

HOUSE BILL NO. 299
INTRODUCED BY BARDANOUE
BY REQUEST OF THE PUBLIC EMPLOYEES' RETIREMENT BOARD

IN THE HOUSE

JANUARY 20, 1987 INTRODUCED AND REFERRED TO COMMITTEE
ON STATE ADMINISTRATION.

JANUARY 29, 1987 COMMITTEE RECOMMEND BILL
DO PASS. REPORT ADOPTED.

JANUARY 30, 1987 PRINTING REPORT.

JANUARY 31, 1987 SECOND READING, DO PASS.

FEBRUARY 2, 1987 ENGROSSING REPORT.

 THIRD READING, PASSED.

 TRANSMITTED TO SENATE.

IN THE SENATE

FEBRUARY 3, 1987 INTRODUCED AND REFERRED TO COMMITTEE
ON STATE ADMINISTRATION.

FEBRUARY 10, 1987 COMMITTEE RECOMMEND BILL BE
CONCURRED IN. REPORT ADOPTED.

FEBRUARY 13, 1987 SECOND READING, CONCURRED IN.

FEBRUARY 16, 1987 THIRD READING, CONCURRED IN.
AYES, 50; NOES, 0.

 RETURNED TO HOUSE.

IN THE HOUSE

FEBRUARY 17, 1987 RECEIVED FROM SENATE.

 SENT TO ENROLLING.

1 House BILL NO. 299
 2 INTRODUCED BY Barbara
 3 BY REQUEST OF THE PUBLIC EMPLOYEES' RETIREMENT BOARD
 4

5 A BILL FOR AN ACT ENTITLED: "AN ACT TO SPECIFY THE FACTORS
 6 AND ASSUMPTIONS USED TO DETERMINE ACTUARIAL EQUIVALENCIES OF
 7 BENEFITS PROVIDED IN THE PUBLIC EMPLOYEES', TEACHERS',
 8 JUDGES', HIGHWAY PATROLMEN'S, SHERIFFS', AND GAME WARDENS'
 9 RETIREMENT SYSTEMS; AMENDING SECTIONS 19-3-104, 19-4-101,
 10 19-5-101, 19-6-101, 19-7-101, AND 19-8-101, MCA; AND
 11 PROVIDING AN IMMEDIATE EFFECTIVE DATE."
 12

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

14 Section 1. Section 19-3-104, MCA, is amended to read:

15 "19-3-104. Definitions. Unless the context requires
 16 otherwise, in this chapter the following definitions apply:

17 (1) "Accumulated contributions" means the sum of all
 18 the contributions standing to the credit of a member's
 19 individual account, together with the regular interest
 20 thereon.

21 (2) "Actuarial equivalent" means a benefit of equal
 22 value when computed upon the basis of the ~~actuarial~~ tables
 23 ~~in use by the system~~ 1971 Group Annuity Mortality Table,
 24 with ages set back 4 years and an interest rate of 8%
 25 compounded annually.

1 (3) "Actuary" means the actuary retained by the board
 2 in accordance with 19-3-305.

3 (4) "Additional contributions" means contributions by
 4 members under the provisions of 19-3-702.

5 (5) "Annuity" means payments for life derived from
 6 contributions made by a member as provided in this chapter.

7 (6) "Beneficiary" means the person so designated
 8 pursuant to part 13 of this chapter.

9 (7) "Benefit" means the retirement allowance,
 10 survivorship allowance, death benefit, or refund of
 11 accumulated contributions provided by this chapter.

12 (8) "Board" means the public employees' retirement
 13 board provided for in 2-15-1009.

14 (9) "Compensation" means remuneration paid out of
 15 funds controlled by an employer. The compensation of each
 16 member of the legislature of Montana for any year shall be
 17 considered to be that portion of the product of the daily
 18 compensation for such position multiplied by 360 upon which
 19 such member elects to pay normal contributions during the
 20 year.

21 (10) "Contracting employer" means any political
 22 subdivision or governmental entity which has contracted to
 23 come into the system.

24 (11) "Creditable service" means the aggregate of
 25 membership service and prior service.

1 (12) "Disability" and "incapacity for performance of
2 duty", referred to herein as a basis of retirement, mean
3 disability of permanent duration or disability of extended
4 and uncertain duration, as determined by the board on the
5 basis of competent medical opinion.

6 (13) "Employee" means any person who is employed by an
7 employer in any capacity whatever and whose salary is paid
8 either by warrant of the employer or from the fees or income
9 of any department or agency of the employer. "Employee"
10 means further any person considered such pursuant to
11 19-3-402.

12 (14) "Employer" means the state of Montana, its
13 university system or any of the colleges, schools,
14 components, or units thereof for the purposes of this
15 chapter, or any political subdivision or governmental entity
16 which has contracted to come into the system.

17 (15) "Employer contributions" means payments to the
18 retirement fund from appropriations of the state of Montana
19 pursuant to 19-3-801 and from contracting employers pursuant
20 to the contracts between them and the board.

21 (16) "Final compensation" means a member's highest
22 average annual compensation during any 3 consecutive years
23 of membership service. Lump-sum payments for sick leave and
24 annual leave paid to the employee upon termination of
25 employment may be used in the calculation of a retirement

1 allowance only to the extent that they are used to replace,
2 on a month for month basis, the normal compensation for a
3 month or months included in the calculation of the final
4 salary. A lump-sum payment may not be added to a single
5 month's compensation.

6 (17) "Fiscal year" means any year commencing with July
7 1 and ending June 30 next following.

8 (18) "Head of department" means the head of any
9 department, institution, or branch of the state service
10 which directly pays salaries out of its income or which
11 prepares, approves, and submits salary statements of its
12 employees to the department of administration, state
13 auditor, and state treasurer for payment.

14 (19) "Member" means any person included in the
15 membership of the retirement system set forth in 19-3-401
16 and not excluded in 19-3-402, 19-3-403, or 19-3-406.

17 (20) "Membership service" means service with respect to
18 which normal contributions and employer contributions are
19 paid. A member of the legislature of Montana shall be
20 credited with membership service for that portion of each
21 year for which he pays normal contributions pursuant to
22 subsection (9) of this section.

23 (21) "Normal contributions" means contributions
24 required from members under this chapter and any optional
25 contributions made under the provisions of 19-3-502 and

1 19-3-704.

2 (22) "Pension" means payments for life derived from
3 contributions made from the state controlled funds or, in
4 the case of members from contracting employers, from the
5 funds of such contracting employers, as provided in this
6 chapter.

7 (23) "Prior service" means all service rendered as an
8 employee of the state before July 1, 1945, and all service
9 rendered as an employee of a contracting employer before
10 July 1, 1947. Prior service includes all service rendered
11 prior to July 1, 1945, as a member of the legislative
12 assembly or lieutenant governor of Montana.

13 (24) "Regular interest" means interest at the rate set
14 from time to time by the board.

15 (25) "Retirement" means withdrawal from active service
16 with a retirement allowance granted under the provisions of
17 this chapter.

18 (26) "Retirement allowance" means the periodic benefit
19 payable following service, early, or disability retirement.

20 (27) "Retirement fund" means the public employees'
21 retirement system pension trust fund.

22 (28) "Retirement system" means the public employees'
23 retirement system created by this chapter.

24 (29) "Service" means employment of an employee, except
25 as provided in 19-3-501 and 19-3-502.

1 (30) "Survivorship allowance" means payments for life
2 to the beneficiary of a deceased member as provided in part
3 12 of this chapter.

4 (31) "Written application" means a written instrument
5 duly executed and filed with the board and containing all
6 information required by the board, including such proofs of
7 age as the board considers necessary."

8 Section 2. Section 19-4-101, MCA, is amended to read:
9 "19-4-101. Definitions. As used in this chapter,
10 unless the context clearly indicates otherwise, the
11 following definitions apply:

12 (1) "Accumulated contributions" means the sum of all
13 the amounts deducted from the compensation of a member or
14 paid by a member and credited to his individual account in
15 the annuity savings fund, together with interest. Regular
16 interest shall be computed and allowed to provide a benefit
17 at the time of retirement.

18 (2) "Actuarial equivalent" means a benefit of equal
19 value when computed, with regular interest, on the basis of
20 the mortality tables adopted by the retirement board 1971
21 Group Annuity Mortality Table, with ages set back 4 years
22 and an interest rate of 8% compounded annually.

23 (3) "Annuity" means the payments made to a beneficiary
24 for life which are derived from a member's accumulated
25 contributions.

1 (4) "Annuity reserve" means the present value of all
 2 payments to be made on account of a member's annuity
 3 computed, with regular interest, on the basis of the
 4 mortality tables adopted by the retirement board.

5 (5) (a) "Average final compensation" means the average
 6 of the earned compensation of a member during the 3
 7 consecutive years of full-time service which yield the
 8 highest average and on which contributions have been made as
 9 required by 19-4-602. If the earned compensation includes
 10 any termination pay, the member shall select one of the
 11 following options:

12 (i) use the total termination pay in the calculation
 13 of the average final compensation. The member and the
 14 employer shall pay such contributions to the retirement
 15 system as are determined by the board to adequately
 16 compensate the system for the additional retirement benefit.
 17 The contributions must be made at the time the termination
 18 pay is received.

19 (ii) use a yearly amount of termination pay added to
 20 each of the 3 consecutive years' salary used in the
 21 calculation of the average final compensation, if the member
 22 has 4 or more years of service with the employer from which
 23 the termination pay was received. The amount of such
 24 compensation used in the calculation of average final
 25 compensation must be divided by the total number of years of

1 creditable service to determine a yearly amount. The member
 2 and the employer must pay contributions on the termination
 3 pay according to the rates provided for in 19-4-602(1) and
 4 19-4-605(1).

5 (iii) exclude the termination pay from the average
 6 final compensation. No contribution is required of either
 7 the employer or member.

8 (b) For purposes of this subsection, termination pay
 9 includes any form of termination pay or any lump-sum payment
 10 for deferred compensation, sick leave, or accumulated
 11 vacation credit, or any other payment for time not worked
 12 other than compensation received while on sick leave or
 13 authorized leave of absence.

14 (6) "Beneficiary" means a person in receipt of a
 15 pension, annuity, retirement allowance, or other benefit
 16 provided by the retirement system.

17 (7) "Creditable service" is that service defined by
 18 19-4-401.

