

SENATE BILL NO. 378

INTRODUCED BY BERG, REGAN, THOMAS, ECK, LYNCH,  
J. HAMMOND, NISBET, DARKO, VINCENT

IN THE SENATE

February 7, 1983	Introduced and referred to Committee on State Administration.
February 8, 1983	Fiscal Note requested.
February 9, 1983	Fiscal Note returned.
February 16, 1983	Committee recommend bill do pass. Report adopted.
February 17, 1983	Bill printed and placed on members' desks.
February 18, 1983	Second reading, do pass.
February 19, 1983	Correctly engrossed.
February 21, 1983	Third reading, passed. Ayes, 34; Noes, 14. Transmitted to House.

IN THE HOUSE

February 28, 1983	Introduced and referred to Committee on State Administration.
March 23, 1983	Committee recommend bill be concurred in as amended. Report adopted.
March 26, 1983	Second reading, pass consideration.
March 28, 1983	Second reading, concurred in.  Third reading, concurred in.

IN THE SENATE

March 29, 1983

Returned to Senate with  
amendments.

April 6, 1983

Second reading, amendments  
concurred in.

April 7, 1983

Third reading, amendments  
concurred in. Ayes, 33;  
Noes, 17.

Sent to enrolling.

Reported correctly  
enrolled.

1 *Senate* BILL NO. *378*  
 2 INTRODUCED BY *Berg, Bogan, Thomas, Cook, Lynch*  
 3 *J. Starnock, Hickey, Backus, Vincent*

4 A BILL FOR AN ACT ENTITLED: "AN ACT REDUCING THE NUMBER OF  
 5 YEARS A MEMBER OF THE TEACHERS' RETIREMENT SYSTEM MUST SERVE  
 6 BEFORE BEING ELIGIBLE FOR RETIREMENT BENEFITS, REGARDLESS OF  
 7 HIS AGE; INCREASING THE EMPLOYEE AND EMPLOYER CONTRIBUTION  
 8 RATES; AMENDING SECTIONS 19-4-602, 19-4-605, 19-4-801, AND  
 9 19-4-802, MCA."

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

12 Section 1. Section 19-4-602, MCA, is amended to read:

13 "19-4-602. Annuity savings fund -- member's  
 14 contribution. The annuity savings fund is a fund in which  
 15 the contributions from the members to provide for their  
 16 annuities shall be accumulated in individual accounts for  
 17 each member. Contributions to and payments from the annuity  
 18 savings fund shall be made in the following manner:

19 (1) Each employer shall deduct from the compensation  
 20 of each active member on the payroll for each payroll period  
 21 on and subsequent to the date on which the member became a  
 22 member an amount equal to ~~6.187%~~ ~~5.684%~~ of the member's  
 23 earned compensation.

24 (2) The deductions shall be made notwithstanding that  
 25 the minimum compensation provided by law for a member may be

1 reduced thereby. Every member is considered to consent to  
 2 the deductions prescribed by this section, and payment of  
 3 salary or compensation less the deductions is a complete  
 4 discharge of all claims whatsoever for the services rendered  
 5 by the member during the period covered by the payment,  
 6 except as to the benefits provided by the retirement system.

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

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

21 Section 2. Section 19-4-605, MCA, is amended to read:

22 "19-4-605. Pension accumulation fund -- employer's  
 23 contribution. The pension accumulation fund is the fund in  
 24 which the reserves for payment of pensions and annuities  
 25 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%~~ 6.250% 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 3. Section 19-4-801, MCA, is amended to read:

"19-4-801. Eligibility for superannuation retirement.

A member who has at least 5 full years of creditable service, whose last 5 years of creditable service were in this state, and who has attained the age of 60 or has been credited with full-time or part-time service in ~~30~~ 25 or more years may retire from service if he files with the retirement board his written application setting forth the fact of his retirement."

