of a member's years of
5 creditable service to 30 multiplied by \$350 and subject to
6 the following adjustments. The minimum monthly benefit must
7 be:

8 (a) based on 30 years of creditable service for a
9 recipient of a disability or survivorship allowance;

10 (b) adjusted by the actuarial factors determined by
11 the board for a member or beneficiary receiving an optional
12 retirement allowance or for a surviving spouse or dependent
13 child receiving a survivorship allowance;

14 (c) adjusted by the actuarial factors determined by
15 the board for a member or beneficiary receiving an early
16 retirement allowance; and

17 (d) multiplied by a ratio equal to the member's final
18 average salary to \$4,800 (such ratio not to exceed 1) for
19 elected officials, Montana national guardsmen, and
20 independent contractors.

21 (2) A member or his beneficiary who is eligible for a
22 minimum monthly benefit allowance under subsection (1) and
23 who is also eligible for a cost-of-living increase under
24 subsection (2)(a) of [section 1] is entitled to receive the
25 greater of the increases. If a member or beneficiary

receives a minimum monthly benefit allowance under this subsection, he is eligible for a cost-of-living increase under subsection (2)(a) of [section 1] beginning the following year.

Section 3. Section 19-3-701, MCA, is amended to read:

"19-3-701. Member's contribution to be deducted. The normal contribution of each member shall be equal to 6% ____ of his compensation. The chief administrative officer of each employer shall deduct the contribution from the compensation of each member and remit the total of the contributions to the board. Payment of salaries or wages less the contribution shall be full and complete discharge and acquittance of all claims and demands whatsoever for the service rendered by members during the period covered by the payment, except their claims to the benefits to which they may be entitled under the provisions of this chapter."

Section 4. Section 19-3-801, MCA, is amended to read:

"19-3-801. Employer contribution rates -- actuarial determination. (1) Each employer shall contribute to the cost of benefits under the system. The amount of the employer contributions shall be computed by applying to member's compensation the sum of the current service contribution rate and the unfunded liability contribution rate. The sum of these rates shall be 6+32% ____ from July 1, 1991 1983, and thereafter.

(2) The actuary shall determine the current service contribution rate to be that level percentage of the present value of the future compensation of the average new member entering the system which equals the then present value of the excess of all prospective benefits in respect of such member over the member's own normal contributions.

(3) The actuary shall determine the minimum unfunded liability contribution rate to be that level percentage of the present value of the prospective compensation of all members for the 40-year period following the date of the determination which is equal to the unfunded liability on that date. The unfunded liability at any time is the excess of the present value of all future benefits payable in respect of all persons then entitled to benefits under the system over the sum of the retirement fund and the present values of the future current service contributions and normal contributions payable in respect of all such persons."

~~NEW SECTION.~~ Section 5. Cost-of-living increase. (1) The following definitions apply to this section:

(a) "Index" means, for any calendar year, that year's annual average consumer price index for urban wage earners and clerical workers, all items (1967 = 100), compiled by the bureau of labor statistics, United States department of labor, or a successor agency.

1 (a) "Salary" means the average salary for all active
2 members of the teachers' retirement system for the last
3 month of the same year used in the index.

4 (2) (a) Except as provided in subsection (2) of
5 [section 6], a member of the teachers' retirement system
6 retired on or before July 1, 1980, who is receiving a
7 service or disability retirement allowance, his beneficiary
8 who is receiving a service or disability retirement
9 allowance other than a death benefit under 19-4-1001(4), or
10 his surviving spouse or dependent child who is receiving a
11 survivorship allowance is eligible for an increase in his
12 allowance on July 1, 1983, and on each July 1 thereafter.

13 (b) A member of the teachers' retirement system
14 retired after July 1, 1980, who is receiving a service or
15 disability retirement allowance, his beneficiary who is
16 receiving a service or disability retirement allowance other
17 than a death benefit under 19-4-1001(4), or his surviving
18 spouse or dependent child who is receiving a survivorship
19 allowance is eligible for an increase in his allowance on:

20 (i) July 1 following the third anniversary date of the
21 member's retirement and each July 1 thereafter; or

22 (ii) if he retired on July 1, the third anniversary
23 date of the member's retirement and each anniversary date
24 thereafter.

