

SB 11 INTRODUCED BY FULLER, DONALDSON, LYNCH, MAZUREK,
HAFLEY, ET AL.
REDUCING AGE & SERVICE ELIGIBILITY REQUIREMENTS FOR
RETIREMENT UNDER PUBLIC EMPLOYEES RETIREMENT
SYSTEM

6/19	INTRODUCED	
6/19	REFERRED TO STATE ADMINISTRATION	
6/20	HEARING	
6/20	COMMITTEE REPORT-BILL DO PASS	
6/24	2ND READING PASS	28 22
6/24	3RD READING PASS	29 20
	TRANSMITTED TO HOUSE	
6/24	ON MOTION, SENATE REQUESTED RETURN OF BILL FROM HOUSE FOR RECONSIDERATION AND TO PLACE IT ON 2ND READING	36 13
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6/26	2ND READING PASS AS AMENDED; MOTION FAILED	21 28
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6/26	ON MOTION, TAKEN FROM 2ND READING AND REREFERRED TO STATE ADMINISTRATION	

1 D.D. BILL NO. 11
2 INTRODUCED BY *Fulke & Donaldson Lynch Mayne*
3 *Ed Bradley* *Menahan* *David O'Connell* *Bob B*
4 A BILL FOR AN ACT ENTITLED: "AN ACT REDUCING THE AGE AND
5 *M. Hart* *Fulke & Donaldson Lynch Mayne* *Bob B*
6 *Bob Walker* *Stewart* *Volpe* *John* *Thompson* *Jack*
7 CERTAIN MEMBERS OF THE "PUBLIC EMPLOYEES' RETIREMENT SYSTEM;
8 REDUCING THE SERVICE ELIGIBILITY REQUIREMENT FOR EARLY
9 RETIREMENT; ADJUSTING THE FORMULA FOR CALCULATING AN EARLY
10 RETIREMENT ALLOWANCE; INCREASING THE EMPLOYER CONTRIBUTION
11 RATE; AMENDING SECTIONS 19-3-801, 19-3-901 THROUGH 19-3-903,
12 19-3-906, 19-3-1002, AND 19-3-1004, MCA; AND PROVIDING AN
13 IMMEDIATE EFFECTIVE DATE."
14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
15 NEW SECTION. Section 1. Eligibility for service
16 retirement and early retirement for certain members. (1) A
17 member who terminates employment, applies for retirement,
18 and retires after July 1, 1986, but on or before December
19 31, 1986, is eligible for service retirement if he has:
20 (a) attained age 55 and completed 5 years or more of
21 creditable service;
22 (b) attained age 60 regardless of his years of
23 creditable service; or
24 (c) completed 25 years or more of creditable service
25 regardless of his age.

1 (2) A member who applies for retirement and retires
2 after July 1, 1986, but on or before December 31, 1986, is
3 eligible for early retirement if he has:

4 (a) attained age 50 and completed 5 years or more of
5 creditable service; or

6 (b) completed 20 years or more of creditable service
7 regardless of his age.

8 NEW SECTION. Section 2. Amount of early retirement
9 allowance for certain members. (1) If a member applies for
10 early retirement as provided for in [section 1(2)], the
11 annual amount of retirement allowance payable to the member
12 is the actuarial equivalent of the accrued portion of the
13 service retirement allowance that would have been payable to
14 him beginning at age 55 or upon completion of 25 years of
15 creditable service under 19-3-904.

16 (2) The early retirement allowance is determined as
17 prescribed in 19-3-904 with the exception that the allowance
18 must be reduced as follows:

19 (a) by $1/2$ of 1% multiplied by the number of months up
20 to a maximum of 60 months by which the retirement date
21 precedes the date on which he would have retired had he
22 attained age 55 or had he completed 25 years of creditable
23 service; and

24 (b) by $3/10$ of 1% multiplied by the number of months
25 in excess of the 60 months in subsection (2)(a) but not to

1 exceed 60 additional months that the retirement date
2 precedes the date on which he would have retired had he
3 attained age 55 or had he completed 25 years of creditable
4 service.