Section 4. 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,

1 Laws of 1981, with the exception that the allowance will be  
2 reduced as follows:

3 (a) by  $1/2$  of 1% multiplied by the number of months up  
4 to a maximum of 60 months by which the retirement date  
5 precedes the date on which he would have retired had he  
6 attained 60 years of age or had he completed 30 25 years of  
7 creditable service; and

8 (b) by  $3/10$  of 1% multiplied by the number of months  
9 in excess of the 60 months in subsection (2)(a) but not to  
10 exceed 60 additional months that the retirement date  
11 precedes the date on which he would have retired had he  
12 attained 60 years of age or had he completed 30 25 years of  
13 creditable service."

-End-

## STATE OF MONTANA

REQUEST NO. 357-83

## FISCAL NOTE

Form BD-15

In compliance with a written request received February 8, 19 83, there is hereby submitted a Fiscal Note for Senate Bill 378 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:

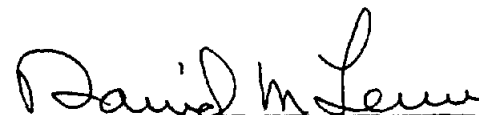
Senate Bill 378 would reduce the number of years a member of the Teachers' Retirement Sytem would have to serve before being eligible for retirement benefits from 30 to 25. The bill would also provide for funding this provision by increasing employee contributions from 6.187% to 6.684% and employer contributions from 6.463% to 6.96%.

ASSUMPTIONS:

- 1) A salary base of \$304,319,281 was used and will increase 5% in FY 84 and FY 85.
- 2) The employee contribution rate will be 6.684% and the employer rate 6.96%.
- 3) Each year 35 additional employees will retire with 25 years of service.

FISCAL IMPACT:

	<u>FY 84</u>	<u>FY 85</u>
<u>Revenue:</u>		
Employee Contributions		
Under Current Law	\$ 19,769,646	\$ 20,758,128
Under Proposed Law	21,357,736	22,425,623
Increase	<u>\$ 1,588,090</u>	<u>\$ 1,667,495</u>
Employer Contributions		
Under Current Law	\$ 20,651,563	\$ 21,684,141
Under Proposed Law	22,239,653	23,351,636
Increase	<u>\$ 1,588,090</u>	<u>\$ 1,667,495</u>
Totals		
Under Current Law	\$ 40,421,209	\$ 42,442,269
Under Proposed Law	43,597,389	45,777,259
Increase	<u>\$ 3,176,180</u>	<u>\$ 3,334,990</u>

Continued

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-9-83

Expenditure:

State Agencies

Under Current Law	\$ 210,203	\$ 220,713
Under Proposed Law	226,368	237,686
Increase	<u>\$ 16,165</u>	<u>\$ 16,973</u>

University System

Under Current Law	\$ 3,390,094	\$ 3,559,599
Under Proposed Law	3,650,796	3,833,329
Increase	<u>\$ 260,696</u>	<u>\$ 273,730</u>

The expenditure impact to state agencies and university sytem would be in the personal services category in employer benefits.

## STATE OF MONTANA

REQUEST NO. 534-83

## FISCAL NOTE

Form BD-15

In compliance with a written request received April 13, 19 83, there is hereby submitted a Fiscal Note for Senate Bill 378, Amended, 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:

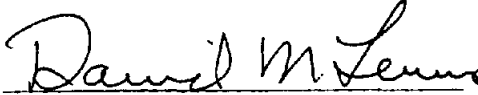
Senate Bill 378, Amended, would reduce the number of years a member of the Teachers' Retirement System would have to serve before being eligible for retirement benefits from 30 to 25. The bill would also provide for funding this provision by increasing employee contributions from 6.187% to 7.044% and employer contributions from 6.463% to 7.320%.

ASSUMPTIONS:

- 1) A salary base of \$304,319,281 was used and will increase 5% in FY 84 and FY 85.
- 2) The employee contribution rate will be 7.044% and the employer rate 7.320%.
- 3) Each year 35 additional employees will retire with 25 years of service.