25 (3) The increase in the allowance equals one-half of

1 the salary multiplied by the ratio of the member's years of
2 creditable service to 30 multiplied by the average
3 percentage increase in the index during the previous 3 years
4 or 12%, whichever is less, minus 3% multiplied by
5 two-thirds, subject to the following adjustments. The
6 increase must be:

7 (a) based on 30 years of creditable service for a
8 recipient of a disability or survivorship allowance;

9 (b) adjusted by the actuarial factors determined by
10 the retirement board for a member or beneficiary receiving
11 an optional retirement allowance or for a surviving spouse
12 or dependent child receiving a survivorship allowance;

13 (c) adjusted by the actuarial factors determined by
14 the retirement board for a member or beneficiary receiving
15 an early retirement allowance; and

16 (d) less than or equal to the percentage increase in
17 the index from the previous calendar year.

18 NEW SECTION. Section 6. Minimum monthly benefit
19 allowance for certain members. (1) Except as provided in
20 subsection (2), a member terminated on or before June 30,
21 1983, with vested rights who is receiving a service or
22 disability retirement allowance, his beneficiary who is
23 receiving a service or disability retirement allowance, or
24 his surviving spouse or dependent child who is receiving a
25 survivorship allowance is eligible for a minimum monthly

benefit allowance based on the ratio of a member's years of creditable service to 30 multiplied by \$350 and subject to the following adjustments. The minimum monthly benefit must be:

(a) based on 30 years of creditable service for a recipient of a disability or survivorship allowance;

(b) adjusted by the actuarial factors determined by the retirement board for a member or beneficiary receiving an optional retirement allowance or for a surviving spouse or dependent child receiving a survivorship allowance; and

(c) adjusted by the actuarial factors determined by the retirement board for a member or beneficiary receiving an early retirement allowance.

(2) A member or his beneficiary who is eligible for a minimum monthly benefit allowance under subsection (1) and who is also eligible for a cost-of-living increase under subsection (2)(a) of [section 5] is entitled to receive the greater of the increases. If a member or beneficiary receives a minimum monthly benefit allowance under this subsection, he is eligible for a cost-of-living increase under subsection (2)(a) of [section 5] beginning the following year.

Section 7. Section 19-4-602, MCA, is amended to read:

"19-4-602. Annuity savings fund -- member's contribution. The annuity savings fund is a fund in which

the contributions from the members to provide for their annuities shall be accumulated in individual accounts for each member. Contributions to and payments from the annuity savings fund shall be made in the following manner:

(1) Each employer shall deduct from the compensation of each active member on the payroll for each payroll period on and subsequent to the date on which the member became a member an amount equal to ~~6.187%~~ ____ of the member's earned compensation.

(2) The deductions shall be made notwithstanding that the minimum compensation provided by law for a member may be reduced thereby. Every member is considered to consent to the deductions prescribed by this section, and payment of salary or compensation less the deductions is a complete discharge of all claims whatsoever for the services rendered by the member during the period covered by the payment, except as to the benefits provided by the retirement system.

(3) In addition to the contributions deducted from compensation and subject to the approval of the retirement board, any member may redeposit in the annuity savings fund, by a single payment or by an increased rate of contribution, an amount equal to any accumulated contributions which he has previously withdrawn, plus interest in the amount the contributions would have earned had the contributions not been withdrawn.

(4) The accumulated contributions of a member withdrawn by him or paid to his estate or to his designated beneficiary in event of his death shall be paid from the annuity savings fund. Upon the retirement of a member, his accumulated contributions shall be transferred from the annuity savings fund to the annuity reserve fund."

Section 8. Section 19-4-605, MCA, is amended to read:

"19-4-605. Pension accumulation fund -- employer's contribution. The pension accumulation fund is the fund in which the reserves for payment of pensions and annuities shall be accumulated and from which pensions, annuities, and benefits in lieu thereof shall be paid to or on account of beneficiaries credited with prior service. Contributions to and payments from the pension accumulation fund shall be made as follows:

(1) Each employer shall pay into the pension accumulation fund an amount equal to 6.463% ____ of the earned compensation of each member employed during the whole or part of the preceding payroll period.

(2) If the employer is a district or community college district, the trustees shall budget and pay for the employer's contribution under the provisions of 20-9-501.

(3) If the employer is the superintendent of public instruction, a public institution of the state of Montana, a unit of the Montana university system, or the Montana state

school for the deaf and blind, the legislature shall appropriate to the employer an adequate amount to allow the payment of the employer's contribution.

(4) If the employer is a county, the county commissioners shall budget and pay for the employer's contribution in the manner provided by law for the adoption of a county budget and for payments under the budget.

(5) All interest and other earnings realized on the moneys of the retirement system shall be credited to the pension accumulation fund, and the amount required to allow regular interest on the annuity savings fund shall be transferred to that fund from the pension accumulation fund.