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

6 "19-3-801. Employer contribution rates -- actuarial
7 determination. (1) Each employer shall contribute to the
8 cost of benefits under the system. The amount of the
9 employer contributions shall be computed by applying to
10 member's compensation the sum of the current service
11 contribution rate and the unfunded liability contribution
12 rate. The sum of these rates shall be 6.417% from July 1,
13 1983, through June 30, 1987, and 6.474% thereafter.

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

20 (3) The actuary shall determine the minimum unfunded
21 liability contribution rate to be that level percentage of
22 the present value of the prospective compensation of all
23 members for the 40-year period following the date of the
24 determination which is equal to the unfunded liability on
25 that date. The unfunded liability at any time is the excess

1 of the present value of all future benefits payable in
2 respect of all persons then entitled to benefits under the
3 system over the sum of the retirement fund and the present
4 values of the future current service contributions and
5 normal contributions payable in respect of all such
6 persons."

7 Section 4. Section 19-3-901, MCA, is amended to read:

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

16 Section 5. Section 19-3-902, MCA, is amended to read:

17 "19-3-902. Eligibility for early retirement. A member
18 who is not eligible for service retirement but has attained
19 age 50 and completed 5 years of qualified service is
20 eligible for early retirement. A Except as provided in
21 [section 1(2)], a member who has completed 25 years or more
22 of state service is eligible for early retirement."

23 Section 6. Section 19-3-903, MCA, is amended to read:

24 "19-3-903. Time of commencement of allowance. The
25 board shall grant a retirement allowance to any member who

1 has fulfilled the eligibility requirements of 19-3-901, or
 2 19-3-902, or [section 1] and filed the appropriate written
 3 application. The retirement allowance must commence on the
 4 first day of the month following the member's last day of
 5 membership service."

6 Section 7. Section 19-3-906, MCA, is amended to read:

7 "19-3-906. Early retirement allowance. (1) The Except
 8 as provided in [section 2], the annual amount of retirement
 9 allowance payable to a member following his early retirement
 10 is the actuarial equivalent of the accrued portion of the
 11 service retirement allowance which would have been payable
 12 to him commencing at age 60 or upon completion of 30 years
 13 of creditable service pursuant to 19-3-904.

14 (2) The early retirement allowance shall be determined
 15 as prescribed in 19-3-904 with the exception that the
 16 allowance must be reduced as follows:

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

22 (b) by $3/10$ of 1% multiplied by the number of months
 23 in excess of the 60 months in subsection (2)(a) but not to
 24 exceed 60 additional months that the retirement date
 25 precedes the date on which he would have retired had he

1 attained 60 years of age or had completed 30 years of
 2 creditable service."

3 Section 8. Section 19-3-1002, MCA, is amended to read:

4 "19-3-1002. Eligibility for disability retirement. (1)
 5 Except as provided in subsection (2) and 19-3-1004, a member
 6 who is not eligible for service retirement as provided for
 7 in 19-3-901 or [section 1] or early retirement as provided
 8 for in 19-3-902 or [section 1] but has completed 5 years of
 9 creditable service and has become disabled while in active
 10 service, as defined in 19-3-1001, is eligible for disability
 11 retirement.

12 (2) A member age 60 or older who has completed 5 years
 13 of creditable service and has had a duty-related accident
 14 forcing him to terminate his employment but who has not
 15 received or is ineligible to receive workers' compensation
 16 benefits under Title 39, chapter 71, for the duty-related
 17 accident may conditionally waive his eligibility for a
 18 service retirement to be eligible for disability retirement.
 19 The waiver is effective only upon approval by the board of
 20 his application for disability retirement. The board shall
 21 determine whether a member has become disabled under the
 22 provisions of 19-3-1003. The board may request any
 23 information on file with the workers' compensation division
 24 concerning the duty-related accident. If no information is
 25 available, the board may request and the division shall

1 provide an investigative report on the disabling accident."

