

SENATE BILL NO. 187

INTRODUCED BY TOWE

BY REQUEST OF THE PUBLIC EMPLOYEES' RETIREMENT BOARD

IN THE SENATE

January 22, 1985	Introduced and referred to Committee on Local Government.
February 13, 1985	Committee recommend bill do pass as amended. Report adopted.
February 14, 1985	Bill printed and placed on members' desks.
February 15, 1985	Second reading, do pass.
February 16, 1985	Considered correctly engrossed.
February 18, 1985	Third reading, passed. Ayes, 48; Noes, 0.
	Transmitted to House.

IN THE HOUSE

February 27, 1985	Introduced and referred to Committee on Local Government.
March 22, 1985	Committee recommend bill be concurrred in. Report adopted.
March 23, 1985	Second reading, concurrred in.
March 26, 1985	Third reading, concurrred in.
	Returned to Senate.

IN THE SENATE

March 26, 1985

Received from House.

March 27, 1985

Sent to enrolling.

Reported correctly enrolled.

1 *Senate* BILL NO. 187
 2 INTRODUCED BY *[Signature]*

3 BY REQUEST OF THE PUBLIC EMPLOYEES' RETIREMENT BOARD
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5 A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING THE AMOUNT
 6 AND PAYMENT OF RETIREMENT BENEFITS TO A LAW ENFORCEMENT
 7 OFFICER WHO HAS SERVICE CREDITS IN BOTH THE SHERIFFS' AND
 8 MUNICIPAL POLICE OFFICERS' RETIREMENT SYSTEMS; REVISING THE
 9 METHOD OF CALCULATING A SERVICE RETIREMENT ALLOWANCE BASED
 10 ON MORE THAN 25 YEARS OF SERVICE; AND DEFINING THE BENEFIT
 11 AVAILABLE TO BENEFICIARIES UPON THE DEATH OF CERTAIN MEMBERS
 12 UNDER THE SHERIFFS' RETIREMENT SYSTEM; AMENDING SECTIONS
 13 19-7-101, 19-7-308, AND 19-7-503, MCA; REPEALING SECTION
 14 19-7-603, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

17 Section 1. Section 19-7-101, MCA, is amended to read:

18 "19-7-101. Definitions. Unless the context requires
 19 otherwise, the following definitions apply in this chapter:

20 (1) "Account" means the Montana sheriffs' retirement
 21 pension trust fund administered by the sheriffs' retirement
 22 board.

23 (2) "Accumulated contributions" or "accumulated
 24 deductions" means the total amount deducted from the salary
 25 of a member during a period of membership service plus the

1 total amount deducted during a period of prior service and
 2 transferred from the public employees' retirement system
 3 standing to the member's credit in the account, together
 4 with the accrued interest.

5 (3) "Actuarial equivalent" means a benefit of equal
 6 value when computed upon the basis of the actuarial tables
 7 in use by the system.

8 (4) "Beneficiary" means a person who is nominated by
 9 the member in an acknowledged document which is filed with
 10 the board.

11 (5) "Board" means the ~~sheriffs' retirement board; the~~
 12 ~~board shall consist of five persons who shall be the same~~
 13 ~~persons that comprise the public employees' retirement~~
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15 (6) "Creditable service" means the aggregate of all of
 16 a member's current and prior service.

17 (7) "Death benefit" means a monthly annuity or
 18 lump-sum payment made to a beneficiary on behalf of a member
 19 who dies before retirement.

20 (8) "Final salary" means the average annual salary
 21 received by a member, before any deductions are made and
 22 exclusive of maintenance, allowances, and expenses, for any
 23 3 years of continuous service from which contributions were
 24 deducted or, in the event that a member has not served 3
 25 years, the total salary earned divided by the number of

1 years served. Lump-sum payments for sick leave and annual
 2 leave paid to an employee upon termination of employment may
 3 be used in the calculation of a retirement allowance only to
 4 the extent that they are used to replace, on a month for
 5 month basis, the normal compensation for a month or months
 6 included in the calculation of the final salary. A lump-sum
 7 payment may not be added to a single month's compensation.

8 ~~{8}~~(9) "Member" means any person who has accumulated
 9 deductions in the account to his credit.

10 ~~{9}~~(10) "Member's annuity" means payments for life
 11 derived from contributions made by the member while
 12 employed.

13 ~~{10}~~(11) "Membership service" means service for which
 14 an amount is deducted from the salary of a member and paid
 15 into the account.

16 ~~{11}~~(12) "Prior service" means service for which credit
 17 was granted by the public employees' retirement system of
 18 the state of Montana.