FISCAL IMPACT:

	<u>FY 84</u>	<u>FY 85</u>
<u>Revenue:</u>		
Employee Contributions		
Under Current Law	\$ 19,769,646	\$ 20,758,128
Under Proposed Law	22,508,063	23,633,466
Increase	<u>\$ 2,738,417</u>	<u>\$ 2,875,338</u>
Employer Contributions		
Under Current Law	\$ 20,651,563	\$ 21,684,141
Under Proposed Law	23,389,980	24,559,479
Increase	<u>\$ 2,738,417</u>	<u>\$ 2,875,338</u>
Totals		
Under Current Law	\$ 40,421,209	\$ 42,442,269
Under Proposed Law	45,898,043	48,192,945
Increase	<u>\$ 5,476,834</u>	<u>\$ 5,750,676</u>

Continued

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 4-14-83



Expenditure:

State Agencies		
Under Current Law	\$ 210,203	\$ 220,713
Under Proposed Law	238,076	249,980
Increase	<u>\$ 27,873</u>	<u>\$ 29,267</u>
University System		
Under Current Law	\$ 3,390,094	\$ 3,559,599
Under Proposed Law	3,839,624	4,031,605
Increase	<u>\$ 449,530</u>	<u>\$ 472,006</u>
Counties		
Under Current Law	\$ 24,005	\$ 25,207
Under Proposed Law	27,189	28,549
Increase	<u>\$ 3,184</u>	<u>\$ 3,342</u>
School Districts		
Under Current Law	\$ 17,027,261	\$ 17,878,622
Under Proposed Law	19,285,091	20,249,345
Increase	<u>\$ 2,257,830</u>	<u>\$ 2,370,723</u>

The expenditure impact to state agencies and university sytem would be in the personal services category in employer benefits.

FISCAL NOTE 12:M/4

Approved by Committee  
on State Administration

SENATE BILL NO. 378

INTRODUCED BY

*Berg, Ryan, Thomas, Cook, Lynch, J. Harold, Kelsey, Davis, Vincent*

A BILL FOR AN ACT ENTITLED: "AN ACT REDUCING THE NUMBER OF YEARS A MEMBER OF THE TEACHERS' RETIREMENT SYSTEM MUST SERVE BEFORE BEING ELIGIBLE FOR RETIREMENT BENEFITS, REGARDLESS OF HIS AGE; INCREASING THE EMPLOYEE AND EMPLOYER CONTRIBUTION RATES; AMENDING SECTIONS 19-4-602, 19-4-605, 19-4-801, AND 19-4-802, MCA."

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

Section 1. 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%~~ 6.684% 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 2. 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

1 benefits in lieu thereof shall be paid to or on account of  
2 beneficiaries credited with prior service. Contributions to  
3 and payments from the pension accumulation fund shall be  
4 made as follows:

5 (1) Each employer shall pay into the pension  
6 accumulation fund an amount equal to ~~6.463%~~ 6.960% of the  
7 earned compensation of each member employed during the whole  
8 or part of the preceding payroll period.

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

12 (3) If the employer is the superintendent of public  
13 instruction, a public institution of the state of Montana, a  
14 unit of the Montana university system, or the Montana state  
15 school for the deaf and blind, the legislature shall  
16 appropriate to the employer an adequate amount to allow the  
17 payment of the employer's contribution.

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

22 (5) All interest and other earnings realized on the  
23 moneys of the retirement system shall be credited to the  
24 pension accumulation fund, and the amount required to allow  
25 regular interest on the annuity savings fund shall be

1 transferred to that fund from the pension accumulation fund.

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

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

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

8 "19-4-801. Eligibility for superannuation retirement.  
9 A member who has at least 5 full years of creditable  
10 service, whose last 5 years of creditable service were in  
11 this state, and who has attained the age of 60 or has been  
12 credited with full-time or part-time service in 30 25 or  
13 more years may retire from service if he files with the  
14 retirement board his written application setting forth the  
15 fact of his retirement."

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

17 "19-4-802. Early retirement. (1) A member who has at  
18 least 5 years of creditable service, whose last 5 years of  
19 creditable service were in this state, and who has attained  
20 the age of 50 may retire from service and be eligible for an  
21 early retirement allowance if he files with the retirement  
22 board his written application setting forth the fact of his  
23 retirement.