2 Section 9. Section 19-3-1004, MCA, is amended to read:

3 "19-3-1004. Waiver of early retirement eligibility. A
4 member eligible for early retirement as provided for in
5 19-3-902 or [section 1] may conditionally waive such
6 eligibility by written application, such waiver to be
7 effective only upon approval by the board of his application
8 for disability retirement."

9 NEW SECTION. Section 10. Extension of authority. Any
10 existing authority of the public employees' retirement board
11 to make rules on the subject of the provisions of this act
12 is extended to the provisions of this act.

13 NEW SECTION. Section 11. Codification instruction.
14 Sections 1 and 2 are intended to be codified as an integral
15 part of Title 19, chapter 3, and the provisions of Title 19,
16 chapter 3, apply to sections 1 and 2.

17 NEW SECTION. Section 12. Effective date. This act is
18 effective on passage and approval.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB011, as introduced.

Description of Proposed Legislation:

The proposed legislation would allow members of the Public Employees' Retirement System to retire with unreduced benefits after 25 or more years of service or age 55 with 5 or more years of service. Also, members would be entitled to retire 5 years early with 20 years of service or age 50 and 5 years of service. This provision would only be available during the six month period from July 1, 1986 to December 31, 1986.


Fiscal Impact:

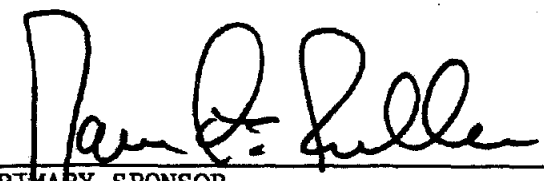
<u>State</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>
Employer Contribution	\$ 0	(\$ 125,040)	(\$ 125,040)
Lump Sum Payout	(1,657,188)	0	0
Positions Refilled (net)	334,142	668,283	668,283
Net Impact	(\$1,323,046)	\$ 543,243	\$ 543,243
General Fund	(\$ 793,828)	\$ 325,946	\$ 325,946
Other Funds	(529,218)	217,297	217,297
	(\$1,323,046)	\$ 543,243	\$ 543,243
<u>Local Government</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>
Employer Contribution	\$ 0	(\$ 110,884)	(\$ 110,884)
Lump Sum Payout	(1,150,524)	0	0
Positions Refilled (net)	204,285	408,569	408,569
Net Impact	(\$ 946,239)	\$ 297,685	\$ 297,685
Local Government Funds	(\$ 946,239)	\$ 297,684	\$ 297,685

Long Range Impact:

Employer contribution rates for both state and local employers would increase from 6.417% to 6.474% for the next 40 years.

Funding for this legislation assumes an employer increase in contributions from 6.417% to 6.474% beginning in FY88 for 40 years. The present value of this increase in contributions in 1986 dollars is \$7,680,000, that is if the legislature chose to fund this legislation by making a cash deposit to the PERS Trust Fund the cost would be \$7,680,000.

 6/23/86
BUDGET DIRECTOR DATE
Office of Budget and Program Planning

 6/23/86
PRIMARY SPONSOR DATE

Fiscal Note for SB011 as introduced.

Assumptions:

1. Salaries for FY87, FY88 and FY89 paid by all PERS employers are based upon estimated FY86 reports and adjusted 2.65% (\$413,902,437).
2. 53% of total PERS contributions are reported by state employers and 47% by local employers.
3. 47% of total PERS members are state employees and 53% are local employees.
4. Approximately 2500 state and local members could retire earlier under this proposal, assume 500 of these members will take advantage of this provision, 59% will be state employees (295), 41% will be local employees (205). Department of Administration data shows that state employees have more tenure than local employees.
5. Additional cost as a percent of salary to amortize the cost over 40 years would be .057%, the cost would increase or decrease proportionately if more or less than 500 members retire under the provision. The cost to amortize this proposal over 20 years would be .10%.
6. Local employees salaries are approximately 88% of state employees.
7. Of the eligible members, 53% have between 5 and 19 years of service and 47% have between 20 and 29 years of service.
8. Average annual salary information per employer (including benefit of 20%).