19 (8) "Earned compensation" means the full compensation,
 20 pay, or salary actually paid to a member and reported to the
 21 retirement system, including amounts paid under a salary
 22 reduction agreement to a tax sheltered annuity or deferred
 23 compensation program and the value of any housing provided
 24 by the employer. The employer shall fix the value of any
 25 housing provided. The term does not include any other

1 amounts paid in kind or fringe benefits not actually paid to
 2 a member. The earned compensation of a member who had less
 3 than 3 consecutive years of full-time service during the 5
 4 years preceding his retirement is the compensation, pay, or
 5 salary which he would have earned had his part-time service
 6 been full-time service. The earned compensation of a member
 7 who is awarded a disability retirement allowance prior to
 8 the completion of a full year is the compensation, pay, or
 9 salary which he would have received had he completed the
 10 full year, except that any termination pay, as defined in
 11 subsection (5)(b), received by the member is limited to the
 12 amount actually paid and is not the amount he would have
 13 earned had he completed the full year.

14 (9) "Employer" means the state of Montana, the
 15 trustees of a district, or any other agency or subdivision
 16 of the state which employs a person who is designated a
 17 member of the retirement system.

18 (10) "Full-time service" means service which is
 19 full-time and which extends over a normal academic year of
 20 at least 9 months. With respect to those members employed by
 21 the office of the superintendent of public instruction, any
 22 other state agency or institution, or the office of a county
 23 superintendent, "full-time service" means service which is
 24 full-time and which totals at least 9 months in any one
 25 year.

1 (11) "Member" means a person who has an individual
 2 account in the annuity savings fund. An active member is a
 3 person included under the provisions of 19-4-302. An
 4 inactive member is a person included under the provisions of
 5 19-4-303.

6 (12) "Part-time service" means service which is less
 7 than full-time or which totals less than 9 months in any one
 8 year. Part-time service shall be credited in the proportion
 9 that the actual time worked bears to full-time service.

10 (13) "Pension" means the payments made to a beneficiary
 11 for life which are paid out of the pension accumulation
 12 fund.

13 (14) "Pension reserve" means the present value of all
 14 payments to be made on account of a pension computed, with
 15 regular interest, on the basis of the mortality tables
 16 adopted by the retirement board.

17 (15) "Prior service" means employment of the same
 18 nature as service defined in subsection (20) of this section
 19 but rendered before September 1, 1937.

20 (16) "Regular interest" means interest at 4% per annum
 21 compounded annually or at such other rate as may be set by
 22 the retirement board in accordance with 19-4-501(2).

23 (17) "Retirement allowance" means the annuity plus the
 24 pension.

25 (18) "Retirement board" means the retirement system's

1 governing board provided for in 2-15-1010.

2 (19) "Retirement system" means the teachers' retirement
3 system of the state of Montana provided for in 19-4-102.

4 (20) "Service" means the performance of such
5 instructional duties or related activities as would entitle
6 the person to active membership in the retirement system
7 under the provisions of 19-4-302."

8 Section 3. Section 19-5-101, MCA, is amended to read:

9 "19-5-101. Definitions. Unless a different meaning is
10 plainly implied by the context, the following definitions
11 apply in this chapter:

12 (1) "Accumulated deductions" means the total of the
13 amounts deducted from the salary of a contributor, paid into
14 the fund, and standing to his credit in the fund, together
15 with the regular interest thereon.

16 (2) "Actuarial equivalent" means a benefit of equal
17 value when computed upon the basis of the ~~actuarial tables~~
18 in-use-by-the-system 1971 Group Annuity Mortality Table,
19 with ages set back 4 years and an interest rate of 8%
20 compounded annually.

21 (3) "Beneficiary" means the person whom the
22 contributor nominates by written designation, duly
23 acknowledged and filed with the board.

24 (4) "Board" means the public employees' retirement
25 board.

1 (5) "Contributor" means any person who has accumulated
2 deductions in the fund standing to his credit.

3 (6) "Final salary" means the annual current salary for
4 the office retired from.

5 (7) "Fund" means the Montana judges' retirement system
6 pension trust fund.

7 (8) "Involuntary retirement" means a retirement not
8 for cause and before retirement age.

9 (9) "Member's annuity" means payments for life derived
10 from contributions made by the contributor.

11 (10) "Penalty retirement age" means 70 years of age.

12 (11) "Retired judge" means any judge or justice in
13 receipt of a retirement allowance under this chapter.

14 (12) "Retirement allowance" means the state annuity
15 plus the member's annuity.

16 (13) "State annuity" means payments for life derived
17 from contributions made by the state of Montana."

18 Section 4. Section 19-6-101, MCA, is amended to read:

19 "19-6-101. Definitions. Unless the context requires
20 otherwise, the following definitions apply in this chapter:

21 (1) "Account" means the Montana highway patrolmen's
22 retirement pension trust fund.

23 (2) "Accumulated deductions" means the total of the
24 amounts deducted from the salary of a member, paid into the
25 account, and standing to his credit in the account, together

1 with the regular interest thereon.

2 (3) "Actuarial equivalent" means a benefit of equal
3 value when computed on the basis of the actuarial-tables-in
4 use-by-the-system 1971 Group Annuity Mortality Table, with
5 ages set back 4 years and an interest rate of 8% compounded
6 annually.

7 (4) "Beneficiary" means a surviving spouse or
8 dependent child or, if there is no surviving spouse or
9 dependent child, a person nominated to receive benefits
10 under 19-6-602.

11 (5) "Board" means the public employees' retirement
12 board provided for in 2-15-1009.

13 (6) "Department" means the public employees'
14 retirement division of the department of administration.

15 (7) "Dependent child" means an unmarried child of a
16 deceased retired patrolman, who is:

17 (a) under 18 years of age; or

18 (b) under 24 years of age and attending an accredited
19 postsecondary educational institution as a full-time student
20 in anticipation of receiving a certificate or degree.

21 (8) "Final salary" means the average annual
22 compensation received by a member, before any deductions
23 have been made and exclusive of maintenance, allowances, and
24 expenses, for any 3 years of continuous service upon which
25 contributions have been made or, in the event a member has

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

10 (9) "Member" means a person who has accumulated
11 deductions in the account standing to his credit.

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

14 (11) "Retired patrolman" means a person in receipt of a
15 retirement allowance under this chapter.

16 (12) "Retirement age" means the age at which a member
17 retires after 25 years of creditable service with the
18 Montana highway patrol.

19 (13) "Retirement allowance" means the state annuity
20 plus the member's annuity.

21 (14) "State annuity" means payments for life derived
22 from contributions made by the state of Montana.

23 (15) "Surviving spouse" means the spouse married to a
24 retired patrolman at the time of the retired patrolman's
25 death."

1 Section 5. Section 19-7-101, MCA, is amended to read:
2 "19-7-101. Definitions. Unless the context requires
3 otherwise, the following definitions apply in this chapter:

4 (1) "Account" means the Montana sheriffs' retirement
5 pension trust fund administered by the sheriffs' retirement
6 board.

7 (2) "Accumulated contributions" or "accumulated
8 deductions" means the total amount deducted from the salary
9 of a member during a period of membership service plus the
10 total amount deducted during a period of prior service and
11 transferred from the public employees' retirement system
12 standing to the member's credit in the account, together
13 with the accrued interest.

14 (3) "Actuarial equivalent" means a benefit of equal
15 value when computed upon the basis of the ~~actuarial tables~~
16 in--use--by--the--system 1971 Group Annuity Mortality Table,
17 with ages set back 4 years and an interest rate of 8%
18 compounded annually.

19 (4) "Beneficiary" means a person who is nominated by
20 the member in an acknowledged document which is filed with
21 the board.

22 (5) "Board" means the public employees' retirement
23 board.

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

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

4 (8) "Final salary" means the average annual salary
5 received by a member, before any deductions are made and
6 exclusive of maintenance, allowances, and expenses, for any
7 3 years of continuous service from which contributions were
8 deducted or, in the event that a member has not served 3
9 years, the total salary earned divided by the number of
10 years served. Lump-sum payments for sick leave and annual
11 leave paid to an employee upon termination of employment may
12 be used in the calculation of a retirement allowance only to
13 the extent that they are used to replace, on a month for
14 month basis, the normal compensation for a month or months
15 included in the calculation of the final salary. A lump-sum
16 payment may not be added to a single month's compensation.

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

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

21 (11) "Membership service" means service for which an
22 amount is deducted from the salary of a member and paid into
23 the account.

24 (12) "Prior service" means service for which credit was
25 granted by the public employees' retirement system of the

1 state of Montana.

2 (13) "Retired sheriff" means a person receiving a
3 retirement allowance under this chapter.

4 (14) "Retirement allowance" means the state annuity
5 plus the member's annuity.

6 (15) "Service" means employment as a sheriff.

7 (16) "Sheriff" means any elected or appointed county
8 sheriff, undersheriff, or regularly appointed and acting
9 deputy sheriff.

10 (17) "State annuity" means payments for life derived
11 from county contributions into the sheriffs' retirement
12 account, together with any supplemental legislative
13 appropriations to the account.

14 (18) "Vested retirement" means a retirement not for
15 cause and before retirement age."

16 Section 6. Section 19-8-101, MCA, is amended to read:

17 "19-8-101. Definitions. Unless the context requires
18 otherwise, the following definitions apply in this chapter:

19 (1) "Account" means the Montana state game wardens'
20 retirement pension trust fund.

21 (2) "Accumulated deductions" or "accumulated
22 contributions" means the sum of all contributions standing
23 to the credit of a member's individual account together with
24 the regular interest thereon.

25 (3) "Actuarial equivalent" means a benefit of equal

1 value when computed upon the basis of the ~~actuarial tables~~
2 ~~in use by the system~~ 1971 Group Annuity Mortality Table,
3 with ages set back 4 years and an interest rate of 8%
4 compounded annually.

5 (4) "Beneficiary" means a person nominated to receive
6 benefits under this chapter by a member's written
7 designation, duly acknowledged and filed with the board.

8 (5) "Board" means the public employees' retirement
9 board.

10 (6) "Contributor" means any person who has accumulated
11 deductions in the account standing to his credit.

12 (7) "Final salary" means the average annual
13 compensation received by a contributor, before any
14 deductions have been made and exclusive of maintenance,
15 allowances, and expenses, for any 3 years of continuous
16 service upon which contributions have been made or, in the
17 event a member has not served 3 years, the total retirement
18 compensation earned divided by the number of years served.
19 Lump-sum payments for sick leave and annual leave paid to an
20 employee upon termination of employment may be used in the
21 calculation of a retirement allowance only to the extent
22 that they are used to replace, on a month for month basis,
23 the normal compensation for a month or months included in
24 the calculation of the final salary. A lump-sum payment may
25 not be added to a single month's compensation.