24 (2) The early retirement allowance shall be determined  
25 as prescribed in 19-4-804(1) and section 5, Chapter 549,

1 Laws of 1981, with the exception that the allowance will be  
2 reduced as follows:

3 (a) by  $1/2$  of 1% multiplied by the number of months up  
4 to a maximum of 60 months by which the retirement date  
5 precedes the date on which he would have retired had he  
6 attained 60 years of age or had he completed ~~30~~ 25 years of  
7 creditable service; and

8 (b) by  $3/10$  of 1% multiplied by the number of months  
9 in excess of the 60 months in subsection (2)(a) but not to  
10 exceed 60 additional months that the retirement date  
11 precedes the date on which he would have retired had he  
12 attained 60 years of age or had he completed ~~30~~ 25 years of  
13 creditable service."

-End-

1 *Senate* BILL NO. *378*  
 2 INTRODUCED BY *Berg* *Thomas* *Ed* *Lynch*  
 3 *J. Harold Thayer* *Barbara Vincent*

4 A BILL FOR AN ACT ENTITLED: "AN ACT REDUCING THE NUMBER OF  
 5 YEARS A MEMBER OF THE TEACHERS' RETIREMENT SYSTEM MUST SERVE  
 6 BEFORE BEING ELIGIBLE FOR RETIREMENT BENEFITS, REGARDLESS OF  
 7 HIS AGE; INCREASING THE EMPLOYEE AND EMPLOYER CONTRIBUTION  
 8 RATES; AMENDING SECTIONS 19-4-602, 19-4-605, 19-4-801, AND  
 9 19-4-802, MCA."

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 14 contribution. The annuity savings fund is a fund in which  
 15 the contributions from the members to provide for their  
 16 annuities shall be accumulated in individual accounts for  
 17 each member. Contributions to and payments from the annuity  
 18 savings fund shall be made in the following manner:

19 (1) Each employer shall deduct from the compensation  
 20 of each active member on the payroll for each payroll period  
 21 on and subsequent to the date on which the member became a  
 22 member an amount equal to ~~6.187%~~ *6.685%* of the member's  
 23 earned compensation.

24 (2) The deductions shall be made notwithstanding that  
 25 the minimum compensation provided by law for a member may be

1 reduced thereby. Every member is considered to consent to  
 2 the deductions prescribed by this section, and payment of  
 3 salary or compensation less the deductions is a complete  
 4 discharge of all claims whatsoever for the services rendered  
 5 by the member during the period covered by the payment,  
 6 except as to the benefits provided by the retirement system.

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

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

21 Section 2. Section 19-4-605, MCA, is amended to read:

22 "19-4-605. Pension accumulation fund -- employer's  
 23 contribution. The pension accumulation fund is the fund in  
 24 which the reserves for payment of pensions and annuities  
 25 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%~~ 6.960% 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 3. Section 19-4-801, MCA, is amended to read:

"19-4-801. Eligibility for superannuation retirement.

A member who has at least 5 full years of creditable service, whose last 5 years of creditable service were in this state, and who has attained the age of 60 or has been credited with full-time or part-time service in 30 25 or more years may retire from service if he files with the retirement board his written application setting forth the fact of his retirement."

Section 4. 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,

LC 2005/01

1 Laws of 1981, with the exception that the allowance will be  
2 reduced as follows:

3 (a) by  $1/2$  of 1% multiplied by the number of months up  
4 to a maximum of 60 months by which the retirement date  
5 precedes the date on which he would have retired had he  
6 attained 60 years of age or had he completed 30 25 years of  
7 creditable service; and

8 (b) by  $3/10$  of 1% multiplied by the number of months  
9 in excess of the 60 months in subsection (2)(a) but not to  
10 exceed 60 additional months that the retirement date  
11 precedes the date on which he would have retired had he  
12 attained 60 years of age or had he completed 30 25 years of  
13 creditable service."

-End-

STATE ADMINISTRATION COMMITTEE  
MARCH 23, 1983  
SENATE BILL 378

1. Title, line 9.

Following: "MCA"

Insert: "; AND PROVIDING AN EFFECTIVE DATE"

2. Page 1, line 22.

Strike: "6.684%"

Insert: "7.044%"

3. Page 3, line 6.

Strike: "6.960%"

Insert: "7.320%"

4. Page 5.

Following: line 13

Insert: "NEW SECTION. Section 5. Effective date. This act is  
effective July 1, 1983."