	<u>5-19 years of service</u>	<u>20-29 years of service</u>
<u>State Employees*</u>	(158 employees)	(137 employees)
Current Employees	\$ 23,396	\$ 30,969
Refilled Positions	19,882	25,558
Lump Sum Pay Outs	3,149	8,464
 <u>Local Employees (88%)</u>	 (109 employees)	 (95 employees)
Current Employees	\$ 20,588	\$ 26,460
Refilled Positions	17,496	22,491
Lump Sum Pay Outs	2,771	7,448

9. Assume all positions will eventually be refilled.
10. Of the refilled positions, 57% are refilled at a lower salary level (85%) and 43% are refilled at the same salary level as the retiree.
11. The majority of the members will retire on December 31, 1986.

* Source: Central Payroll PPP System.

Local Impact:

Employer contribution for local government could increase .15% for the next 40 years.

If some positions are left vacant with other positions refilled at reduced salary levels, local government could experience a salary savings.

	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>
Employer Contributions	\$ 0	\$ 110,884	\$ 110,884
Salary Savings	<u>(946,239)</u>	<u>408,569</u>	<u>408,569</u>
Total	<u>\$(946,239)</u>	<u>\$ 297,685</u>	<u>\$ 297,685</u>

		<u>Employer Contributions</u>			<u>Retirement Benefits</u>		
		<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY89</u>
under current law	6.417%	\$ 26,560,119	\$ 26,560,119	\$ 26,560,119	\$ 33,424,120	\$ 35,763,808	\$ 38,267,275
under proposed law	6.474%	\$ 26,560,119	26,796,044	26,796,044	34,311,375	36,651,063	39,154,530
Increase		\$ 0	\$ 235,924	\$ 235,924	\$ 887,255	\$ 887,25	\$ 887,255
53% State Employees			125,040	125,040			
47% Local Employers			110,884	110,884			

Approximately 60% of the state contribution is General Fund, or \$75,024.

APPROVED BY COMMITTEE
ON STATE ADMINISTRATION

BILL NO. 11

INTRODUCED BY

Chokiana
Eck *Edley* *Mendenhall* *David O'Connell* *Bob Brown*

A BILL FOR AN ACT ENTITLED: "AN ACT REDUCING THE AGE AND
SERVICE ELIGIBILITY REQUIREMENTS FOR SERVICE RETIREMENT FOR
CERTAIN MEMBERS OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM;

REDUCING THE SERVICE ELIGIBILITY REQUIREMENT FOR EARLY
RETIREMENT; ADJUSTING THE FORMULA FOR CALCULATING AN EARLY
RETIREMENT ALLOWANCE; INCREASING THE EMPLOYER CONTRIBUTION
RATE; AMENDING SECTIONS 19-3-801, 19-3-901 THROUGH 19-3-903,
19-3-906, 19-3-1002, AND 19-3-1004, MCA; AND PROVIDING AN
IMMEDIATE EFFECTIVE DATE."

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

NEW SECTION. Section 1. Eligibility for service
retirement and early retirement for certain members. (1) A
member who terminates employment, applies for retirement,
and retires after July 1, 1986, but on or before December
31, 1986, is eligible for service retirement if he has:

(a) attained age 55 and completed 5 years or more of
creditable service;

(b) attained age 60 regardless of his years of
creditable service; or

(c) completed 25 years or more of creditable service
regardless of his age.

(2) A member who applies for retirement and retires
after July 1, 1986, but on or before December 31, 1986, is
eligible for early retirement if he has:

(a) attained age 50 and completed 5 years or more of
creditable service; or

(b) completed 20 years or more of creditable service
regardless of his age.