1 (8) "Member's annuity" means payments for life derived
2 from contributions made by the contributor.

3 (9) "Retired state game warden" means any person in
4 receipt of a retirement allowance under this chapter.

5 (10) "Retirement allowance" means the state annuity
6 plus the member's annuity.

7 (11) "State annuity" means payments for life derived
8 from contributions made by the state from department of
9 fish, wildlife, and parks moneys.

10 (12) "State game warden" means all state fish and game
11 wardens hired by the department of fish, wildlife, and parks
12 and includes all warden supervisory personnel whose salaries
13 or compensation is paid out of the department of fish,
14 wildlife, and parks moneys."

15 NEW SECTION. Section 7. Extension of authority. Any
16 existing authority of the public employees' retirement board
17 or the teachers' retirement board to make rules on the
18 subject of the provisions of this act is extended to the
19 provisions of this act.

20 NEW SECTION. Section 8. Effective date. This act is
21 effective on passage and approval.

-End-

APPROVED BY COMMITTEE
ON STATE ADMINISTRATION

1 House BILL NO. 299
2 INTRODUCED BY Bardan
3 BY REQUEST OF THE PUBLIC EMPLOYEES' RETIREMENT BOARD
4

5 A BILL FOR AN ACT ENTITLED: "AN ACT TO SPECIFY THE FACTORS
6 AND ASSUMPTIONS USED TO DETERMINE ACTUARIAL EQUIVALENCIES OF
7 BENEFITS PROVIDED IN THE PUBLIC EMPLOYEES', TEACHERS',
8 JUDGES', HIGHWAY PATROLMEN'S, SHERIFFS', AND GAME WARDENS'
9 RETIREMENT SYSTEMS; AMENDING SECTIONS 19-3-104, 19-4-101,
10 19-5-101, 19-6-101, 19-7-101, AND 19-8-101, MCA; AND
11 PROVIDING AN IMMEDIATE EFFECTIVE DATE."
12

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

14 Section 1. Section 19-3-104, MCA, is amended to read:
15 "19-3-104. Definitions. Unless the context requires
16 otherwise, in this chapter the following definitions apply:

17 (1) "Accumulated contributions" means the sum of all
18 the contributions standing to the credit of a member's
19 individual account, together with the regular interest
20 thereon.

21 (2) "Actuarial equivalent" means a benefit of equal
22 value when computed upon the basis of the ~~actuarial tables~~
23 ~~in use by the system~~ 1971 Group Annuity Mortality Table,
24 with ages set back 4 years and an interest rate of 8%
25 compounded annually.

1 (3) "Actuary" means the actuary retained by the board
2 in accordance with 19-3-305.

3 (4) "Additional contributions" means contributions by
4 members under the provisions of 19-3-702.

5 (5) "Annuity" means payments for life derived from
6 contributions made by a member as provided in this chapter.

7 (6) "Beneficiary" means the person so designated
8 pursuant to part 13 of this chapter.

9 (7) "Benefit" means the retirement allowance,
10 survivorship allowance, death benefit, or refund of
11 accumulated contributions provided by this chapter.

12 (8) "Board" means the public employees' retirement
13 board provided for in 2-15-1009.

14 (9) "Compensation" means remuneration paid out of
15 funds controlled by an employer. The compensation of each
16 member of the legislature of Montana for any year shall be
17 considered to be that portion of the product of the daily
18 compensation for such position multiplied by 360 upon which
19 such member elects to pay normal contributions during the
20 year.

21 (10) "Contracting employer" means any political
22 subdivision or governmental entity which has contracted to
23 come into the system.

24 (11) "Creditable service" means the aggregate of
25 membership service and prior service.



1 (12) "Disability" and "incapacity for performance of
2 duty", referred to herein as a basis of retirement, mean
3 disability of permanent duration or disability of extended
4 and uncertain duration, as determined by the board on the
5 basis of competent medical opinion.

6 (13) "Employee" means any person who is employed by an
7 employer in any capacity whatever and whose salary is paid
8 either by warrant of the employer or from the fees or income
9 of any department or agency of the employer. "Employee"
10 means further any person considered such pursuant to
11 19-3-402.

12 (14) "Employer" means the state of Montana, its
13 university system or any of the colleges, schools,
14 components, or units thereof for the purposes of this
15 chapter, or any political subdivision or governmental entity
16 which has contracted to come into the system.

17 (15) "Employer contributions" means payments to the
18 retirement fund from appropriations of the state of Montana
19 pursuant to 19-3-801 and from contracting employers pursuant
20 to the contracts between them and the board.

21 (16) "Final compensation" means a member's highest
22 average annual compensation during any 3 consecutive years
23 of membership service. Lump-sum payments for sick leave and
24 annual leave paid to the employee upon termination of
25 employment may be used in the calculation of a retirement

1 allowance only to the extent that they are used to replace,
2 on a month for month basis, the normal compensation for a
3 month or months included in the calculation of the final
4 salary. A lump-sum payment may not be added to a single
5 month's compensation.

6 (17) "Fiscal year" means any year commencing with July
7 1 and ending June 30 next following.

8 (18) "Head of department" means the head of any
9 department, institution, or branch of the state service
10 which directly pays salaries out of its income or which
11 prepares, approves, and submits salary statements of its
12 employees to the department of administration, state
13 auditor, and state treasurer for payment.

14 (19) "Member" means any person included in the
15 membership of the retirement system set forth in 19-3-401
16 and not excluded in 19-3-402, 19-3-403, or 19-3-406.

17 (20) "Membership service" means service with respect to
18 which normal contributions and employer contributions are
19 paid. A member of the legislature of Montana shall be
20 credited with membership service for that portion of each
21 year for which he pays normal contributions pursuant to
22 subsection (9) of this section.

23 (21) "Normal contributions" means contributions
24 required from members under this chapter and any optional
25 contributions made under the provisions of 19-3-502 and

1 19-3-704.

2 (22) "Pension" means payments for life derived from
3 contributions made from the state controlled funds or, in
4 the case of members from contracting employers, from the
5 funds of such contracting employers, as provided in this
6 chapter.

7 (23) "Prior service" means all service rendered as an
8 employee of the state before July 1, 1945, and all service
9 rendered as an employee of a contracting employer before
10 July 1, 1947. Prior service includes all service rendered
11 prior to July 1, 1945, as a member of the legislative
12 assembly or lieutenant governor of Montana.

13 (24) "Regular interest" means interest at the rate set
14 from time to time by the board.

15 (25) "Retirement" means withdrawal from active service
16 with a retirement allowance granted under the provisions of
17 this chapter.

18 (26) "Retirement allowance" means the periodic benefit
19 payable following service, early, or disability retirement.

20 (27) "Retirement fund" means the public employees'
21 retirement system pension trust fund.

22 (28) "Retirement system" means the public employees'
23 retirement system created by this chapter.

24 (29) "Service" means employment of an employee, except
25 as provided in 19-3-501 and 19-3-502.

1 (30) "Survivorship allowance" means payments for life
2 to the beneficiary of a deceased member as provided in part
3 12 of this chapter.

4 (31) "Written application" means a written instrument
5 duly executed and filed with the board and containing all
6 information required by the board, including such proofs of
7 age as the board considers necessary."

8 Section 2. Section 19-4-101, MCA, is amended to read:
9 "19-4-101. Definitions. As used in this chapter,
10 unless the context clearly indicates otherwise, the
11 following definitions apply:

12 (1) "Accumulated contributions" means the sum of all
13 the amounts deducted from the compensation of a member or
14 paid by a member and credited to his individual account in
15 the annuity savings fund, together with interest. Regular
16 interest shall be computed and allowed to provide a benefit
17 at the time of retirement.

18 (2) "Actuarial equivalent" means a benefit of equal
19 value when computed, with regular interest, on the basis of
20 the mortality tables adopted by the retirement board 1971
21 Group Annuity Mortality Table, with ages set back 4 years
22 and an interest rate of 8% compounded annually.

23 (3) "Annuity" means the payments made to a beneficiary
24 for life which are derived from a member's accumulated
25 contributions.

1 (4) "Annuity reserve" means the present value of all
2 payments to be made on account of a member's annuity
3 computed, with regular interest, on the basis of the
4 mortality tables adopted by the retirement board.

5 (5) (a) "Average final compensation" means the average
6 of the earned compensation of a member during the 3
7 consecutive years of full-time service which yield the
8 highest average and on which contributions have been made as
9 required by 19-4-602. If the earned compensation includes
10 any termination pay, the member shall select one of the
11 following options:

12 (i) use the total termination pay in the calculation
13 of the average final compensation. The member and the
14 employer shall pay such contributions to the retirement
15 system as are determined by the board to adequately
16 compensate the system for the additional retirement benefit.
17 The contributions must be made at the time the termination
18 pay is received.

19 (ii) use a yearly amount of termination pay added to
20 each of the 3 consecutive years' salary used in the
21 calculation of the average final compensation, if the member
22 has 4 or more years of service with the employer from which
23 the termination pay was received. The amount of such
24 compensation used in the calculation of average final
25 compensation must be divided by the total number of years of

1 creditable service to determine a yearly amount. The member
2 and the employer must pay contributions on the termination
3 pay according to the rates provided for in 19-4-602(1) and
4 19-4-605(1).

5 (iii) exclude the termination pay from the average
6 final compensation. No contribution is required of either
7 the employer or member.

8 (b) For purposes of this subsection, termination pay
9 includes any form of termination pay or any lump-sum payment
10 for deferred compensation, sick leave, or accumulated
11 vacation credit, or any other payment for time not worked
12 other than compensation received while on sick leave or
13 authorized leave of absence.

14 (6) "Beneficiary" means a person in receipt of a
15 pension, annuity, retirement allowance, or other benefit
16 provided by the retirement system.

17 (7) "Creditable service" is that service defined by
18 19-4-401.

19 (8) "Earned compensation" means the full compensation,
20 pay, or salary actually paid to a member and reported to the
21 retirement system, including amounts paid under a salary
22 reduction agreement to a tax sheltered annuity or deferred
23 compensation program and the value of any housing provided
24 by the employer. The employer shall fix the value of any
25 housing provided. The term does not include any other

1 amounts paid in kind or fringe benefits not actually paid to
 2 a member. The earned compensation of a member who had less
 3 than 3 consecutive years of full-time service during the 5
 4 years preceding his retirement is the compensation, pay, or
 5 salary which he would have earned had his part-time service
 6 been full-time service. The earned compensation of a member
 7 who is awarded a disability retirement allowance prior to
 8 the completion of a full year is the compensation, pay, or
 9 salary which he would have received had he completed the
 10 full year, except that any termination pay, as defined in
 11 subsection (5)(b), received by the member is limited to the
 12 amount actually paid and is not the amount he would have
 13 earned had he completed the full year.