19 ~~{12}~~(13) "Retired sheriff" means a person receiving a
 20 retirement allowance under this chapter.

21 ~~{13}~~(14) "Retirement allowance" means the state annuity
 22 plus the member's annuity.

23 ~~{14}~~(15) "Service" means employment as a sheriff.

24 ~~{15}~~(16) "Sheriff" means any elected or appointed
 25 county sheriff, undersheriff, or regularly appointed and

1 acting deputy sheriff.

2 ~~{16}~~(17) "State annuity" means payments for life
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 5 legislative appropriations to the account.

6 ~~{17}~~(18) "Vested retirement" means a retirement not for
 7 cause and before retirement age."

8 Section 2. Section 19-7-308, MCA, is amended to read:

9 "19-7-308. Service under municipal police officers'
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 14 force to a county sheriff's department or from a county
 15 sheriff's department to a city police force as a law
 16 enforcement officer is eligible for a service retirement
 17 benefit if his combined service in the sheriffs' retirement
 18 system and the municipal police officers' retirement system
 19 satisfies the minimum membership service requirement of the
 20 system to which he last made contributions. A sheriff who
 21 has elected to continue membership in the public employees'
 22 retirement system under 19-7-301 may continue his election.
 23 However, credit for service in the PERS which has not been
 24 transferred prior to January 1, 1979, may not be
 25 transferred.

1 (2) Eligibility for and calculation of disability
2 retirement, death benefits, and a refund of contributions ~~is~~
3 are governed by the provisions of the retirement system to
4 which the officer last made contributions.

5 (3) The service retirement benefit of an officer
6 described in subsection (1) shall be calculated separately
7 for each system based on the service credited under each
8 system. The calculation for the sheriffs' retirement system
9 portion of the benefit must include the appropriate
10 reduction in the retirement allowance for an optional
11 retirement allowance elected under 19-7-701. The final
12 salary or final average salary for each calculation shall be
13 based on the highest salary earned while a member of either
14 system. Each system shall pay its proportionate share, based
15 on the number of years of service credited, of the combined
16 benefit. The combined benefit may not exceed 60% of the
17 final salary or final average salary.

18 (4) Upon the death of an officer receiving a service
19 retirement allowance under this section, the beneficiary and
20 the continued benefit must be determined separately for each
21 system as follows:

22 (a) For the municipal police officers' retirement
23 system portion of the benefit, the officer's surviving
24 spouse, if there is one, shall, for as long as the spouse
25 remains unmarried, receive from the fund a sum equal to the

1 municipal police officers' retirement system portion of the
2 officer's service retirement allowance as calculated at the
3 time of his retirement. If the officer leaves one or more
4 dependent children, then upon his death, if he leaves no
5 surviving spouse or upon the death or remarriage of the
6 surviving spouse, the officer's surviving dependent child,
7 or children collectively if there are more than one, shall
8 receive the same monthly payments a surviving spouse would
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11 be made to the child's appointed guardian for the child's
12 use. If there is more than one dependent child, upon each
13 child no longer qualifying as dependent under 19-9-104, the
14 pro rata payments to that child must cease and be made to
15 the remaining children until all the children are no longer
16 dependent.

17 (b) For the sheriffs' retirement system portion of the
18 benefit, the officer's beneficiary, designated under
19 19-7-602, shall receive:

20 (i) an annuity as determined under 19-7-701, if the
21 officer elected an optional retirement allowance; or

22 (ii) if the officer did not elect an optional
23 retirement allowance, any payment owed the officer,
24 including the excess, if any, of his accumulated deductions
25 standing to his credit at the time of retirement less

1 payments made to the officer."

2 Section 3. Section 19-7-503, MCA, is amended to read:

3 "19-7-503. Service retirement allowance. (1) The
4 amount of any member's service retirement allowance granted
5 to a member with 25 years or less of creditable service
6 shall be 2% of his final salary for each year of creditable
7 service, up to a maximum of 50% of final salary.

8 (2) The member's retirement allowance shall be
9 increased for any member who contributes after 25 years of
10 service by ~~an annuity--calculated--as--twice--the--actuarial~~
11 ~~equivalent--of--the--portion--of--the--member's--accumulated~~
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13 1.35% of his final salary for each year of creditable
14 service in excess of 25 years of service, up to a maximum of
15 60% of his final salary.

16 (3) If a member dies after retirement and had not
17 elected an optional retirement allowance provided for in
18 19-7-701, his beneficiary must be paid the excess, if any,
19 of the member's accumulated contributions at the time of
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21 NEW SECTION. Section 4. Repealer. Section 19-7-603,
22 MCA, is repealed.