(6) All pensions, annuities, and benefits in lieu thereof shall be paid from the pension accumulation fund.

(7) The retirement board may, in its discretion, transfer from the pension accumulation fund an amount necessary to cover expenses of administration."

Section 9. Section 19-4-802, MCA, is amended to read:

"19-4-802. Early retirement. (1) A member who has at least 5 years of creditable service, whose last 5 years of creditable service were in this state, and who has attained the age of 50 may retire from service and be eligible for an early retirement allowance if he files with the retirement board his written application setting forth the fact of his retirement.

(2) The early retirement allowance shall be determined as prescribed in 19-4-804(1), and section 5, Chapter 549, Laws of 1981, and [section 6] with the exception that the allowance will be reduced as follows:

(a) by 1/2 of 1% multiplied by the number of months up to a maximum of 60 months by which the retirement date precedes the date on which he would have retired had he attained 60 years of age or had he completed 30 years of creditable service; and

(b) by 3/10 of 1% multiplied by the number of months in excess of the 60 months in subsection (2)(a) but not to exceed 60 additional months that the retirement date precedes the date on which he would have retired had he attained 60 years of age or had he completed 30 years of creditable service."

Section 10. Section 19-4-1001, MCA, is amended to read:

"19-4-1001. Allowances for death of member. (1) If a member dies before retirement, his accumulated contributions shall be paid to his estate or such person as he may have nominated by a written designation filed with the retirement board prior to his death in the manner prescribed by the board.

(2) (a) In lieu of benefits provided for in subsection (1), if the deceased member qualified by reason of service

for a retirement benefit, the beneficiary nominated by the deceased member may elect to receive a monthly life annuity. The monthly life annuity shall be determined as prescribed in 19-4-802, 19-4-804(1), and section 5, Chapter 549, Laws of 1981, and [section 6] in the same manner as if the member elected option A provided for in 19-4-702(2)(a).

(b) In the event payments made to an annuitant do not equal the amount of the member's accumulated contributions prior to the annuitant's death, the difference between the total annuity payments made and the amount of the accumulated contributions shall be paid to the beneficiary.

(3) If the deceased member had 5 or more years of creditable service and was an active member in the state of Montana within 1 year prior to his death, a lump-sum death benefit of \$500 is payable to his designated beneficiary.

(4) If a deceased member had 5 or more years of creditable service and was an active member in the state of Montana within 1 year prior to his death, the sum of \$100 per month shall be paid to each minor child of the deceased member until such child reaches his 18th birthday."

NEW SECTION. Section 11. Cost-of-living increase. (1) The following definitions apply to this section:

(a) "Index" means, for any calendar year, that year's annual average consumer price index for urban wage earners and clerical workers, all items (1967 = 100), compiled by

1 the bureau of labor statistics, United States department of
2 labor, or a successor agency.

3 (b) "Salary" means the salary for the lowest paid
4 active member of the highway patrol retirement system for
5 the last month of the same year used in the index.

6 (2) (a) Except as provided in subsection (2) of
7 [section 12], the following recipients are eligible for an
8 increase in their highway patrol retirement or survivorship
9 allowances:

10 (i) a member with 20 years or more of creditable
11 service or his beneficiary who is receiving a service
12 retirement allowance;

13 (ii) a member compelled to retire under 19-6-504 with
14 less than 20 years of creditable service or his beneficiary
15 who is receiving a service retirement allowance;

16 (iii) a member or his beneficiary who is receiving a
17 disability retirement allowance; and

18 (iv) a member's surviving spouse or dependent child who
19 is receiving a survivorship allowance.

20 (b) A member of the highway patrol retirement system
21 retired on or before July 1, 1980, or his beneficiary,
22 surviving spouse, or dependent child who is eligible for an
23 increase in his allowance under subsection (2)(a) is
24 entitled to receive the increase on July 1, 1983, and on
25 each July 1 thereafter.

1 (c) A member of the highway patrol retirement system
2 retired after July 1, 1980, or his beneficiary, surviving
3 spouse, or dependent child who is eligible for an increase
4 in his allowance under subsection (2)(a) is entitled to
5 receive the increase on:

6 (i) July 1 following the third anniversary date of the
7 member's retirement and each July 1 thereafter; or

8 (ii) if he retired on July 1, the third anniversary
9 date of the member's retirement and each anniversary date
10 thereafter.

