

1 House BILL NO. 427
2 INTRODUCED BY VINCENT

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT PERMITTING A VESTED
5 MEMBER TO QUALIFY EMPLOYMENT SERVICE WITH THE MONTANA
6 COOPERATIVE EXTENSION SERVICE UNDER THE TEACHERS' RETIREMENT
7 SYSTEM; AMENDING SECTIONS 19-4-401 AND 19-4-405, MCA; AND
8 PROVIDING AN EFFECTIVE DATE."

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

11 NEW SECTION. Section 1. Creditable service for
12 extension service employment. (1) At any time before
13 retirement, a member with 5 years or more of creditable
14 service in the retirement system may make a written election
15 with the retirement board to qualify up to 5 years of his
16 employment service with the Montana cooperative extension
17 service, subject to the limitation contained in 19-4-405,
18 if:

19 (a) the service involved instructional service at a
20 unit of the Montana university system; and

21 (b) the member received a refund of his membership
22 contributions under the civil service retirement system or
23 the federal employees' retirement system for the service to
24 be qualified.

25 (2) To qualify service under this section, the member

1 shall contribute to the retirement system an amount equal to
2 the combined employer and employee contribution for his
3 first full year's teaching salary earned after becoming a
4 member of the retirement system for each year of creditable
5 service plus interest at the rate the contribution would
6 have earned had the contribution been in his account upon
7 the completion of 5 years of membership service. The
8 contribution rate must be that rate in effect at the time he
9 is eligible for such service.

10 (3) Contributions to qualify service under this
11 section may be made in a lump-sum payment or in installments
12 as agreed upon by the member and the retirement board.

13 Section 2. Section 19-4-401, MCA, is amended to read:

14 "19-4-401. Creditable service. (1) The creditable
15 service of a member begins on the date of his employment in
16 a capacity prescribed for his eligibility in 19-4-302 and
17 accumulates to the member's credit on the basis of the
18 retirement board's policy governing creditable service.

19 (2) The creditable service of a member includes the
20 following:

21 (a) each year of service for which contributions to
22 the retirement system were deducted from his compensation
23 under the provisions of Chapter 87, Laws of 1937, Chapter
24 215, Laws of 1939, this chapter, and their subsequent
25 amendments, except that no credit may be awarded for those

1 years of service for which the contributions have been
2 withdrawn and not replaced;

3 (b) any service awarded by a prior service certificate
4 issued under the provisions of Chapter 87, Laws of 1937,
5 Chapter 215, Laws of 1939, and their subsequent amendments
6 or under the provisions of 19-4-406;

7 (c) any out-of-state employment service awarded by the
8 retirement board under the provisions of 19-4-402;

9 (d) any service awarded for employment while on leave
10 under 19-4-403;

11 (e) any service in the military, red cross, or
12 merchant marine awarded by the retirement board under
13 19-4-404; and

14 (f) any employment service awarded by the retirement
15 board under the provisions of 19-4-408; and

16 (g) any service awarded by the retirement board for
17 extension service employment under [section 1].

18 (3) The retirement board's determination of creditable
19 service under this section is final and conclusive for the
20 purposes of the retirement system unless, at any time, the
21 board discovers an error or fraud in the establishment of
22 creditable service, in which case the board shall
23 redetermine the creditable service."

24 Section 3. Section 19-4-405, MCA, is amended to read:
25 "19-4-405. Limit on creditable service which can be

1 awarded. The total creditable service for out-of-state
2 teaching, employment while on leave, employment with the
3 Montana cooperative extension service, and active service in
4 the armed forces of the United States or the American red
5 cross or merchant marine may not exceed 5 years."

6 NEW SECTION. Section 4. Extension of authority. Any
7 existing authority of the teachers' retirement board to make
8 rules on the subject of the provisions of this act is
9 extended to the provisions of this act.

10 NEW SECTION. Section 5. Codification instruction.
11 Section 1 is intended to be codified as an integral part of
12 Title 19, chapter 4, and the provisions of Title 19, chapter
13 4, apply to section 1.

14 NEW SECTION. Section 6. Effective date. This act is
15 effective July 1, 1987.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB427, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act permitting a vested member to qualify employment service with the Montana Cooperative Extension Service under the Teachers' Retirement System.

ASSUMPTIONS:

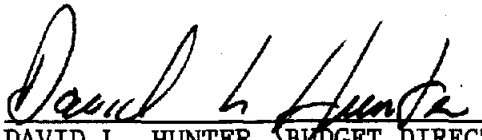
The number of members who may qualify additional service under this legislation is unknown.

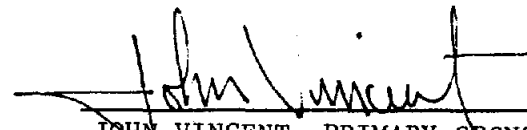
FISCAL IMPACT:

Unknown for FY88 and FY89.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

Members purchasing additional service credit may be eligible for retirement benefits earlier than the average member who is not eligible to purchase service credits. As the average age of retirees decreases, the liabilities of the Montana Teachers' Retirement System increase and additional funding would be required to remain actuarially sound.

 DATE 1/29/87
DAVID L. HUNTER, BUDGET DIRECTOR
Office of Budget and Program Planning

 DATE 1/30/87
JOHN VINCENT, PRIMARY SPONSOR

Fiscal Note for HB427, as introduced.

HB-427

APPROVED BY COMMITTEE
ON STATE ADMINISTRATION

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