

SENATE BILL NO. 153

INTRODUCED BY WALKER, LYNCH, JACOBSON, HAFFEY,  
MANNING, O'CONNELL

BY REQUEST OF THE PUBLIC EMPLOYEES' RETIREMENT BOARD

IN THE SENATE

JANUARY 20, 1987	INTRODUCED AND REFERRED TO COMMITTEE ON STATE ADMINISTRATION.
JANUARY 23, 1987	COMMITTEE RECOMMEND BILL DO PASS. REPORT ADOPTED.
JANUARY 24, 1987	PRINTING REPORT.
JANUARY 27, 1987	SECOND READING, DO PASS.
JANUARY 28, 1987	ENGROSSING REPORT.
JANUARY 29, 1987	THIRD READING, PASSED.  TRANSMITTED TO HOUSE.

IN THE HOUSE

FEBRUARY 4, 1987	INTRODUCED AND REFERRED TO COMMITTEE ON STATE ADMINISTRATION.
MARCH 4, 1987	COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.
MARCH 5, 1987	SECOND READING, CONCURRED IN.
MARCH 6, 1987	THIRD READING, CONCURRED IN. AYES, 94; NOES, 0.  RETURNED TO SENATE.

IN THE SENATE

MARCH 7, 1987	RECEIVED FROM HOUSE.  SENT TO ENROLLING.
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1 *Senate* BILL NO. *153*  
 2 INTRODUCED BY *Walker Lynch Jackson*  
 3 *Huffey* BY REQUEST OF THE PUBLIC EMPLOYEES' RETIREMENT BOARD  
 4 *Richard E. Hamming O'Connell*

5 A BILL FOR AN ACT ENTITLED: "AN ACT EXTENDING THE TIME FOR  
 6 PURCHASING CERTAIN CREDITABLE SERVICE UNDER THE PUBLIC  
 7 EMPLOYEES' RETIREMENT SYSTEM AND FOR REDEPOSITING WITHDRAWN  
 8 MEMBERSHIP CONTRIBUTIONS UNDER THE SHERIFFS', MUNICIPAL  
 9 POLICE OFFICERS', AND FIREFIGHTERS' UNIFIED RETIREMENT  
 10 SYSTEMS; AMENDING SECTIONS 19-3-504, 19-3-505, 19-7-306,  
 11 19-9-603, AND 19-13-603, MCA; AND PROVIDING AN IMMEDIATE  
 12 EFFECTIVE DATE."

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

15 Section 1. Section 19-3-504, MCA, is amended to read:  
 16 "19-3-504. Absence due to illness or injury. (1) Time,  
 17 not to exceed 5 years, during which a member is absent from  
 18 service by reason of injury or illness determined within 1  
 19 year after the end of such absence as arising out of and in  
 20 the course of his employment shall be considered as spent in  
 21 service for the purpose of qualification for service  
 22 retirement benefits under Title 19, chapter 3, part 9, or  
 23 survivorship allowances under Title 19, chapter 3, part 12,  
 24 but not for the calculation of such benefits unless the  
 25 member complies with subsections (2) through (4) of this

1 section, in which case the absence shall be considered as  
 2 time spent in service for both the calculation and  
 3 qualification of benefits.

4 (2) (a) Any member absent because of an  
 5 employment-related injury which entitles him to workers'  
 6 compensation payments may contribute to the retirement  
 7 system, upon his return to service, an amount equal to the  
 8 contributions which would have been made by him to the  
 9 system on the basis of his compensation at the commencement  
 10 of his absence plus interest accruing from 1 year from the  
 11 date after he returns to covered employment to the date he  
 12 contributes for his period of absence.

13 (b) Whenever a member elects to contribute under  
 14 subsection (2)(a), the employer shall contribute an amount  
 15 equal to what its employer contributions would have been had  
 16 the member not been absent from service. In addition, the  
 17 employer may contribute an amount equal to the interest  
 18 accruing on the employer's contribution calculated in the  
 19 same manner as interest on the employee's contribution  
 20 under subsection (2)(a). If the employer elects not to pay  
 21 the interest costs, this amount must be paid by the  
 22 employee.