11 (3) Except as provided in subsection (4) of this
12 section, the increase in the allowance equals one-half of
13 the salary multiplied by the ratio of the member's years of
14 creditable service to 25 multiplied by the average
15 percentage increase in the index during the previous 3 years
16 or 12%, whichever is less, minus 3% multiplied by
17 two-thirds, subject to the following adjustments. The
18 increase must be:

19 (a) based on 25 years of creditable service for a
20 recipient of a disability or survivorship allowance;

21 (b) adjusted by the actuarial factors determined by
22 the board for a member or beneficiary receiving an optional
23 retirement allowance or for a surviving spouse or dependent
24 child receiving a survivorship allowance;

25 (c) adjusted by the actuarial factors determined by

the board for a member or beneficiary receiving an early retirement allowance; and

(d) less than or equal to the percentage increase in the index from the previous calendar year.

NEW SECTION. Section 12. Minimum monthly benefit allowance for certain members. (1) Except as provided in subsection (2), a member terminated on or before June 30, 1983, with vested rights who is receiving a service or disability retirement allowance, his beneficiary who is receiving a service or disability retirement allowance, or his surviving spouse or dependent child who is receiving a survivorship allowance is eligible for a minimum monthly benefit allowance based on the ratio of a member's years of creditable service to 25 multiplied by \$500 and subject to the following adjustments. The minimum monthly benefit must be:

(a) based on 25 years of creditable service for a recipient of a disability or survivorship allowance;

(b) adjusted by the actuarial factors determined by the board for a member or beneficiary receiving an optional retirement allowance or for a surviving spouse or dependent child receiving a survivorship allowance; and

(c) adjusted by the actuarial factors determined by the board for a member or beneficiary receiving an early retirement allowance.

(2) A member or his beneficiary who is eligible for a minimum monthly benefit allowance under subsection (1) and who is also eligible for a cost-of-living increase under subsection (2)(a) of [section 11] is entitled to receive the greater of the increases. If a member or beneficiary receives a minimum monthly benefit allowance under this subsection, he is eligible for a cost-of-living increase under subsection (2)(a) of [section 11] beginning the following year.

Section 13. Section 19-6-402, MCA, is amended to read:

"19-6-402. Member's contribution. Every member shall be required to contribute into the account a sum equal to ~~6-1/2%~~ ____ of his monthly salary, which sum shall be deducted from his salary and deposited to his credit in the account."

Section 14. Section 19-6-404, MCA, is amended to read:

"19-6-404. State's contribution. The state of Montana shall annually contribute to the account an amount equal to ~~16.57%~~ ____ of the salaries paid to the highway patrolmen who are covered by this account from the general fund."

NEW SECTION. Section 15. Cost-of-living increase. (1) The following definitions apply to this section:

(a) "Index" means, for any calendar year, that year's annual average consumer price index for urban wage earners and clerical workers, all items (1967 = 100), compiled by

1 the bureau of labor statistics, United States department of
2 labor, or a successor agency.

3 (c) "Salary" means the average salary for all active
4 members of the sheriffs' retirement system for the last
5 month of the same year used in the index.

6 (2) (a) Except as provided in subsection (2) of
7 [section 16], a member of the sheriffs' retirement system
8 retired on or before July 1, 1980, who is receiving a
9 service or disability retirement allowance, his beneficiary
10 who is receiving a service or disability retirement
11 allowance, or his surviving spouse or dependent child who is
12 receiving a survivorship allowance is eligible for an
13 increase in his allowance on July 1, 1983, and on each July
14 1 thereafter.

15 (b) A member of the sheriffs' retirement system
16 retired after July 1, 1980, who is receiving a service or
17 disability retirement allowance, his beneficiary who is
18 receiving a service or disability retirement allowance, or
19 his surviving spouse or dependent child who is receiving a
20 survivorship allowance is eligible for an increase in his
21 allowance on:

22 (i) July 1 following the third anniversary date of the
23 member's retirement and each July 1 thereafter; or

24 (ii) if he retired on July 1, the third anniversary
25 date of the member's retirement and each anniversary date

1 thereafter.

2 (3) The increase in the allowance equals one-half of
3 the salary multiplied by the ratio of the member's years of
4 creditable service to 25 multiplied by the average
5 percentage increase in the index during the previous 3 years
6 or 12%, whichever is less, minus 3% multiplied by
7 two-thirds, subject to the following adjustments. The
8 increase must be:

9 (a) based on 25 years of creditable service for a
10 recipient of a disability or survivorship allowance;

11 (b) adjusted by the actuarial factors determined by
12 the board for a member or beneficiary receiving an optional
13 retirement allowance or for a surviving spouse or dependent
14 child receiving a survivorship allowance;

15 (c) adjusted by the actuarial factors determined by
16 the board for a member or beneficiary receiving an early
17 retirement allowance; and

18 (d) less than or equal to the percentage increase in
19 the index from the previous calendar year.