14 (9) "Employer" means the state of Montana, the
 15 trustees of a district, or any other agency or subdivision
 16 of the state which employs a person who is designated a
 17 member of the retirement system.

18 (10) "Full-time service" means service which is
 19 full-time and which extends over a normal academic year of
 20 at least 9 months. With respect to those members employed by
 21 the office of the superintendent of public instruction, any
 22 other state agency or institution, or the office of a county
 23 superintendent, "full-time service" means service which is
 24 full-time and which totals at least 9 months in any one
 25 year.

1 (11) "Member" means a person who has an individual
 2 account in the annuity savings fund. An active member is a
 3 person included under the provisions of 19-4-302. An
 4 inactive member is a person included under the provisions of
 5 19-4-303.

6 (12) "Part-time service" means service which is less
 7 than full-time or which totals less than 9 months in any one
 8 year. Part-time service shall be credited in the proportion
 9 that the actual time worked bears to full-time service.

10 (13) "Pension" means the payments made to a beneficiary
 11 for life which are paid out of the pension accumulation
 12 fund.

13 (14) "Pension reserve" means the present value of all
 14 payments to be made on account of a pension computed, with
 15 regular interest, on the basis of the mortality tables
 16 adopted by the retirement board.

17 (15) "Prior service" means employment of the same
 18 nature as service defined in subsection (20) of this section
 19 but rendered before September 1, 1937.

20 (16) "Regular interest" means interest at 4% per annum
 21 compounded annually or at such other rate as may be set by
 22 the retirement board in accordance with 19-4-501(2).

23 (17) "Retirement allowance" means the annuity plus the
 24 pension.

25 (18) "Retirement board" means the retirement system's

1 governing board provided for in 2-15-1010.

2 (19) "Retirement system" means the teachers' retirement
3 system of the state of Montana provided for in 19-4-102.

4 (20) "Service" means the performance of such
5 instructional duties or related activities as would entitle
6 the person to active membership in the retirement system
7 under the provisions of 19-4-302."

8 Section 3. Section 19-5-101, MCA, is amended to read:

9 "19-5-101. Definitions. Unless a different meaning is
10 plainly implied by the context, the following definitions
11 apply in this chapter:

12 (1) "Accumulated deductions" means the total of the
13 amounts deducted from the salary of a contributor, paid into
14 the fund, and standing to his credit in the fund, together
15 with the regular interest thereon.

16 (2) "Actuarial equivalent" means a benefit of equal
17 value when computed upon the basis of the ~~actuarial--tables~~
18 ~~in--use--by--the--system~~ 1971 Group Annuity Mortality Table,
19 with ages set back 4 years and an interest rate of 8%
20 compounded annually.

21 (3) "Beneficiary" means the person whom the
22 contributor nominates by written designation, duly
23 acknowledged and filed with the board.

24 (4) "Board" means the public employees' retirement
25 board.

1 (5) "Contributor" means any person who has accumulated
2 deductions in the fund standing to his credit.

3 (6) "Final salary" means the annual current salary for
4 the office retired from.

5 (7) "Fund" means the Montana judges' retirement system
6 pension trust fund.

7 (8) "Involuntary retirement" means a retirement not
8 for cause and before retirement age.

9 (9) "Member's annuity" means payments for life derived
10 from contributions made by the contributor.

11 (10) "Penalty retirement age" means 70 years of age.

12 (11) "Retired judge" means any judge or justice in
13 receipt of a retirement allowance under this chapter.

14 (12) "Retirement allowance" means the state annuity
15 plus the member's annuity.

16 (13) "State annuity" means payments for life derived
17 from contributions made by the state of Montana."

18 Section 4. Section 19-6-101, MCA, is amended to read:

19 "19-6-101. Definitions. Unless the context requires
20 otherwise, the following definitions apply in this chapter:

21 (1) "Account" means the Montana highway patrolmen's
22 retirement pension trust fund.

23 (2) "Accumulated deductions" means the total of the
24 amounts deducted from the salary of a member, paid into the
25 account, and standing to his credit in the account, together

1 with the regular interest thereon.

2 (3) "Actuarial equivalent" means a benefit of equal
3 value when computed on the basis of the ~~actuarial tables in~~
4 use-by-the-system 1971 Group Annuity Mortality Table, with
5 ages set back 4 years and an interest rate of 8% compounded
6 annually.

7 (4) "Beneficiary" means a surviving spouse or
8 dependent child or, if there is no surviving spouse or
9 dependent child, a person nominated to receive benefits
10 under 19-6-602.

11 (5) "Board" means the public employees' retirement
12 board provided for in 2-15-1009.

13 (6) "Department" means the public employees'
14 retirement division of the department of administration.

15 (7) "Dependent child" means an unmarried child of a
16 deceased retired patrolman, who is:

17 (a) under 18 years of age; or

18 (b) under 24 years of age and attending an accredited
19 postsecondary educational institution as a full-time student
20 in anticipation of receiving a certificate or degree.

21 (8) "Final salary" means the average annual
22 compensation received by a member, before any deductions
23 have been made and exclusive of maintenance, allowances, and
24 expenses, for any 3 years of continuous service upon which
25 contributions have been made or, in the event a member has

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

10 (9) "Member" means a person who has accumulated
11 deductions in the account standing to his credit.

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

14 (11) "Retired patrolman" means a person in receipt of a
15 retirement allowance under this chapter.

16 (12) "Retirement age" means the age at which a member
17 retires after 25 years of creditable service with the
18 Montana highway patrol.

19 (13) "Retirement allowance" means the state annuity
20 plus the member's annuity.

21 (14) "State annuity" means payments for life derived
22 from contributions made by the state of Montana.

23 (15) "Surviving spouse" means the spouse married to a
24 retired patrolman at the time of the retired patrolman's
25 death."

1 Section 5. Section 19-7-101, MCA, is amended to read:

2 "19-7-101. Definitions. Unless the context requires
3 otherwise, the following definitions apply in this chapter:

4 (1) "Account" means the Montana sheriffs' retirement
5 pension trust fund administered by the sheriffs' retirement
6 board.

7 (2) "Accumulated contributions" or "accumulated
8 deductions" means the total amount deducted from the salary
9 of a member during a period of membership service plus the
10 total amount deducted during a period of prior service and
11 transferred from the public employees' retirement system
12 standing to the member's credit in the account, together
13 with the accrued interest.

14 (3) "Actuarial equivalent" means a benefit of equal
15 value when computed upon the basis of the ~~actuarial tables~~
16 in use by the system 1971 Group Annuity Mortality Table,
17 with ages set back 4 years and an interest rate of 8%
18 compounded annually.

19 (4) "Beneficiary" means a person who is nominated by
20 the member in an acknowledged document which is filed with
21 the board.

22 (5) "Board" means the public employees' retirement
23 board.

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

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

4 (8) "Final salary" means the average annual salary
5 received by a member, before any deductions are made and
6 exclusive of maintenance, allowances, and expenses, for any
7 3 years of continuous service from which contributions were
8 deducted or, in the event that a member has not served 3
9 years, the total salary earned divided by the number of
10 years served. Lump-sum payments for sick leave and annual
11 leave paid to an employee upon termination of employment may
12 be used in the calculation of a retirement allowance only to
13 the extent that they are used to replace, on a month for
14 month basis, the normal compensation for a month or months
15 included in the calculation of the final salary. A lump-sum
16 payment may not be added to a single month's compensation.

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

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

21 (11) "Membership service" means service for which an
22 amount is deducted from the salary of a member and paid into
23 the account.

24 (12) "Prior service" means service for which credit was
25 granted by the public employees' retirement system of the

1 state of Montana.

2 (13) "Retired sheriff" means a person receiving a
3 retirement allowance under this chapter.

4 (14) "Retirement allowance" means the state annuity
5 plus the member's annuity.

6 (15) "Service" means employment as a sheriff.

7 (16) "Sheriff" means any elected or appointed county
8 sheriff, undersheriff, or regularly appointed and acting
9 deputy sheriff.

10 (17) "State annuity" means payments for life derived
11 from county contributions into the sheriffs' retirement
12 account, together with any supplemental legislative
13 appropriations to the account.

14 (18) "Vested retirement" means a retirement not for
15 cause and before retirement age."

16 Section 6. Section 19-8-101, MCA, is amended to read:

17 "19-8-101. Definitions. Unless the context requires
18 otherwise, the following definitions apply in this chapter:

19 (1) "Account" means the Montana state game wardens'
20 retirement pension trust fund.

21 (2) "Accumulated deductions" or "accumulated
22 contributions" means the sum of all contributions standing
23 to the credit of a member's individual account together with
24 the regular interest thereon.

25 (3) "Actuarial equivalent" means a benefit of equal

1 value when computed upon the basis of the ~~actuarial tables~~
2 ~~in use by the system~~ 1971 Group Annuity Mortality Table,
3 with ages set back 4 years and an interest rate of 8%
4 compounded annually.

5 (4) "Beneficiary" means a person nominated to receive
6 benefits under this chapter by a member's written
7 designation, duly acknowledged and filed with the board.

8 (5) "Board" means the public employees' retirement
9 board.

10 (6) "Contributor" means any person who has accumulated
11 deductions in the account standing to his credit.

12 (7) "Final salary" means the average annual
13 compensation received by a contributor, before any
14 deductions have been made and exclusive of maintenance,
15 allowances, and expenses, for any 3 years of continuous
16 service upon which contributions have been made or, in the
17 event a member has not served 3 years, the total retirement
18 compensation earned divided by the number of years served.
19 Lump-sum payments for sick leave and annual leave paid to an
20 employee upon termination of employment may be used in the
21 calculation of a retirement allowance only to the extent
22 that they are used to replace, on a month for month basis,
23 the normal compensation for a month or months included in
24 the calculation of the final salary. A lump-sum payment may
25 not be added to a single month's compensation.

1 (8) "Member's annuity" means payments for life derived
2 from contributions made by the contributor.

3 (9) "Retired state game warden" means any person in
4 receipt of a retirement allowance under this chapter.

5 (10) "Retirement allowance" means the state annuity
6 plus the member's annuity.

