

HB 43 INTRODUCED BY COBB
REDUCING SERVICE ELIGIBILITY REQUIREMENTS FOR CERTAIN
PUBLIC EMPLOYEES RETIREMENT SYSTEM MEMBERS

6/21 INTRODUCED
6/21 REFERRED TO APPROPRIATIONS
6/25 TABLED IN COMMITTEE

1 House BILL NO. 43
2 INTRODUCED BY Cobb
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT PERMITTING CERTAIN
5 MEMBERS OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM TO BECOME
6 ELIGIBLE FOR SERVICE RETIREMENT; DEFINING THE AMOUNT OF
7 SERVICE RETIREMENT ALLOWANCE FOR THESE MEMBERS; INCREASING
8 THE EMPLOYER CONTRIBUTION RATE; REQUIRING A STATE AGENCY TO
9 REVERT A CERTAIN AMOUNT TO THE STATE GENERAL FUND FOR EACH
10 MEMBER WHO RETIRES PURSUANT TO THIS ACT; AMENDING SECTIONS
11 19-3-801, 19-3-901 THROUGH 19-3-904, AND 19-3-1002, MCA; AND
12 PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

15 NEW SECTION. Section 1. Eligibility for service
16 retirement for certain members -- amount of allowance. (1) A
17 member employed by a state agency, regardless of his age,
18 who has completed at least 25 years of creditable service
19 but not more than 30 years is eligible for service
20 retirement if he terminates employment, applies for
21 retirement, and retires after August 1, 1986, but before
22 September 30, 1986.

23 (2) A member who retires as provided for in subsection
24 (1) is eligible to receive an annual service retirement
25 allowance equal to one-half his final compensation.

1 Section 2. Section 19-3-801, MCA, is amended to read:
2 "19-3-801. Employer contribution rates -- actuarial
3 determination. (1) Each employer shall contribute to the
4 cost of benefits under the system. The amount of the
5 employer contributions shall be computed by applying to
6 member's compensation the sum of the current service
7 contribution rate and the unfunded liability contribution
8 rate. The sum of these rates shall be 6.417% from--July--17,
9 1983 until June 30, 1987, and% thereafter.

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

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

1 normal contributions payable in respect of all such
2 persons."

3 Section 3. Section 19-3-901, MCA, is amended to read:

4 "19-3-901. Eligibility for service retirement. A
5 member who has attained the age of 60 and completed 5 years
6 of qualified service is eligible for service retirement. A
7 member who has attained age 65 is eligible for service
8 retirement regardless of his years of creditable service. A
9 Except as provided in [section 1], a member who has
10 completed 30 years or more of state service is eligible for
11 service retirement regardless of his age."

12 Section 4. Section 19-3-902, MCA, is amended to read:

13 "19-3-902. Eligibility for early retirement. A member
14 who is not eligible for service retirement but has attained
15 age 50 and completed 5 years of qualified service is
16 eligible for early retirement. A Except as provided in
17 [section 1], a member who has completed 25 years or more of
18 state service is eligible for early retirement."

19 Section 5. Section 19-3-903, MCA, is amended to read:

20 "19-3-903. Time of commencement of allowance. The
21 board shall grant a retirement allowance to any member who
22 has fulfilled the eligibility requirements of 19-3-901, or
23 19-3-902, or [section 1] and filed the appropriate written
24 application. The retirement allowance must commence on the
25 first day of the month following the member's last day of

1 membership service."

2 Section 6. Section 19-3-904, MCA, is amended to read:

3 "19-3-904. Amount of retirement allowance. (1) The
4 Except as provided in [section 1], the annual amount of
5 retirement allowance payable to a member following his
6 service retirement is the sum of (a), (b), and (c) as
7 follows:

8 (a) an annuity which is the actuarial equivalent of
9 his accumulated additional contributions on the day his
10 retirement allowance commences;

11 (b) one-sixtieth of his final compensation multiplied
12 by the number of years of his creditable service;

13 (c) any retirement allowance payable under 19-3-905.

14 (2) If a member dies after retirement and has not
15 elected an optional retirement allowance provided for in
16 19-3-1101, his beneficiary will be paid the excess, if any,
17 of the member's accumulated contributions on the day his
18 retirement allowance commenced over the total of the
19 retirement allowance payments made to the retired member."

20 Section 7. Section 19-3-1002, MCA, is amended to read:

21 "19-3-1002. Eligibility for disability retirement. (1)
22 Except as provided in subsection (2) and 19-3-1004, a member
23 who is not eligible for service retirement as provided for
24 in 19-3-901 or [section 1] or early retirement as provided
25 for in 19-3-902 but has completed 5 years of creditable

1 service and has become disabled while in active service, as
2 defined in 19-3-1001, is eligible for disability retirement.

3 (2) A member age 60 or older who has completed 5 years
4 of creditable service and has had a duty-related accident
5 forcing him to terminate his employment but who has not
6 received or is ineligible to receive workers' compensation
7 benefits under Title 39, chapter 71, for the duty-related
8 accident may conditionally waive his eligibility for a
9 service retirement to be eligible for disability retirement.

10 The waiver is effective only upon approval by the board of
11 his application for disability retirement. The board shall
12 determine whether a member has become disabled under the
13 provisions of 19-3-1003. The board may request any
14 information on file with the workers' compensation division
15 concerning the duty-related accident. If no information is
16 available, the board may request and the division shall
17 provide an investigative report on the disabling accident."

18 NEW SECTION. Section 8. Payment to general fund. If a
19 member retires as provided for in [section 1], the state
20 agency that employed the member must revert to the state
21 general fund no later than June 30, 1987, an amount from its
22 general fund appropriation equal to the wages and benefits
23 that would have been paid to the member had he remained
24 employed through June 30, 1987, minus an amount equal to the
25 lump-sum payment for accrued annual and sick leave made to

1 the member upon retirement.

2 NEW SECTION. Section 9. Extension of authority. Any
3 existing authority of the public employees' retirement board
4 to make rules on the subject of the provisions of this act
5 is extended to the provisions of this act.

6 NEW SECTION. Section 10. Codification instruction.
7 Section 1 is intended to be codified as an integral part of
8 Title 19, chapter 3, and the provisions of Title 19, chapter
9 3, apply to section 1.

10 NEW SECTION. Section 11. Effective date. This act is
11 effective on passage and approval.

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