20 NEW SECTION. Section 16. Minimum monthly benefit
21 allowance for certain members. (1) Except as provided in
22 subsection (2), a member terminated on or before June 30,
23 1983, with vested rights who is receiving a service or
24 disability retirement allowance, his beneficiary who is
25 receiving a service or disability retirement allowance, or

1 his surviving spouse or dependent child who is receiving a
 2 survivorship allowance is eligible for a minimum monthly
 3 benefit allowance based on the ratio of a member's years of
 4 creditable service to 25 multiplied by \$350 and subject to
 5 the following adjustments. The minimum monthly benefit must
 6 be:

7 (a) based on 25 years of creditable service for a
 8 recipient of a disability or survivorship allowance;

9 (b) adjusted by the actuarial factors determined by
 10 the board for a member or beneficiary receiving an optional
 11 retirement allowance or for a surviving spouse or dependent
 12 child receiving a survivorship allowance; and

13 (c) adjusted by the actuarial factors determined by
 14 the board for a member or beneficiary receiving an early
 15 retirement allowance.

16 (2) A member or his beneficiary who is eligible for a
 17 minimum monthly benefit allowance under subsection (1) and
 18 who is also eligible for a cost-of-living increase under
 19 subsection (2)(a) of [section 15] is entitled to receive the
 20 greater of the increases. If a member or beneficiary
 21 receives a minimum monthly benefit allowance under this
 22 subsection, he is eligible for a cost-of-living increase
 23 under subsection (2)(a) of [section 15] beginning the
 24 following year.

25 Section 17. Section 19-7-403, MCA, is amended to read:

1 "19-7-403. Members' contributions deducted. Every
 2 member shall be required to contribute into the account 7%
 3 ____ of his monthly salary, which shall be deducted from his
 4 salary and deposited to his credit in the account."

5 Section 18. Section 19-7-404, MCA, is amended to read:

6 "19-7-404. Counties' contributions. (1) The various
 7 counties of Montana shall pay monthly 7.62% ____ of each
 8 sheriff's gross salary into the retirement account created
 9 by this chapter.

10 (2) If the required contribution to the retirement
 11 system exceeds the funds available to a county from general
 12 revenue sources, a county may budget, levy, and collect
 13 annually a special tax on the assessable property within the
 14 county that is sufficient to raise the amount of revenue
 15 needed to meet the county's obligation. This tax may be in
 16 addition to the annual rate of taxation allowed by law to be
 17 levied by the county."

18 NEW SECTION. Section 19. Cost-of-living increase. (1)
 19 The following definitions apply to this section:

20 (a) "Index" means, for any calendar year, that year's
 21 annual average consumer price index for urban wage earners
 22 and clerical workers, all items (1967 = 100), compiled by
 23 the bureau of labor statistics, United States department of
 24 labor, or a successor agency.

25 (b) "Salary" means the salary for the lowest paid

1 active member of the game wardens' retirement system for the
2 last month of the same year used in the index.

3 (2) (a) Except as provided in subsection (2) of
4 [section 20], a member of the game wardens' retirement
5 system retired on or before July 1, 1980, who is receiving a
6 service or disability retirement allowance, his beneficiary
7 who is receiving a service or disability retirement
8 allowance, or his surviving spouse or dependent child who is
9 receiving a survivorship allowance is eligible for an
10 increase in his allowance on July 1, 1983, and on each July
11 1 thereafter.

12 (b) A member of the game wardens' retirement system
13 retired after July 1, 1980, who is receiving a service or
14 disability retirement allowance, his beneficiary who is
15 receiving a service or disability retirement allowance, or
16 his surviving spouse or dependent child who is receiving a
17 survivorship allowance is eligible for an increase in his
18 allowance on:

19 (i) July 1 following the third anniversary date of the
20 member's retirement and each July 1 thereafter; or

21 (ii) if he retired on July 1, the third anniversary
22 date of the member's retirement and each anniversary date
23 thereafter.