23 NEW SECTION. Section 5. Extension of authority. Any
24 existing authority of the sheriffs' retirement board to make
25 rules on the subject of the provisions of this act is

1 extended to the provisions of this act.

2 NEW SECTION. Section 6. Effective date. This act is
3 effective on passage and approval.

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4

5 A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING THE AMOUNT
6 AND PAYMENT OF RETIREMENT BENEFITS TO A LAW ENFORCEMENT
7 OFFICER WHO HAS SERVICE CREDITS IN BOTH THE SHERIFFS' AND
8 MUNICIPAL POLICE OFFICERS' RETIREMENT SYSTEMS; REVISING THE
9 METHOD OF CALCULATING A SERVICE RETIREMENT ALLOWANCE BASED
10 ON MORE THAN 25 YEARS OF SERVICE; AND DEFINING THE BENEFIT
11 AVAILABLE TO BENEFICIARIES UPON THE DEATH OF CERTAIN MEMBERS
12 UNDER THE SHERIFFS' RETIREMENT SYSTEM; AMENDING SECTIONS
13 19-7-101, 19-7-308, AND 19-7-503, MCA; AND REPEALING SECTION
14 19-7-603, MCA;--AND-PROVIDING-AN-IMMEDIATE-EFFECTIVE-DATE."

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

17 Section 1. Section 19-7-101, MCA, is amended to read:

18 "19-7-101. Definitions. Unless the context requires
19 otherwise, the following definitions apply in this chapter:20 (1) "Account" means the Montana sheriffs' retirement
21 pension trust fund administered by the sheriffs' retirement
22 board.23 (2) "Accumulated contributions" or "accumulated
24 deductions" means the total amount deducted from the salary
25 of a member during a period of membership service plus the

1 total amount deducted during a period of prior service and
2 transferred from the public employees' retirement system
3 standing to the member's credit in the account, together
4 with the accrued interest.

5 (3) "Actuarial equivalent" means a benefit of equal
6 value when computed upon the basis of the actuarial tables
7 in use by the system.

8 (4) "Beneficiary" means a person who is nominated by
9 the member in an acknowledged document which is filed with
10 the board.

11 (5) "Board" means the ~~sheriffs' retirement board; The~~
12 ~~board shall consist of five persons who shall be the same~~
13 ~~persons that comprise the~~ public employees' retirement
14 board.

15 (6) "Creditable service" means the aggregate of all of
16 a member's current and prior service.

17 (7) "Death benefit" means a monthly annuity or
18 lump-sum payment made to a beneficiary on behalf of a member
19 who dies before retirement.

20 ~~(7)~~(8) "Final salary" means the average annual salary
21 received by a member, before any deductions are made and
22 exclusive of maintenance, allowances, and expenses, for any
23 3 years of continuous service from which contributions were
24 deducted or, in the event that a member has not served 3
25 years, the total salary earned divided by the number of

1 years served. Lump-sum payments for sick leave and annual
 2 leave paid to an employee upon termination of employment may
 3 be used in the calculation of a retirement allowance only to
 4 the extent that they are used to replace, on a month for
 5 month basis, the normal compensation for a month or months
 6 included in the calculation of the final salary. A lump-sum
 7 payment may not be added to a single month's compensation.

8 (8)(9) "Member" means any person who has accumulated
 9 deductions in the account to his credit.

10 (9)(10) "Member's annuity" means payments for life
 11 derived from contributions made by the member while
 12 employed.

13 (10)(11) "Membership service" means service for which
 14 an amount is deducted from the salary of a member and paid
 15 into the account.

16 (11)(12) "Prior service" means service for which credit
 17 was granted by the public employees' retirement system of
 18 the state of Montana.

19 (12)(13) "Retired sheriff" means a person receiving a
 20 retirement allowance under this chapter.

21 (13)(14) "Retirement allowance" means the state annuity
 22 plus the member's annuity.

23 (14)(15) "Service" means employment as a sheriff.

24 (15)(16) "Sheriff" means any elected or appointed
 25 county sheriff, undersheriff, or regularly appointed and

1 acting deputy sheriff.

2 (16)(17) "State annuity" means payments for life
 3 derived from county contributions into the sheriffs'
 4 retirement account, together with any supplemental
 5 legislative appropriations to the account.

6 (17)(18) "Vested retirement" means a retirement not for
 7 cause and before retirement age."