7 (11) "State annuity" means payments for life derived
8 from contributions made by the state from department of
9 fish, wildlife, and parks moneys.

10 (12) "State game warden" means all state fish and game
11 wardens hired by the department of fish, wildlife, and parks
12 and includes all warden supervisory personnel whose salaries
13 or compensation is paid out of the department of fish,
14 wildlife, and parks moneys."

15 NEW SECTION. Section 7. Extension of authority. Any
16 existing authority of the public employees' retirement board
17 or the teachers' retirement board to make rules on the
18 subject of the provisions of this act is extended to the
19 provisions of this act.

20 NEW SECTION. Section 8. Effective date. This act is
21 effective on passage and approval.

-End-

1 House BILL NO. 299
 2 INTRODUCED BY Barland
 3 BY REQUEST OF THE PUBLIC EMPLOYEES' RETIREMENT BOARD
 4

5 A BILL FOR AN ACT ENTITLED: "AN ACT TO SPECIFY THE FACTORS
 6 AND ASSUMPTIONS USED TO DETERMINE ACTUARIAL EQUIVALENCIES OF
 7 BENEFITS PROVIDED IN THE PUBLIC EMPLOYEES', TEACHERS',
 8 JUDGES', HIGHWAY PATROLMEN'S, SHERIFFS', AND GAME WARDENS'
 9 RETIREMENT SYSTEMS; AMENDING SECTIONS 19-3-104, 19-4-101,
 10 19-5-101, 19-6-101, 19-7-101, AND 19-8-101, MCA; AND
 11 PROVIDING AN IMMEDIATE EFFECTIVE DATE."
 12

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

14 Section 1. Section 19-3-104, MCA, is amended to read:
 15 "19-3-104. Definitions. Unless the context requires
 16 otherwise, in this chapter the following definitions apply:

17 (1) "Accumulated contributions" means the sum of all
 18 the contributions standing to the credit of a member's
 19 individual account, together with the regular interest
 20 thereon.

21 (2) "Actuarial equivalent" means a benefit of equal
 22 value when computed upon the basis of the ~~actuarial~~ tables
 23 ~~in use by the system~~ 1971 Group Annuity Mortality Table,
 24 with ages set back 4 years and an interest rate of 8%
 25 compounded annually.

1 (3) "Actuary" means the actuary retained by the board
 2 in accordance with 19-3-305.

3 (4) "Additional contributions" means contributions by
 4 members under the provisions of 19-3-702.

5 (5) "Annuity" means payments for life derived from
 6 contributions made by a member as provided in this chapter.

7 (6) "Beneficiary" means the person so designated
 8 pursuant to part 13 of this chapter.

9 (7) "Benefit" means the retirement allowance,
 10 survivorship allowance, death benefit, or refund of
 11 accumulated contributions provided by this chapter.

12 (8) "Board" means the public employees' retirement
 13 board provided for in 2-15-1009.

14 (9) "Compensation" means remuneration paid out of
 15 funds controlled by an employer. The compensation of each
 16 member of the legislature of Montana for any year shall be
 17 considered to be that portion of the product of the daily
 18 compensation for such position multiplied by 360 upon which
 19 such member elects to pay normal contributions during the
 20 year.

21 (10) "Contracting employer" means any political
 22 subdivision or governmental entity which has contracted to
 23 come into the system.

24 (11) "Creditable service" means the aggregate of
 25 membership service and prior service.



1 (12) "Disability" and "incapacity for performance of
2 duty", referred to herein as a basis of retirement, mean
3 disability of permanent duration or disability of extended
4 and uncertain duration, as determined by the board on the
5 basis of competent medical opinion.

6 (13) "Employee" means any person who is employed by an
7 employer in any capacity whatever and whose salary is paid
8 either by warrant of the employer or from the fees or income
9 of any department or agency of the employer. "Employee"
10 means further any person considered such pursuant to
11 19-3-402.

12 (14) "Employer" means the state of Montana, its
13 university system or any of the colleges, schools,
14 components, or units thereof for the purposes of this
15 chapter, or any political subdivision or governmental entity
16 which has contracted to come into the system.

17 (15) "Employer contributions" means payments to the
18 retirement fund from appropriations of the state of Montana
19 pursuant to 19-3-801 and from contracting employers pursuant
20 to the contracts between them and the board.

21 (16) "Final compensation" means a member's highest
22 average annual compensation during any 3 consecutive years
23 of membership service. Lump-sum payments for sick leave and
24 annual leave paid to the employee upon termination of
25 employment may be used in the calculation of a retirement

1 allowance only to the extent that they are used to replace,
2 on a month for month basis, the normal compensation for a
3 month or months included in the calculation of the final
4 salary. A lump-sum payment may not be added to a single
5 month's compensation.

6 (17) "Fiscal year" means any year commencing with July
7 1 and ending June 30 next following.

8 (18) "Head of department" means the head of any
9 department, institution, or branch of the state service
10 which directly pays salaries out of its income or which
11 prepares, approves, and submits salary statements of its
12 employees to the department of administration, state
13 auditor, and state treasurer for payment.

14 (19) "Member" means any person included in the
15 membership of the retirement system set forth in 19-3-401
16 and not excluded in 19-3-402, 19-3-403, or 19-3-406.

17 (20) "Membership service" means service with respect to
18 which normal contributions and employer contributions are
19 paid. A member of the legislature of Montana shall be
20 credited with membership service for that portion of each
21 year for which he pays normal contributions pursuant to
22 subsection (9) of this section.

23 (21) "Normal contributions" means contributions
24 required from members under this chapter and any optional
25 contributions made under the provisions of 19-3-502 and

1 19-3-704.

2 (22) "Pension" means payments for life derived from
3 contributions made from the state controlled funds or, in
4 the case of members from contracting employers, from the
5 funds of such contracting employers, as provided in this
6 chapter.

7 (23) "Prior service" means all service rendered as an
8 employee of the state before July 1, 1945, and all service
9 rendered as an employee of a contracting employer before
10 July 1, 1947. Prior service includes all service rendered
11 prior to July 1, 1945, as a member of the legislative
12 assembly or lieutenant governor of Montana.

13 (24) "Regular interest" means interest at the rate set
14 from time to time by the board.

15 (25) "Retirement" means withdrawal from active service
16 with a retirement allowance granted under the provisions of
17 this chapter.

18 (26) "Retirement allowance" means the periodic benefit
19 payable following service, early, or disability retirement.

20 (27) "Retirement fund" means the public employees'
21 retirement system pension trust fund.

22 (28) "Retirement system" means the public employees'
23 retirement system created by this chapter.

24 (29) "Service" means employment of an employee, except
25 as provided in 19-3-501 and 19-3-502.

1 (30) "Survivorship allowance" means payments for life
2 to the beneficiary of a deceased member as provided in part
3 12 of this chapter.

4 (31) "Written application" means a written instrument
5 duly executed and filed with the board and containing all
6 information required by the board, including such proofs of
7 age as the board considers necessary."

8 Section 2. Section 19-4-101, MCA, is amended to read:
9 "19-4-101. Definitions. As used in this chapter,
10 unless the context clearly indicates otherwise, the
11 following definitions apply:

12 (1) "Accumulated contributions" means the sum of all
13 the amounts deducted from the compensation of a member or
14 paid by a member and credited to his individual account in
15 the annuity savings fund, together with interest. Regular
16 interest shall be computed and allowed to provide a benefit
17 at the time of retirement.

18 (2) "Actuarial equivalent" means a benefit of equal
19 value when computed, with regular interest, on the basis of
20 the mortality tables adopted by the retirement board 1971
21 Group Annuity Mortality Table, with ages set back 4 years
22 and an interest rate of 8% compounded annually.

23 (3) "Annuity" means the payments made to a beneficiary
24 for life which are derived from a member's accumulated
25 contributions.

1 (4) "Annuity reserve" means the present value of all
2 payments to be made on account of a member's annuity
3 computed, with regular interest, on the basis of the
4 mortality tables adopted by the retirement board.

5 (5) (a) "Average final compensation" means the average
6 of the earned compensation of a member during the 3
7 consecutive years of full-time service which yield the
8 highest average and on which contributions have been made as
9 required by 19-4-602. If the earned compensation includes
10 any termination pay, the member shall select one of the
11 following options:

12 (i) use the total termination pay in the calculation
13 of the average final compensation. The member and the
14 employer shall pay such contributions to the retirement
15 system as are determined by the board to adequately
16 compensate the system for the additional retirement benefit.
17 The contributions must be made at the time the termination
18 pay is received.

19 (ii) use a yearly amount of termination pay added to
20 each of the 3 consecutive years' salary used in the
21 calculation of the average final compensation, if the member
22 has 4 or more years of service with the employer from which
23 the termination pay was received. The amount of such
24 compensation used in the calculation of average final
25 compensation must be divided by the total number of years of

1 creditable service to determine a yearly amount. The member
2 and the employer must pay contributions on the termination
3 pay according to the rates provided for in 19-4-602(1) and
4 19-4-605(1).

5 (iii) exclude the termination pay from the average
6 final compensation. No contribution is required of either
7 the employer or member.

8 (b) For purposes of this subsection, termination pay
9 includes any form of termination pay or any lump-sum payment
10 for deferred compensation, sick leave, or accumulated
11 vacation credit, or any other payment for time not worked
12 other than compensation received while on sick leave or
13 authorized leave of absence.

14 (6) "Beneficiary" means a person in receipt of a
15 pension, annuity, retirement allowance, or other benefit
16 provided by the retirement system.

17 (7) "Creditable service" is that service defined by
18 19-4-401.

19 (8) "Earned compensation" means the full compensation,
20 pay, or salary actually paid to a member and reported to the
21 retirement system, including amounts paid under a salary
22 reduction agreement to a tax sheltered annuity or deferred
23 compensation program and the value of any housing provided
24 by the employer. The employer shall fix the value of any
25 housing provided. The term does not include any other

1 amounts paid in kind or fringe benefits not actually paid to
 2 a member. The earned compensation of a member who had less
 3 than 3 consecutive years of full-time service during the 5
 4 years preceding his retirement is the compensation, pay, or
 5 salary which he would have earned had his part-time service
 6 been full-time service. The earned compensation of a member
 7 who is awarded a disability retirement allowance prior to
 8 the completion of a full year is the compensation, pay, or
 9 salary which he would have received had he completed the
 10 full year, except that any termination pay, as defined in
 11 subsection (5)(b), received by the member is limited to the
 12 amount actually paid and is not the amount he would have
 13 earned had he completed the full year.