NEW SECTION. Section 2. Amount of early retirement
allowance for certain members. (1) If a member applies for
early retirement as provided for in [section 1(2)], the
annual amount of retirement allowance payable to the member
is the actuarial equivalent of the accrued portion of the
service retirement allowance that would have been payable to
him beginning at age 55 or upon completion of 25 years of
creditable service under 19-3-904.

(2) The early retirement allowance is determined as
prescribed in 19-3-904 with the exception that the allowance
must 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 age 55 or had he completed 25 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

1 exceed 60 additional months that the retirement date
2 precedes the date on which he would have retired had he
3 attained age 55 or had he completed 25 years of creditable
4 service.

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

6 "19-3-801. Employer contribution rates -- actuarial
7 determination. (1) Each employer shall contribute to the
8 cost of benefits under the system. The amount of the
9 employer contributions shall be computed by applying to
10 member's compensation the sum of the current service
11 contribution rate and the unfunded liability contribution
12 rate. The sum of these rates shall be 6.417% from July 1,
13 1983, through June 30, 1987, and 6.474% thereafter.

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

20 (3) The actuary shall determine the minimum unfunded
21 liability contribution rate to be that level percentage of
22 the present value of the prospective compensation of all
23 members for the 40-year period following the date of the
24 determination which is equal to the unfunded liability on
25 that date. The unfunded liability at any time is the excess

1 of the present value of all future benefits payable in
2 respect of all persons then entitled to benefits under the
3 system over the sum of the retirement fund and the present
4 values of the future current service contributions and
5 normal contributions payable in respect of all such
6 persons."

7 Section 4. Section 19-3-901, MCA, is amended to read:

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

16 Section 5. Section 19-3-902, MCA, is amended to read:

17 "19-3-902. Eligibility for early retirement. A member
18 who is not eligible for service retirement but has attained
19 age 50 and completed 5 years of qualified service is
20 eligible for early retirement. A Except as provided in
21 [section 1(2)], a member who has completed 25 years or more
22 of state service is eligible for early retirement."

23 Section 6. Section 19-3-903, MCA, is amended to read:

24 "19-3-903. Time of commencement of allowance. The
25 board shall grant a retirement allowance to any member who

has fulfilled the eligibility requirements of 19-3-901, or 19-3-902, or [section 1] and filed the appropriate written application. The retirement allowance must commence on the first day of the month following the member's last day of membership service."

Section 7. Section 19-3-906, MCA, is amended to read:

"19-3-906. Early retirement allowance. (1) The Except as provided in [section 2], the annual amount of retirement allowance payable to a member following his early retirement is the actuarial equivalent of the accrued portion of the service retirement allowance which would have been payable to him commencing at age 60 or upon completion of 30 years of creditable service pursuant to 19-3-904.

(2) The early retirement allowance shall be determined as prescribed in 19-3-904 with the exception that the allowance must 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 completed 30 years of creditable service."

Section 8. Section 19-3-1002, MCA, is amended to read:

"19-3-1002. Eligibility for disability retirement. (1) Except as provided in subsection (2) and 19-3-1004, a member who is not eligible for service retirement as provided for in 19-3-901 or [section 1] or early retirement as provided for in 19-3-902 or [section 1] but has completed 5 years of creditable service and has become disabled while in active service, as defined in 19-3-1001, is eligible for disability retirement.

(2) A member age 60 or older who has completed 5 years of creditable service and has had a duty-related accident forcing him to terminate his employment but who has not received or is ineligible to receive workers' compensation benefits under Title 39, chapter 71, for the duty-related accident may conditionally waive his eligibility for a service retirement to be eligible for disability retirement. The waiver is effective only upon approval by the board of his application for disability retirement. The board shall determine whether a member has become disabled under the provisions of 19-3-1003. The board may request any information on file with the workers' compensation division concerning the duty-related accident. If no information is available, the board may request and the division shall

1 provide an investigative report on the disabling accident."