24 (3) The increase in the allowance equals one-half of
25 the salary multiplied by the ratio of the member's years of

1 creditable service to 25 multiplied by the average
2 percentage increase in the index during the previous 3 years
3 or 12%, whichever is less, minus 3% multiplied by
4 two-thirds, subject to the following adjustments. The
5 increase must be:

6 (a) based on 25 years of creditable service for a
7 recipient of a disability or survivorship allowance;

8 (b) adjusted by the actuarial factors determined by
9 the board for a member or beneficiary receiving an optional
10 retirement allowance or for a surviving spouse or dependent
11 child receiving a survivorship allowance;

12 (c) adjusted by the actuarial factors determined by
13 the board for a member or beneficiary receiving an early
14 retirement allowance; and

15 (d) less than or equal to the percentage increase in
16 the index from the previous calendar year.

17 ~~NEW SECTION.~~ Section 20. Minimum monthly benefit
18 allowance for certain members. (1) Except as provided in
19 subsection (2), a member terminated on or before June 30,
20 1983, with vested rights who is receiving a service or
21 disability retirement allowance, his beneficiary who is
22 receiving a service or disability retirement allowance, or
23 his surviving spouse or dependent child who is receiving a
24 survivorship allowance is eligible for a minimum monthly
25 benefit allowance based on a ratio of a member's years of

creditable service to 25 multiplied by \$350 and subject to the following adjustments. The minimum monthly benefit must be:

(a) based on 25 years of creditable service for a recipient of a disability or survivorship allowance;

(b) adjusted by the actuarial factors determined by the board for a member or beneficiary receiving an optional retirement allowance or for a surviving spouse or dependent child receiving a survivorship allowance; and

(c) adjusted by the actuarial factors determined by the board for a member or beneficiary receiving an early retirement allowance.

(2) A recipient who is eligible for a minimum monthly benefit allowance under subsection (1) and who is also eligible for a cost-of-living increase under subsection (2)(a) of [section 19] is entitled to receive the greater of the increases. If a member or beneficiary receives a minimum monthly benefit allowance under this subsection, he is eligible for a cost-of-living increase under subsection (2)(a) of [section 19] beginning the following year.

Section 21. Section 19-8-502, MCA, is amended to read:

"19-8-502. Member's contribution. Every member is required to contribute into the account a sum equal to 7% ____ of his monthly salary, which sum shall be deducted from his salary and deposited to his credit in the account."

Section 22. Section 19-8-504, MCA, is amended to read:

"19-8-504. State's contribution. Each month the state treasurer shall pay to the account, out of the department of fish, wildlife, and parks moneys, a sum equal to ~~7.15%~~ ____ of the total of all members' salaries, and out of the moneys collected as fines and forfeited bonds under the provisions of 87-1-601, all such collections until the unfunded liability in the account is solvent and a verification statement to that effect is given to the state treasurer by the board."

NEW SECTION. Section 23. Cost-of-living increase. (1)

The following definitions apply to this section:

(a) "Index" means, for any calendar year, that year's annual average consumer price index for urban wage earners and clerical workers, all items (1967 = 100), compiled by the bureau of labor statistics, United States department of labor, or a successor agency.

(b) "Salary" means the average salary for the last month of the same year used in the index for all newly confirmed police officers participating in the municipal police officers' retirement system.

(2) (a) Except as provided in subsection (2) of [section 24], a member of the municipal police retirement system retired on or after July 1, 1975, but on or before July 1, 1980, who is receiving a service or disability

1 retirement allowance, his beneficiary who is receiving a
 2 service or disability retirement allowance, or his surviving
 3 spouse or dependent child who is receiving a survivorship
 4 allowance is eligible for an increase in his allowance on
 5 July 1, 1983, and on each July 1 thereafter.

6 (b) A member of the municipal police retirement system
 7 retired after July 1, 1980, who is receiving a service or
 8 disability retirement allowance, his beneficiary who is
 9 receiving a service or disability retirement allowance, or
 10 his surviving spouse or dependent child who is receiving a
 11 survivorship allowance is eligible for an increase in his
 12 allowance on:

13 (i) July 1 following the third anniversary date of the
 14 member's retirement and each July 1 thereafter; or

15 (ii) if he retired on July 1, the third anniversary
 16 date of the member's retirement and each anniversary date
 17 thereafter.

18 (3) The increase in the allowance equals one-half of
 19 the salary multiplied by the ratio of the member's years of
 20 creditable service to 20 multiplied by the average
 21 percentage increase in the index during the previous 3 years
 22 or 12%, whichever is less, minus 3% multiplied by
 23 two-thirds, subject to the following adjustments. The
 24 increase must be:

25 (a) based on 20 years of creditable service for a

1 recipient of a disability or survivorship allowance; and

2 (b) less than or equal to the percentage increase in
 3 the index from the previous calendar year.