14 (9) "Employer" means the state of Montana, the
 15 trustees of a district, or any other agency or subdivision
 16 of the state which employs a person who is designated a
 17 member of the retirement system.

18 (10) "Full-time service" means service which is
 19 full-time and which extends over a normal academic year of
 20 at least 9 months. With respect to those members employed by
 21 the office of the superintendent of public instruction, any
 22 other state agency or institution, or the office of a county
 23 superintendent, "full-time service" means service which is
 24 full-time and which totals at least 9 months in any one
 25 year.

1 (11) "Member" means a person who has an individual
 2 account in the annuity savings fund. An active member is a
 3 person included under the provisions of 19-4-302. An
 4 inactive member is a person included under the provisions of
 5 19-4-303.

6 (12) "Part-time service" means service which is less
 7 than full-time or which totals less than 9 months in any one
 8 year. Part-time service shall be credited in the proportion
 9 that the actual time worked bears to full-time service.

10 (13) "Pension" means the payments made to a beneficiary
 11 for life which are paid out of the pension accumulation
 12 fund.

13 (14) "Pension reserve" means the present value of all
 14 payments to be made on account of a pension computed, with
 15 regular interest, on the basis of the mortality tables
 16 adopted by the retirement board.

17 (15) "Prior service" means employment of the same
 18 nature as service defined in subsection (20) of this section
 19 but rendered before September 1, 1937.

20 (16) "Regular interest" means interest at 4% per annum
 21 compounded annually or at such other rate as may be set by
 22 the retirement board in accordance with 19-4-501(2).

23 (17) "Retirement allowance" means the annuity plus the
 24 pension.

25 (18) "Retirement board" means the retirement system's

1 governing board provided for in 2-15-1010.

2 (19) "Retirement system" means the teachers' retirement
3 system of the state of Montana provided for in 19-4-102.

4 (20) "Service" means the performance of such
5 instructional duties or related activities as would entitle
6 the person to active membership in the retirement system
7 under the provisions of 19-4-302."

8 Section 3. Section 19-5-101, MCA, is amended to read:

9 "19-5-101. Definitions. Unless a different meaning is
10 plainly implied by the context, the following definitions
11 apply in this chapter:

12 (1) "Accumulated deductions" means the total of the
13 amounts deducted from the salary of a contributor, paid into
14 the fund, and standing to his credit in the fund, together
15 with the regular interest thereon.

16 (2) "Actuarial equivalent" means a benefit of equal
17 value when computed upon the basis of the ~~actuarial--tables~~
18 in--use--by--the--system 1971 Group Annuity Mortality Table,
19 with ages set back 4 years and an interest rate of 8%
20 compounded annually.

21 (3) "Beneficiary" means the person whom the
22 contributor nominates by written designation, duly
23 acknowledged and filed with the board.

24 (4) "Board" means the public employees' retirement
25 board.

1 (5) "Contributor" means any person who has accumulated
2 deductions in the fund standing to his credit.

3 (6) "Final salary" means the annual current salary for
4 the office retired from.

5 (7) "Fund" means the Montana judges' retirement system
6 pension trust fund.

7 (8) "Involuntary retirement" means a retirement not
8 for cause and before retirement age.

9 (9) "Member's annuity" means payments for life derived
10 from contributions made by the contributor.

11 (10) "Penalty retirement age" means 70 years of age.

12 (11) "Retired judge" means any judge or justice in
13 receipt of a retirement allowance under this chapter.

14 (12) "Retirement allowance" means the state annuity
15 plus the member's annuity.

16 (13) "State annuity" means payments for life derived
17 from contributions made by the state of Montana."

18 Section 4. Section 19-6-101, MCA, is amended to read:

19 "19-6-101. Definitions. Unless the context requires
20 otherwise, the following definitions apply in this chapter:

21 (1) "Account" means the Montana highway patrolmen's
22 retirement pension trust fund.

23 (2) "Accumulated deductions" means the total of the
24 amounts deducted from the salary of a member, paid into the
25 account, and standing to his credit in the account, together

1 with the regular interest thereon.

2 (3) "Actuarial equivalent" means a benefit of equal
3 value when computed on the basis of the actuarial-tables-in
4 use-by-the-system 1971 Group Annuity Mortality Table, with
5 ages set back 4 years and an interest rate of 8% compounded
6 annually.

7 (4) "Beneficiary" means a surviving spouse or
8 dependent child or, if there is no surviving spouse or
9 dependent child, a person nominated to receive benefits
10 under 19-6-602.

11 (5) "Board" means the public employees' retirement
12 board provided for in 2-15-1009.

13 (6) "Department" means the public employees'
14 retirement division of the department of administration.

15 (7) "Dependent child" means an unmarried child of a
16 deceased retired patrolman, who is:

17 (a) under 18 years of age; or

18 (b) under 24 years of age and attending an accredited
19 postsecondary educational institution as a full-time student
20 in anticipation of receiving a certificate or degree.

21 (8) "Final salary" means the average annual
22 compensation received by a member, before any deductions
23 have been made and exclusive of maintenance, allowances, and
24 expenses, for any 3 years of continuous service upon which
25 contributions have been made or, in the event a member has

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

10 (9) "Member" means a person who has accumulated
11 deductions in the account standing to his credit.

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

14 (11) "Retired patrolman" means a person in receipt of a
15 retirement allowance under this chapter.

16 (12) "Retirement age" means the age at which a member
17 retires after 25 years of creditable service with the
18 Montana highway patrol.

19 (13) "Retirement allowance" means the state annuity
20 plus the member's annuity.

21 (14) "State annuity" means payments for life derived
22 from contributions made by the state of Montana.

23 (15) "Surviving spouse" means the spouse married to a
24 retired patrolman at the time of the retired patrolman's
25 death."

1 Section 5. Section 19-7-101, MCA, is amended to read:

2 "19-7-101. Definitions. Unless the context requires
3 otherwise, the following definitions apply in this chapter:

4 (1) "Account" means the Montana sheriffs' retirement
5 pension trust fund administered by the sheriffs' retirement
6 board.

7 (2) "Accumulated contributions" or "accumulated
8 deductions" means the total amount deducted from the salary
9 of a member during a period of membership service plus the
10 total amount deducted during a period of prior service and
11 transferred from the public employees' retirement system
12 standing to the member's credit in the account, together
13 with the accrued interest.

14 (3) "Actuarial equivalent" means a benefit of equal
15 value when computed upon the basis of the ~~actuarial--tables~~
16 in--use--by--the--system 1971 Group Annuity Mortality Table,
17 with ages set back 4 years and an interest rate of 8%
18 compounded annually.

19 (4) "Beneficiary" means a person who is nominated by
20 the member in an acknowledged document which is filed with
21 the board.

22 (5) "Board" means the public employees' retirement
23 board.

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

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

4 (8) "Final salary" means the average annual salary
5 received by a member, before any deductions are made and
6 exclusive of maintenance, allowances, and expenses, for any
7 3 years of continuous service from which contributions were
8 deducted or, in the event that a member has not served 3
9 years, the total salary earned divided by the number of
10 years served. Lump-sum payments for sick leave and annual
11 leave paid to an employee upon termination of employment may
12 be used in the calculation of a retirement allowance only to
13 the extent that they are used to replace, on a month for
14 month basis, the normal compensation for a month or months
15 included in the calculation of the final salary. A lump-sum
16 payment may not be added to a single month's compensation.

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

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

21 (11) "Membership service" means service for which an
22 amount is deducted from the salary of a member and paid into
23 the account.

24 (12) "Prior service" means service for which credit was
25 granted by the public employees' retirement system of the

1 state of Montana.

2 (13) "Retired sheriff" means a person receiving a
3 retirement allowance under this chapter.

4 (14) "Retirement allowance" means the state annuity
5 plus the member's annuity.

6 (15) "Service" means employment as a sheriff.

7 (16) "Sheriff" means any elected or appointed county
8 sheriff, undersheriff, or regularly appointed and acting
9 deputy sheriff.

10 (17) "State annuity" means payments for life derived
11 from county contributions into the sheriffs' retirement
12 account, together with any supplemental legislative
13 appropriations to the account.

14 (18) "Vested retirement" means a retirement not for
15 cause and before retirement age."

16 Section 6. Section 19-8-101, MCA, is amended to read:

17 "19-8-101. Definitions. Unless the context requires
18 otherwise, the following definitions apply in this chapter:

19 (1) "Account" means the Montana state game wardens'
20 retirement pension trust fund.

21 (2) "Accumulated deductions" or "accumulated
22 contributions" means the sum of all contributions standing
23 to the credit of a member's individual account together with
24 the regular interest thereon.

25 (3) "Actuarial equivalent" means a benefit of equal

1 value when computed upon the basis of the ~~actuarial--tables~~
2 ~~in--use--by--the--system~~ 1971 Group Annuity Mortality Table,
3 with ages set back 4 years and an interest rate of 8%
4 compounded annually.

5 (4) "Beneficiary" means a person nominated to receive
6 benefits under this chapter by a member's written
7 designation, duly acknowledged and filed with the board.

8 (5) "Board" means the public employees' retirement
9 board.

10 (6) "Contributor" means any person who has accumulated
11 deductions in the account standing to his credit.

12 (7) "Final salary" means the average annual
13 compensation received by a contributor, before any
14 deductions have been made and exclusive of maintenance,
15 allowances, and expenses, for any 3 years of continuous
16 service upon which contributions have been made or, in the
17 event a member has not served 3 years, the total retirement
18 compensation earned divided by the number of years served.
19 Lump-sum payments for sick leave and annual leave paid to an
20 employee upon termination of employment may be used in the
21 calculation of a retirement allowance only to the extent
22 that they are used to replace, on a month for month basis,
23 the normal compensation for a month or months included in
24 the calculation of the final salary. A lump-sum payment may
25 not be added to a single month's compensation.

1 (8) "Member's annuity" means payments for life derived
2 from contributions made by the contributor.

3 (9) "Retired state game warden" means any person in
4 receipt of a retirement allowance under this chapter.

5 (10) "Retirement allowance" means the state annuity
6 plus the member's annuity.

7 (11) "State annuity" means payments for life derived
8 from contributions made by the state from department of
9 fish, wildlife, and parks moneys.

10 (12) "State game warden" means all state fish and game
11 wardens hired by the department of fish, wildlife, and parks
12 and includes all warden supervisory personnel whose salaries
13 or compensation is paid out of the department of fish,
14 wildlife, and parks moneys."