2 Section 9. Section 19-3-1004, MCA, is amended to read:

3 "19-3-1004. Waiver of early retirement eligibility. A
4 member eligible for early retirement as provided for in
5 19-3-902 or [section 1] may conditionally waive such
6 eligibility by written application, such waiver to be
7 effective only upon approval by the board of his application
8 for disability retirement."

9 NEW SECTION. Section 10. Extension of authority. Any
10 existing authority of the public employees' retirement board
11 to make rules on the subject of the provisions of this act
12 is extended to the provisions of this act.

13 NEW SECTION. Section 11. Codification instruction.
14 Sections 1 and 2 are intended to be codified as an integral
15 part of Title 19, chapter 3, and the provisions of Title 19,
16 chapter 3, apply to sections 1 and 2.

17 NEW SECTION. Section 12. Effective date. This act is
18 effective on passage and approval.

-End-

SB BILL NO. 11

INTRODUCED BY

Menahan

A BILL FOR AN ACT ENTITLED, "AN ACT REDUCING THE AGE AND SERVICE ELIGIBILITY REQUIREMENTS FOR SERVICE RETIREMENT FOR CERTAIN MEMBERS OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM;

REDUCING THE SERVICE ELIGIBILITY REQUIREMENT FOR EARLY RETIREMENT; ADJUSTING THE FORMULA FOR CALCULATING AN EARLY RETIREMENT ALLOWANCE; INCREASING THE EMPLOYER CONTRIBUTION RATE; AMENDING SECTIONS 19-3-801, 19-3-901 THROUGH 19-3-903, 19-3-906, 19-3-1002, AND 19-3-1004, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

NEW SECTION. Section 1. Eligibility for service retirement and early retirement for certain members. (1) A member who terminates employment, applies for retirement, and retires after July 1, 1986, but on or before December 31, 1986, is eligible for service retirement if he has:

(a) attained age 55 and completed 5 years or more of creditable service;

(b) attained age 60 regardless of his years of creditable service; or

(c) completed 25 years or more of creditable service regardless of his age.

(2) A member who applies for retirement and retires after July 1, 1986, but on or before December 31, 1986, is eligible for early retirement if he has:

(a) attained age 50 and completed 5 years or more of creditable service; or

(b) completed 20 years or more of creditable service regardless of his age.

NEW SECTION. Section 2. Amount of early retirement allowance for certain members. (1) If a member applies for early retirement as provided for in [section 1(2)], the annual amount of retirement allowance payable to the member is the actuarial equivalent of the accrued portion of the service retirement allowance that would have been payable to him beginning at age 55 or upon completion of 25 years of creditable service under 19-3-904.

(2) The early retirement allowance is determined as prescribed in 19-3-904 with the exception that the allowance must 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 age 55 or had he completed 25 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

1 exceed 60 additional months that the retirement date
2 precedes the date on which he would have retired had he
3 attained age 55 or had he completed 25 years of creditable
4 service.

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

6 "19-3-801. Employer contribution rates -- actuarial
7 determination. (1) Each employer shall contribute to the
8 cost of benefits under the system. The amount of the
9 employer contributions shall be computed by applying to
10 member's compensation the sum of the current service
11 contribution rate and the unfunded liability contribution
12 rate. The sum of these rates shall be 6.417% from July 1,
13 1983, through June 30, 1987, and 6.474% thereafter.

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

20 (3) The actuary shall determine the minimum unfunded
21 liability contribution rate to be that level percentage of
22 the present value of the prospective compensation of all
23 members for the 40-year period following the date of the
24 determination which is equal to the unfunded liability on
25 that date. The unfunded liability at any time is the excess

1 of the present value of all future benefits payable in
2 respect of all persons then entitled to benefits under the
3 system over the sum of the retirement fund and the present
4 values of the future current service contributions and
5 normal contributions payable in respect of all such
6 persons."