4 ~~NEW SECTION.~~ Section 24. Minimum monthly benefit
 5 allowance for certain members. (1) (a) Except as provided in
 6 subsection (2), a member terminated on or before June 30,
 7 1983, with vested rights who is receiving a service or
 8 disability retirement allowance, his beneficiary who is
 9 receiving a service or disability retirement allowance, or
 10 his surviving spouse or dependent child who is receiving a
 11 survivorship allowance is eligible for a minimum monthly
 12 benefit allowance based on the ratio of a member's years of
 13 creditable service to 20 multiplied by \$500 and subject to
 14 the adjustment listed in subsection (1)(b).

15 (b) The minimum monthly benefit must be based on 20
 16 years of creditable service for a recipient of a disability
 17 or survivorship allowance.

18 (2) A recipient who is eligible for a minimum monthly
 19 benefit allowance under subsection (1)(a) and who is also
 20 eligible for a cost-of-living increase under subsection
 21 (2)(a) of [section 23] is entitled to receive the greater of
 22 the increases. If a member or beneficiary receives a minimum
 23 monthly benefit allowance under this subsection, he is
 24 eligible for a cost-of-living increase under subsection
 25 (2)(a) of [section 23] beginning the following year.

1 Section 25. Section 19-9-601, MCA, is amended to read:
 2 "19-9-601. Member contributions. The treasurer or
 3 other appropriate official of each employer shall retain
 4 from the monthly compensation of each active member a sum
 5 equal to 6% ___ or, in the case of a member first employed
 6 by an employer as a police officer after June 30, 1979,
 7 7-1/2% ___ of his monthly compensation, excluding overtime,
 8 holiday payments, shift differential payments, compensation
 9 time payments, and payments in lieu of sick leave and annual
 10 leave, for his services as a police officer. The monthly
 11 deduction from the salaries of police officers shall be paid
 12 to the administrator for the purpose of paying the
 13 retirement allowances of retired police officers."

14 Section 26. Section 19-9-702, MCA, is amended to read:
 15 "19-9-702. State contribution. The state of Montana
 16 shall make its contributions through the state auditor out
 17 of the premium tax on motor vehicle property and casualty
 18 insurance policies. Such payments shall be made annually
 19 after the end of each fiscal year but no later than
 20 September 1 from the gross premium tax after deduction for
 21 cancellations and returned premiums. The administrator shall
 22 notify the auditor by April 1 of each year of the annual
 23 compensation paid to all active members during the preceding
 24 year, and the state's contribution shall be 14-04% ___ of
 25 such compensation."

1 Section 27. Section 19-9-703, MCA, is amended to read:
 2 "19-9-703. Employer contribution. Each employer shall
 3 make its contribution on behalf of members through the city
 4 treasurer or other appropriate official out of moneys
 5 available to the city for such purpose. The employer's
 6 contribution shall be 14-04% ___ of the total monthly
 7 compensation paid to all active members during the preceding
 8 month and shall be payable monthly to the administrator."

9 NEW SECTION. Section 28. Codification instruction.
 10 (1) Sections 1 and 2 are intended to be codified as an
 11 integral part of Title 19, chapter 3, and the provisions of
 12 Title 19, chapter 3, apply to sections 1 and 2.

13 (2) Sections 5 and 6 are intended to be codified as an
 14 integral part of Title 19, chapter 4, and the provisions of
 15 Title 19, chapter 4, apply to sections 5 and 6.

16 (3) Sections 11 and 12 are intended to be codified as
 17 an integral part of Title 19, chapter 6, and the provisions
 18 of Title 19, chapter 6, apply to sections 11 and 12.

19 (4) Sections 15 and 16 are intended to be codified as
 20 an integral part of Title 19, chapter 7, and the provisions
 21 of Title 19, chapter 7, apply to sections 15 and 16.

22 (5) Sections 19 and 20 are intended to be codified as
 23 an integral part of Title 19, chapter 8, and the provisions
 24 of Title 19, chapter 8, apply to sections 19 and 20.

25 (6) Sections 23 and 24 are intended to be codified as

1 an integral part of Title 19, chapter 9, and the provisions
2 of Title 19, chapter 9, apply to sections 23 and 24.

3 NEW SECTION. Section 29. Effective date. This act is
4 effective July 1, 1983.

-End-

STATE OF MONTANA

REQUEST NO. 483-83

FISCAL NOTE

Form BD-15

In compliance with a written request received February 19, 19 83, there is hereby submitted a Fiscal Note for House Bill 882 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:

House Bill 882 provides an automatic cost of living increase and minimum benefits to retirees of the PERS, Teachers, Highway Policemen, Sheriffs, Game Wardens, and Members of the Municipal Police Officers Retirement Systems and their beneficiaries based on the formula $2/3 \text{ (CPI-3\%)} \times 1/4 \text{ average salary adjusted for years of service}$.