8 Section 2. Section 19-7-308, MCA, is amended to read:

9 "19-7-308. Service under municipal police officers'
 10 retirement system prior to or following city-county
 11 consolidation. (1) A law enforcement officer who has not
 12 changed his employment but who has, because of a city-county
 13 consolidation, been transferred either from a city police
 14 force to a county sheriff's department or from a county
 15 sheriff's department to a city police force as a law
 16 enforcement officer is eligible for a service retirement
 17 benefit if his combined service in the sheriffs' retirement
 18 system and the municipal police officers' retirement system
 19 satisfies the minimum membership service requirement of the
 20 system to which he last made contributions. A sheriff who
 21 has elected to continue membership in the public employees'
 22 retirement system under 19-7-301 may continue his election.
 23 However, credit for service in the PERS which has not been
 24 transferred prior to January 1, 1979, may not be
 25 transferred.

1 (2) Eligibility for and calculation of disability
 2 retirement, death benefits, and a refund of contributions is
 3 are governed by the provisions of the retirement system to
 4 which the officer last made contributions.

5 (3) The service retirement benefit of an officer
 6 described in subsection (1) shall be calculated separately
 7 for each system based on the service credited under each
 8 system. The calculation for the sheriffs' retirement system
 9 portion of the benefit must include the appropriate
 10 reduction in the retirement allowance for an optional
 11 retirement allowance elected under 19-7-701. The final
 12 salary or final average salary for each calculation shall be
 13 based on the highest salary earned while a member of either
 14 system. Each system shall pay its proportionate share, based
 15 on the number of years of service credited, of the combined
 16 benefit. The combined benefit may not exceed 60% of the
 17 final salary or final average salary.

18 (4) Upon the death of an officer receiving a service
 19 retirement allowance under this section, the beneficiary and
 20 the continued benefit must be determined separately for each
 21 system as follows:

22 (a) For the municipal police officers' retirement
 23 system portion of the benefit, the officer's surviving
 24 spouse, if there is one, shall, for as long as the spouse
 25 remains unmarried, receive from the fund a sum equal to the

1 municipal police officers' retirement system portion of the
 2 officer's service retirement allowance as calculated at the
 3 time of his retirement. If the officer leaves one or more
 4 dependent children, then upon his death, if he leaves no
 5 surviving spouse or upon the death or remarriage of the
 6 surviving spouse, the officer's surviving dependent child,
 7 or children collectively if there are more than one, shall
 8 receive the same monthly payments a surviving spouse would
 9 receive for as long as the child or one of the children
 10 remains dependent as defined in 19-9-104. The payments must
 11 be made to the child's appointed guardian for the child's
 12 use. If there is more than one dependent child, upon each
 13 child no longer qualifying as dependent under 19-9-104, the
 14 pro rata payments to that child must cease and be made to
 15 the remaining children until all the children are no longer
 16 dependent.

17 (b) For the sheriffs' retirement system portion of the
 18 benefit, the officer's beneficiary, designated under
 19 19-7-602, shall receive:

20 (i) an annuity as determined under 19-7-701, if the
 21 officer elected an optional retirement allowance; or

22 (ii) if the officer did not elect an optional
 23 retirement allowance, any payment owed the officer,
 24 including the excess, if any, of his accumulated deductions
 25 standing to his credit at the time of retirement less

1 payments made to the officer."

2 Section 3. Section 19-7-503, MCA, is amended to read:

3 "19-7-503. Service retirement allowance. (1) The
4 amount of any member's service retirement allowance granted
5 to a member with 25 years or less of creditable service
6 shall be 2% of his final salary for each year of creditable
7 service, up to a maximum of 50% of final salary.

8 (2) The member's retirement allowance shall be
9 increased for any member who contributes after 25 years of
10 service by ~~an annuity calculated as twice the actuarial~~
11 ~~equivalent of the portion of the member's accumulated~~
12 ~~deductions arising from contributions after the completion~~
13 1.35% of his final salary for each year of creditable
14 service in excess of 25 years of service, up to a maximum of
15 60% of his final salary.

16 (3) If a member dies after retirement and had not
17 elected an optional retirement allowance provided for in
18 19-7-701, his beneficiary must be paid the excess, if any,
19 of the member's accumulated contributions at the time of
20 retirement less payments made to the retired member."

21 NEW SECTION. Section 4. Repealer. Section 19-7-603,
22 MCA, is repealed.

23 NEW SECTION. Section 5. Extension of authority. Any
24 existing authority of the sheriffs' retirement board to make
25 rules on the subject of the provisions of this act is

1 extended to the provisions of this act.

2 ~~NEW SECTION--Section 6--Effective date--This act is~~
3 ~~effective on passage and approval~~

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