15 NEW SECTION. Section 7. Extension of authority. Any
16 existing authority of the public employees' retirement board
17 or the teachers' retirement board to make rules on the
18 subject of the provisions of this act is extended to the
19 provisions of this act.

20 NEW SECTION. Section 8. Effective date. This act is
21 effective on passage and approval.

-End-

1 HOUSE BILL NO. 299

2 INTRODUCED BY BARDANOUE

3 BY REQUEST OF THE PUBLIC EMPLOYEES' RETIREMENT BOARD

4
 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO SPECIFY THE FACTORS
 6 AND ASSUMPTIONS USED TO DETERMINE ACTUARIAL EQUIVALENCIES OF
 7 BENEFITS PROVIDED IN THE PUBLIC EMPLOYEES', TEACHERS',
 8 JUDGES', HIGHWAY PATROLMEN'S, SHERIFFS', AND GAME WARDENS'
 9 RETIREMENT SYSTEMS; AMENDING SECTIONS 19-3-104, 19-4-101,
 10 19-5-101, 19-6-101, 19-7-101, AND 19-8-101, MCA; AND
 11 PROVIDING AN IMMEDIATE EFFECTIVE DATE."

12
13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

14 Section 1. Section 19-3-104, MCA, is amended to read:

15 "19-3-104. Definitions. Unless the context requires
16 otherwise, in this chapter the following definitions apply:

17 (1) "Accumulated contributions" means the sum of all
 18 the contributions standing to the credit of a member's
 19 individual account, together with the regular interest
 20 thereon.

21 (2) "Actuarial equivalent" means a benefit of equal
 22 value when computed upon the basis of the ~~actuarial tables~~
 23 ~~in-use-by-the-system~~ 1971 Group Annuity Mortality Table,
 24 with ages set back 4 years and an interest rate of 8%
 25 compounded annually.

1 (3) "Actuary" means the actuary retained by the board
 2 in accordance with 19-3-305.

3 (4) "Additional contributions" means contributions by
 4 members under the provisions of 19-3-702.

5 (5) "Annuity" means payments for life derived from
 6 contributions made by a member as provided in this chapter.

7 (6) "Beneficiary" means the person so designated
 8 pursuant to part 13 of this chapter.

9 (7) "Benefit" means the retirement allowance,
 10 survivorship allowance, death benefit, or refund of
 11 accumulated contributions provided by this chapter.

12 (8) "Board" means the public employees' retirement
 13 board provided for in 2-15-1009.

14 (9) "Compensation" means remuneration paid out of
 15 funds controlled by an employer. The compensation of each
 16 member of the legislature of Montana for any year shall be
 17 considered to be that portion of the product of the daily
 18 compensation for such position multiplied by 360 upon which
 19 such member elects to pay normal contributions during the
 20 year.

21 (10) "Contracting employer" means any political
 22 subdivision or governmental entity which has contracted to
 23 come into the system.

24 (11) "Creditable service" means the aggregate of
 25 membership service and prior service.

1 (12) "Disability" and "incapacity for performance of
2 duty", referred to herein as a basis of retirement, mean
3 disability of permanent duration or disability of extended
4 and uncertain duration, as determined by the board on the
5 basis of competent medical opinion.

6 (13) "Employee" means any person who is employed by an
7 employer in any capacity whatever and whose salary is paid
8 either by warrant of the employer or from the fees or income
9 of any department or agency of the employer. "Employee"
10 means further any person considered such pursuant to
11 19-3-402.

12 (14) "Employer" means the state of Montana, its
13 university system or any of the colleges, schools,
14 components, or units thereof for the purposes of this
15 chapter, or any political subdivision or governmental entity
16 which has contracted to come into the system.

17 (15) "Employer contributions" means payments to the
18 retirement fund from appropriations of the state of Montana
19 pursuant to 19-3-801 and from contracting employers pursuant
20 to the contracts between them and the board.

21 (16) "Final compensation" means a member's highest
22 average annual compensation during any 3 consecutive years
23 of membership service. Lump-sum payments for sick leave and
24 annual leave paid to the employee upon termination of
25 employment may be used in the calculation of a retirement

1 allowance only to the extent that they are used to replace,
2 on a month for month basis, the normal compensation for a
3 month or months included in the calculation of the final
4 salary. A lump-sum payment may not be added to a single
5 month's compensation.

6 (17) "Fiscal year" means any year commencing with July
7 1 and ending June 30 next following.

8 (18) "Head of department" means the head of any
9 department, institution, or branch of the state service
10 which directly pays salaries out of its income or which
11 prepares, approves, and submits salary statements of its
12 employees to the department of administration, state
13 auditor, and state treasurer for payment.

14 (19) "Member" means any person included in the
15 membership of the retirement system set forth in 19-3-401
16 and not excluded in 19-3-402, 19-3-403, or 19-3-406.

17 (20) "Membership service" means service with respect to
18 which normal contributions and employer contributions are
19 paid. A member of the legislature of Montana shall be
20 credited with membership service for that portion of each
21 year for which he pays normal contributions pursuant to
22 subsection (9) of this section.

23 (21) "Normal contributions" means contributions
24 required from members under this chapter and any optional
25 contributions made under the provisions of 19-3-502 and

1 19-3-704.

2 (22) "Pension" means payments for life derived from
3 contributions made from the state controlled funds or, in
4 the case of members from contracting employers, from the
5 funds of such contracting employers, as provided in this
6 chapter.

7 (23) "Prior service" means all service rendered as an
8 employee of the state before July 1, 1945, and all service
9 rendered as an employee of a contracting employer before
10 July 1, 1947. Prior service includes all service rendered
11 prior to July 1, 1945, as a member of the legislative
12 assembly or lieutenant governor of Montana.

13 (24) "Regular interest" means interest at the rate set
14 from time to time by the board.

15 (25) "Retirement" means withdrawal from active service
16 with a retirement allowance granted under the provisions of
17 this chapter.

18 (26) "Retirement allowance" means the periodic benefit
19 payable following service, early, or disability retirement.

20 (27) "Retirement fund" means the public employees'
21 retirement system pension trust fund.

22 (28) "Retirement system" means the public employees'
23 retirement system created by this chapter.

24 (29) "Service" means employment of an employee, except
25 as provided in 19-3-501 and 19-3-502.

1 (30) "Survivorship allowance" means payments for life
2 to the beneficiary of a deceased member as provided in part
3 12 of this chapter.

4 (31) "Written application" means a written instrument
5 duly executed and filed with the board and containing all
6 information required by the board, including such proofs of
7 age as the board considers necessary."

8 Section 2. Section 19-4-101, MCA, is amended to read:
9 "19-4-101. Definitions. As used in this chapter,
10 unless the context clearly indicates otherwise, the
11 following definitions apply:

12 (1) "Accumulated contributions" means the sum of all
13 the amounts deducted from the compensation of a member or
14 paid by a member and credited to his individual account in
15 the annuity savings fund, together with interest. Regular
16 interest shall be computed and allowed to provide a benefit
17 at the time of retirement.

18 (2) "Actuarial equivalent" means a benefit of equal
19 value when computed, with regular interest, on the basis of
20 the mortality tables adopted by the retirement board 1971
21 Group Annuity Mortality Table, with ages set back 4 years
22 and an interest rate of 8 1/2 compounded annually.

23 (3) "Annuity" means the payments made to a beneficiary
24 for life which are derived from a member's accumulated
25 contributions.

1 (4) "Annuity reserve" means the present value of all
2 payments to be made on account of a member's annuity
3 computed, with regular interest, on the basis of the
4 mortality tables adopted by the retirement board.

5 (5) (a) "Average final compensation" means the average
6 of the earned compensation of a member during the 3
7 consecutive years of full-time service which yield the
8 highest average and on which contributions have been made as
9 required by 19-4-602. If the earned compensation includes
10 any termination pay, the member shall select one of the
11 following options:

12 (i) use the total termination pay in the calculation
13 of the average final compensation. The member and the
14 employer shall pay such contributions to the retirement
15 system as are determined by the board to adequately
16 compensate the system for the additional retirement benefit.
17 The contributions must be made at the time the termination
18 pay is received.

19 (ii) use a yearly amount of termination pay added to
20 each of the 3 consecutive years' salary used in the
21 calculation of the average final compensation, if the member
22 has 4 or more years of service with the employer from which
23 the termination pay was received. The amount of such
24 compensation used in the calculation of average final
25 compensation must be divided by the total number of years of

1 creditable service to determine a yearly amount. The member
2 and the employer must pay contributions on the termination
3 pay according to the rates provided for in 19-4-602(1) and
4 19-4-605(1).

5 (iii) exclude the termination pay from the average
6 final compensation. No contribution is required of either
7 the employer or member.

8 (b) For purposes of this subsection, termination pay
9 includes any form of termination pay or any lump-sum payment
10 for deferred compensation, sick leave, or accumulated
11 vacation credit, or any other payment for time not worked
12 other than compensation received while on sick leave or
13 authorized leave of absence.

14 (6) "Beneficiary" means a person in receipt of a
15 pension, annuity, retirement allowance, or other benefit
16 provided by the retirement system.

17 (7) "Creditable service" is that service defined by
18 19-4-401.

19 (8) "Earned compensation" means the full compensation,
20 pay, or salary actually paid to a member and reported to the
21 retirement system, including amounts paid under a salary
22 reduction agreement to a tax sheltered annuity or deferred
23 compensation program and the value of any housing provided
24 by the employer. The employer shall fix the value of any
25 housing provided. The term does not include any other

1 amounts paid in kind or fringe benefits not actually paid to
 2 a member. The earned compensation of a member who had less
 3 than 3 consecutive years of full-time service during the 5
 4 years preceding his retirement is the compensation, pay, or
 5 salary which he would have earned had his part-time service
 6 been full-time service. The earned compensation of a member
 7 who is awarded a disability retirement allowance prior to
 8 the completion of a full year is the compensation, pay, or
 9 salary which he would have received had he completed the
 10 full year, except that any termination pay, as defined in
 11 subsection (5)(b), received by the member is limited to the
 12 amount actually paid and is not the amount he would have
 13 earned had he completed the full year.

14 (9) "Employer" means the state of Montana, the
 15 trustees of a district, or any other agency or subdivision
 16 of the state which employs a person who is designated a
 17 member of the retirement system.

18 (10) "Full-time service" means service which is
 19 full-time and which extends over a normal academic year of
 20 at least 9 months. With respect to those members employed by
 21 the office of the superintendent of public instruction, any
 22 other state agency or institution, or the office of a county
 23 superintendent, "full-time service" means service which is
 24 full-time and which totals at least 9 months in any one
 25 year.