ASSUMPTIONS:

- 1) Increase cost will be divided between employer and employee.
- 2) Inflation rate will be 6% for 1984 and 1985.
- 3) Minimum benefit with formula will increase benefits 2 to 2½% depending on system FY 84 - FY 85.

FISCAL IMPACT:

REVENUE: (Contributions)	FY 84	FY 85
PERS		
Employee		
Under Current Law	\$ 25,184,640	\$ 26,569,795
Under Proposed Law	29,612,939	31,241,651
Increase	4,428,299	4,671,856
Employer		
Under Current Law	26,527,870	27,986,851
Under Proposed Law	30,956,120	32,658,707
Increase	4,428,300	4,671,856

Continued
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-22-83

	<u>FY 84</u>	<u>FY 85</u>
POLICE OFFICERS		
Employee		
Under Current Law	565,322	616,200
Under Proposed Law	<u>786,739</u>	<u>857,545</u>
Increase	221,417	241,345
City		
Under Current Law	1,647,438	1,765,316
Under Proposed Law	<u>1,866,663</u>	<u>2,004,271</u>
Increase	219,225	238,955
State		
Under Current Law	1,958,875	2,108,560
Under Proposed Law	<u>2,178,100</u>	<u>2,347,515</u>
Increase	219,225	238,955
HIGHWAY PATROL		
Employee		
Under Current Law	306,025	319,796
Under Proposed Law	<u>397,126</u>	<u>414,997</u>
Increase	91,101	95,201
State		
Under Current Law	780,129	815,234
Under Proposed Law	<u>871,230</u>	<u>910,435</u>
Increase	91,101	95,201

Continued

HB 882

	<u>FY 84</u>	<u>FY 85</u>
SHERIFFS		
Employee		
Under Current Law	811,088	924,641
Under Proposed Law	<u>952,449</u>	<u>1,085,972</u>
Increase	141,361	161,151
County		
Under Current Law	882,928	1,006,538
Under Proposed Law	<u>1,024,289</u>	<u>1,167,689</u>
Increase	141,361	161,151
GAME WARDENS		
Employee		
Under Current Law	140,027	146,328
Under Proposed Law	<u>173,433</u>	<u>181,238</u>
Increase	33,406	34,910
State		
Under Current Law	143,028	149,464
Under Proposed Law	<u>176,434</u>	<u>184,374</u>
Increase	33,406	34,910
TEACHERS		
Employee		
Under Current Law	19,769,645	20,758,128
Under Proposed Law	<u>23,188,673</u>	<u>24,348,106</u>
Increase	3,419,028	3,589,978
Employer		
Under Current Law	20,651,563	21,684,141
Under Proposed Law	<u>24,070,590</u>	<u>25,274,119</u>
Increase	3,419,027	3,589,978
EXPENDITURES: (Benefits)		
PERS		
Under Current Law	27,960,000	30,756,000
Under Proposed Law	<u>28,659,000</u>	<u>31,524,900</u>
Increase	699,000	768,900

Continued

HB 882

-4-

	<u>FY 84</u>	<u>FY 85</u>
POLICE OFFICERS		
Under Current Law	71,424	71,424
Under Proposed Law	<u>72,852</u>	<u>72,052</u>
Increase	1,428	3,628
HIGHWAY PATROL		
Under Current Law	787,698	827,082
Under Proposed Law	<u>803,452</u>	<u>843,624</u>
Increase	15,754	16,542
SHERIFF		
Under Current Law	214,406	229,406
Under Proposed Law	<u>218,694</u>	<u>233,994</u>
Increase	4,288	4,588
GAME WARDENS		
Under Current Law	231,018	235,638
Under Proposed Law	<u>235,638</u>	<u>240,351</u>
Increase	4,620	4,713
TEACHERS		
Under Current Law	3,600,297	3,780,262
Under Proposed Law	<u>4,196,354</u>	<u>4,406,172</u>
Increase	596,057	625,860
TOTAL INCREASE IN CONTRIBUTIONS:	<u>\$ 16,886,257</u>	<u>\$ 17,825,447</u>
TOTAL INCREASE IN BENEFITS:	<u>\$ 1,321,147</u>	<u>\$ 1,424,231</u>

FISCAL NOTE 17:1/4

HB882