7 Section 4. Section 19-3-901, MCA, is amended to read:

8 "19-3-901. Eligibility for service retirement. A
9 Except as provided in [section 1(1)], a member who has
10 attained the age of 60 and completed 5 years of qualified
11 service is eligible for service retirement. A member who has
12 attained age 65 is eligible for service retirement
13 regardless of his years of creditable service. A member who
14 has completed 30 years or more of state service is eligible
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16 Section 5. Section 19-3-902, MCA, is amended to read:

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23 Section 6. Section 19-3-903, MCA, is amended to read:

24 "19-3-903. Time of commencement of allowance. The
25 board shall grant a retirement allowance to any member who

1 has fulfilled the eligibility requirements of 19-3-901, or
 2 19-3-902, or [section 1] and filed the appropriate written
 3 application. The retirement allowance must commence on the
 4 first day of the month following the member's last day of
 5 membership service."

6 Section 7. Section 19-3-906, MCA, is amended to read:

7 "19-3-906. Early retirement allowance. (1) The Except
 8 as provided in [section 2], the annual amount of retirement
 9 allowance payable to a member following his early retirement
 10 is the actuarial equivalent of the accrued portion of the
 11 service retirement allowance which would have been payable
 12 to him commencing at age 60 or upon completion of 30 years
 13 of creditable service pursuant to 19-3-904.

14 (2) The early retirement allowance shall be determined
 15 as prescribed in 19-3-904 with the exception that the
 16 allowance must be reduced as follows:

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

22 (b) by 3/10 of 1% multiplied by the number of months
 23 in excess of the 60 months in subsection (2)(a) but not to
 24 exceed 60 additional months that the retirement date
 25 precedes the date on which he would have retired had he

1 attained 60 years of age or had completed 30 years of
 2 creditable service."

3 Section 8. Section 19-3-1002, MCA, is amended to read:

4 "19-3-1002. Eligibility for disability retirement. (1)
 5 Except as provided in subsection (2) and 19-3-1004, a member
 6 who is not eligible for service retirement as provided for
 7 in 19-3-901 or [section 1] or early retirement as provided
 8 for in 19-3-902 or [section 1] but has completed 5 years of
 9 creditable service and has become disabled while in active
 10 service, as defined in 19-3-1001, is eligible for disability
 11 retirement.

12 (2) A member age 60 or older who has completed 5 years
 13 of creditable service and has had a duty-related accident
 14 forcing him to terminate his employment but who has not
 15 received or is ineligible to receive workers' compensation
 16 benefits under Title 39, chapter 71, for the duty-related
 17 accident may conditionally waive his eligibility for a
 18 service retirement to be eligible for disability retirement.
 19 The waiver is effective only upon approval by the board of
 20 his application for disability retirement. The board shall
 21 determine whether a member has become disabled under the
 22 provisions of 19-3-1003. The board may request any
 23 information on file with the workers' compensation division
 24 concerning the duty-related accident. If no information is
 25 available, the board may request and the division shall

1 provide an investigative report on the disabling accident."

2 Section 9. Section 19-3-1004, MCA, is amended to read:

3 "19-3-1004. Waiver of early retirement eligibility. A
4 member eligible for early retirement as provided for in
5 19-3-902 or [section 1] may conditionally waive such
6 eligibility by written application, such waiver to be
7 effective only upon approval by the board of his application
8 for disability retirement."

9 NEW SECTION. Section 10. Extension of authority. Any
10 existing authority of the public employees' retirement board
11 to make rules on the subject of the provisions of this act
12 is extended to the provisions of this act.

13 NEW SECTION. Section 11. Codification instruction.
14 Sections 1 and 2 are intended to be codified as an integral
15 part of Title 19, chapter 3, and the provisions of Title 19,
16 chapter 3, apply to sections 1 and 2.

17 NEW SECTION. Section 12. Effective date. This act is
18 effective on passage and approval.

-End-