AND AS AMENDED BE CONCURRED IN



## SENATE BILL NO. 378

INTRODUCED BY BERG, REGAN, THOMAS, ECK, LYNCH,

J. HAMMOND, NISBET, DARKO, VINCENT

A BILL FOR AN ACT ENTITLED: "AN ACT REDUCING THE NUMBER OF YEARS A MEMBER OF THE TEACHERS' RETIREMENT SYSTEM MUST SERVE BEFORE BEING ELIGIBLE FOR RETIREMENT BENEFITS, REGARDLESS OF HIS AGE; INCREASING THE EMPLOYEE AND EMPLOYER CONTRIBUTION RATES; AMENDING SECTIONS 19-4-602, 19-4-605, 19-4-801, AND 19-4-802, MCA; ~~AND PROVIDING AN EFFECTIVE DATE.~~"

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

Section 1. 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+167% 6+625%~~ 7.044% 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 2. 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

1 shall be accumulated and from which pensions, annuities, and  
 2 benefits in lieu thereof shall be paid to or on account of  
 3 beneficiaries credited with prior service. Contributions to  
 4 and payments from the pension accumulation fund shall be  
 5 made as follows:

6 (1) Each employer shall pay into the pension  
 7 accumulation fund an amount equal to ~~6.463%~~ ~~6.268%~~ 7.320% of  
 8 the earned compensation of each member employed during the  
 9 whole or part of the preceding payroll period.

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

13 (3) If the employer is the superintendent of public  
 14 instruction, a public institution of the state of Montana, a  
 15 unit of the Montana university system, or the Montana state  
 16 school for the deaf and blind, the legislature shall  
 17 appropriate to the employer an adequate amount to allow the  
 18 payment of the employer's contribution.

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

23 (5) All interest and other earnings realized on the  
 24 moneys of the retirement system shall be credited to the  
 25 pension accumulation fund, and the amount required to allow

1 regular interest on the annuity savings fund shall be  
 2 transferred to that fund from the pension accumulation fund.

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 4 thereof shall be paid from the pension accumulation fund.

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 6 transfer from the pension accumulation fund an amount  
 7 necessary to cover expenses of administration."

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

9 "19-4-801. Eligibility for superannuation retirement.  
 10 A member who has at least 5 full years of creditable  
 11 service, whose last 5 years of creditable service were in  
 12 this state, and who has attained the age of 60 or has been  
 13 credited with full-time or part-time service in 30 ~~25~~ or  
 14 more years may retire from service if he files with the  
 15 retirement board his written application setting forth the  
 16 fact of his retirement."

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

18 "19-4-802. Early retirement. (1) A member who has at  
 19 least 5 years of creditable service, whose last 5 years of  
 20 creditable service were in this state, and who has attained  
 21 the age of 50 may retire from service and be eligible for an  
 22 early retirement allowance if he files with the retirement  
 23 board his written application setting forth the fact of his  
 24 retirement.

25 (2) The early retirement allowance shall be determined

1 as prescribed in 19-4-804(1) and section 5, Chapter 549,  
2 Laws of 1981, with the exception that the allowance will be  
3 reduced as follows:

4 (a) by  $1/2$  of  $1\%$  multiplied by the number of months up  
5 to a maximum of 60 months by which the retirement date  
6 precedes the date on which he would have retired had he  
7 attained 60 years of age or had he completed 30 25 years of  
8 creditable service; and

9 (b) by  $3/10$  of  $1\%$  multiplied by the number of months  
10 in excess of the 60 months in subsection (2)(a) but not to  
11 exceed 60 additional months that the retirement date  
12 precedes the date on which he would have retired had he  
13 attained 60 years of age or had he completed 30 25 years of  
14 creditable service."

15 SECTION 5. EFFECTIVE DATE. THIS ACT IS EFFECTIVE JULY  
16 1, 1983.

-End-