1 (11) "Member" means a person who has an individual
 2 account in the annuity savings fund. An active member is a
 3 person included under the provisions of 19-4-302. An
 4 inactive member is a person included under the provisions of
 5 19-4-303.

6 (12) "Part-time service" means service which is less
 7 than full-time or which totals less than 9 months in any one
 8 year. Part-time service shall be credited in the proportion
 9 that the actual time worked bears to full-time service.

10 (13) "Pension" means the payments made to a beneficiary
 11 for life which are paid out of the pension accumulation
 12 fund.

13 (14) "Pension reserve" means the present value of all
 14 payments to be made on account of a pension computed, with
 15 regular interest, on the basis of the mortality tables
 16 adopted by the retirement board.

17 (15) "Prior service" means employment of the same
 18 nature as service defined in subsection (20) of this section
 19 but rendered before September 1, 1937.

20 (16) "Regular interest" means interest at 4% per annum
 21 compounded annually or at such other rate as may be set by
 22 the retirement board in accordance with 19-4-501(2).

23 (17) "Retirement allowance" means the annuity plus the
 24 pension.

25 (18) "Retirement board" means the retirement system's

1 governing board provided for in 2-15-1010.

2 (19) "Retirement system" means the teachers' retirement
3 system of the state of Montana provided for in 19-4-102.

4 (20) "Service" means the performance of such
5 instructional duties or related activities as would entitle
6 the person to active membership in the retirement system
7 under the provisions of 19-4-302."

8 Section 3. Section 19-5-101, MCA, is amended to read:

9 "19-5-101. Definitions. Unless a different meaning is
10 plainly implied by the context, the following definitions
11 apply in this chapter:

12 (1) "Accumulated deductions" means the total of the
13 amounts deducted from the salary of a contributor, paid into
14 the fund, and standing to his credit in the fund, together
15 with the regular interest thereon.

16 (2) "Actuarial equivalent" means a benefit of equal
17 value when computed upon the basis of the ~~actuarial--tables~~
18 in--use--by--the--system 1971 Group Annuity Mortality Table,
19 with ages set back 4 years and an interest rate of 8%
20 compounded annually.

21 (3) "Beneficiary" means the person whom the
22 contributor nominates by written designation, duly
23 acknowledged and filed with the board.

24 (4) "Board" means the public employees' retirement
25 board.

1 (5) "Contributor" means any person who has accumulated
2 deductions in the fund standing to his credit.

3 (6) "Final salary" means the annual current salary for
4 the office retired from.

5 (7) "Fund" means the Montana judges' retirement system
6 pension trust fund.

7 (8) "Involuntary retirement" means a retirement not
8 for cause and before retirement age.

9 (9) "Member's annuity" means payments for life derived
10 from contributions made by the contributor.

11 (10) "Penalty retirement age" means 70 years of age.

12 (11) "Retired judge" means any judge or justice in
13 receipt of a retirement allowance under this chapter.

14 (12) "Retirement allowance" means the state annuity
15 plus the member's annuity.

16 (13) "State annuity" means payments for life derived
17 from contributions made by the state of Montana."

18 Section 4. Section 19-6-101, MCA, is amended to read:

19 "19-6-101. Definitions. Unless the context requires
20 otherwise, the following definitions apply in this chapter:

21 (1) "Account" means the Montana highway patrolmen's
22 retirement pension trust fund.

23 (2) "Accumulated deductions" means the total of the
24 amounts deducted from the salary of a member, paid into the
25 account, and standing to his credit in the account, together

1 with the regular interest thereon.

2 (3) "Actuarial equivalent" means a benefit of equal
3 value when computed on the basis of the ~~actuarial tables in~~
4 use-by-the-system 1971 Group Annuity Mortality Table, with
5 ages set back 4 years and an interest rate of 8% compounded
6 annually.

7 (4) "Beneficiary" means a surviving spouse or
8 dependent child or, if there is no surviving spouse or
9 dependent child, a person nominated to receive benefits
10 under 19-6-602.

11 (5) "Board" means the public employees' retirement
12 board provided for in 2-15-1009.

13 (6) "Department" means the public employees'
14 retirement division of the department of administration.

15 (7) "Dependent child" means an unmarried child of a
16 deceased retired patrolman, who is:

17 (a) under 18 years of age; or

18 (b) under 24 years of age and attending an accredited
19 postsecondary educational institution as a full-time student
20 in anticipation of receiving a certificate or degree.

21 (8) "Final salary" means the average annual
22 compensation received by a member, before any deductions
23 have been made and exclusive of maintenance, allowances, and
24 expenses, for any 3 years of continuous service upon which
25 contributions have been made or, in the event a member has

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

10 (9) "Member" means a person who has accumulated
11 deductions in the account standing to his credit.

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

14 (11) "Retired patrolman" means a person in receipt of a
15 retirement allowance under this chapter.

16 (12) "Retirement age" means the age at which a member
17 retires after 25 years of creditable service with the
18 Montana highway patrol.

19 (13) "Retirement allowance" means the state annuity
20 plus the member's annuity.

21 (14) "State annuity" means payments for life derived
22 from contributions made by the state of Montana.

23 (15) "Surviving spouse" means the spouse married to a
24 retired patrolman at the time of the retired patrolman's
25 death."

1 Section 5. Section 19-7-101, MCA, is amended to read:
 2 "19-7-101. Definitions. Unless the context requires
 3 otherwise, the following definitions apply in this chapter:

4 (1) "Account" means the Montana sheriffs' retirement
 5 pension trust fund administered by the sheriffs' retirement
 6 board.

7 (2) "Accumulated contributions" or "accumulated
 8 deductions" means the total amount deducted from the salary
 9 of a member during a period of membership service plus the
 10 total amount deducted during a period of prior service and
 11 transferred from the public employees' retirement system
 12 standing to the member's credit in the account, together
 13 with the accrued interest.

14 (3) "Actuarial equivalent" means a benefit of equal
 15 value when computed upon the basis of the ~~actuarial tables~~
 16 in use by the system 1971 Group Annuity Mortality Table,
 17 with ages set back 4 years and an interest rate of 8%
 18 compounded annually.

19 (4) "Beneficiary" means a person who is nominated by
 20 the member in an acknowledged document which is filed with
 21 the board.

22 (5) "Board" means the public employees' retirement
 23 board.

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

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

4 (8) "Final salary" means the average annual salary
 5 received by a member, before any deductions are made and
 6 exclusive of maintenance, allowances, and expenses, for any
 7 3 years of continuous service from which contributions were
 8 deducted or, in the event that a member has not served 3
 9 years, the total salary earned divided by the number of
 10 years served. Lump-sum payments for sick leave and annual
 11 leave paid to an employee upon termination of employment may
 12 be used in the calculation of a retirement allowance only to
 13 the extent that they are used to replace, on a month for
 14 month basis, the normal compensation for a month or months
 15 included in the calculation of the final salary. A lump-sum
 16 payment may not be added to a single month's compensation.

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

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

21 (11) "Membership service" means service for which an
 22 amount is deducted from the salary of a member and paid into
 23 the account.

24 (12) "Prior service" means service for which credit was
 25 granted by the public employees' retirement system of the

1 state of Montana.

2 (13) "Retired sheriff" means a person receiving a
3 retirement allowance under this chapter.

4 (14) "Retirement allowance" means the state annuity
5 plus the member's annuity.

6 (15) "Service" means employment as a sheriff.

7 (16) "Sheriff" means any elected or appointed county
8 sheriff, undersheriff, or regularly appointed and acting
9 deputy sheriff.

10 (17) "State annuity" means payments for life derived
11 from county contributions into the sheriffs' retirement
12 account, together with any supplemental legislative
13 appropriations to the account.

14 (18) "Vested retirement" means a retirement not for
15 cause and before retirement age."

16 Section 6. Section 19-8-101, MCA, is amended to read:

17 "19-8-101. Definitions. Unless the context requires
18 otherwise, the following definitions apply in this chapter:

19 (1) "Account" means the Montana state game wardens'
20 retirement pension trust fund.

21 (2) "Accumulated deductions" or "accumulated
22 contributions" means the sum of all contributions standing
23 to the credit of a member's individual account together with
24 the regular interest thereon.

25 (3) "Actuarial equivalent" means a benefit of equal

1 value when computed upon the basis of the ~~actuarial--tables~~
2 ~~in--use--by--the--system~~ 1971 Group Annuity Mortality Table,
3 with ages set back 4 years and an interest rate of 8%
4 compounded annually.

5 (4) "Beneficiary" means a person nominated to receive
6 benefits under this chapter by a member's written
7 designation, duly acknowledged and filed with the board.

8 (5) "Board" means the public employees' retirement
9 board.

10 (6) "Contributor" means any person who has accumulated
11 deductions in the account standing to his credit.

12 (7) "Final salary" means the average annual
13 compensation received by a contributor, before any
14 deductions have been made and exclusive of maintenance,
15 allowances, and expenses, for any 3 years of continuous
16 service upon which contributions have been made or, in the
17 event a member has not served 3 years, the total retirement
18 compensation earned divided by the number of years served.
19 Lump-sum payments for sick leave and annual leave paid to an
20 employee upon termination of employment may be used in the
21 calculation of a retirement allowance only to the extent
22 that they are used to replace, on a month for month basis,
23 the normal compensation for a month or months included in
24 the calculation of the final salary. A lump-sum payment may
25 not be added to a single month's compensation.

1 (8) "Member's annuity" means payments for life derived
2 from contributions made by the contributor.

3 (9) "Retired state game warden" means any person in
4 receipt of a retirement allowance under this chapter.

5 (10) "Retirement allowance" means the state annuity
6 plus the member's annuity.

7 (11) "State annuity" means payments for life derived
8 from contributions made by the state from department of
9 fish, wildlife, and parks moneys.

10 (12) "State game warden" means all state fish and game
11 wardens hired by the department of fish, wildlife, and parks
12 and includes all warden supervisory personnel whose salaries
13 or compensation is paid out of the department of fish,
14 wildlife, and parks moneys."

15 NEW SECTION. Section 7. Extension of authority. Any
16 existing authority of the public employees' retirement board
17 or the teachers' retirement board to make rules on the
18 subject of the provisions of this act is extended to the
19 provisions of this act.

20 NEW SECTION. Section 8. Effective date. This act is
21 effective on passage and approval.

-End-