23 (3) At some time after returning to covered  
 24 employment, a member must file with the board a written  
 25 notice of his intent to pay the contributions under



1 subsection (2).

2 (4) Payment of the employee's contributions which are  
3 due because of the period of absence may be made in one sum  
4 at the time of filing the notice or on an installment basis  
5 not-to-exceed-24--monthly--payments before termination of  
6 covered employment.

7 (5) A member so absent loses his right to contribute  
8 under this section if all of his accumulated normal  
9 contributions are refunded pursuant to 19-3-703."

10 Section 2. Section 19-3-505, MCA, is amended to read:

11 "19-3-505. Qualification of service with employer. (1)  
12 Subject to the provisions of this section, any person who  
13 has service with an employer which is not creditable service  
14 may convert all or a portion of such service to membership  
15 service by filing written notice thereof with the board.

16 (2) (a) The person must pay to the retirement system  
17 the sum of the amount which he and his employer would have  
18 contributed during the period of service so converted if the  
19 employer had then been an employer and the interest which  
20 would have accumulated thereon to the time of such payment;  
21 provided that the employer may pay the employer's portion  
22 including accrued interest.

23 (b) The employer must establish a policy as to the  
24 retroactive employer contributions and apply this policy  
25 indiscriminately for all employees and former employees. All

1 employee appeals of discrimination will be subject to the  
2 determination of the board. All successful appeals will  
3 obligate the employer to pay the employer and employee  
4 contributions with accrued interest for that employee filing  
5 such appeal with the board. Each appeal will be heard on its  
6 individual merits and will not bind the employer to pay all  
7 retroactive payments for all former and present employees.

8 (3) A member may secure service credit not previously  
9 credited by submitting salary information certified by the  
10 member's employer or former employer to the board. The board  
11 will determine the eligibility of all service credit  
12 requests as prescribed in 19-3-304.

13 (4) Payment may be made in one sum at the time of  
14 filing notice or on an installment basis before termination  
15 of covered employment. installment--payments--shall--not  
16 exceed-24-monthly-payments--When-the-monthly-payment-exceeds  
17 5%--of--compensation--in--the--initial--month--of--payment,--the  
18 board--may--allow--smaller--payments--over--a--period--to--exceed--24  
19 months. Failure to make regular monthly payments in any  
20 month where the member receives his normal compensation  
21 shall thereafter forfeit such person's right to make any  
22 further installment payments, unless permission is granted  
23 to do so by the board."

24 Section 3. Section 19-7-306, MCA, is amended to read:

25 "19-7-306. Reinstatement after withdrawal of

1 contributions. (1) A member may deposit in the retirement  
 2 fund, in one sum or ~~in no more than 12 monthly or 24~~  
 3 ~~semimonthly payments on an installment basis before~~  
 4 termination of covered employment, an amount equal to that  
 5 which was withdrawn at the last termination of membership  
 6 plus an amount equal to the interest which would have been  
 7 credited to the account had the member not withdrawn the  
 8 contributions upon termination of membership, subject to  
 9 minimum monthly or semimonthly payments as fixed by the  
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11 (2) If a member who is reentering the retirement  
 12 system after a termination of membership does not elect to  
 13 make or does not make the redeposit, he must reenter as a  
 14 new member without credit for any service except the prior  
 15 service credited before the termination. If a member does  
 16 make the redeposit, his membership is continuous and  
 17 unbroken by the last termination.

18 (3) Regardless of whether the redeposit is made, the  
 19 documents held by the retirement system, as executed by the  
 20 member prior to termination of membership, shall be held by  
 21 the system for the same purposes as prior to the termination  
 22 and beneficiaries nominated shall remain unchanged."

23 Section 4. Section 19-9-603, MCA, is amended to read:  
 24 "19-9-603. Redeposit of amounts withdrawn upon  
 25 reinstatement. (1) Upon reinstatement to active membership,

1 a member may redeposit in the fund, in one lump sum or in  
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 7 contributions. If a member makes such a redeposit, his  
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3 NEW SECTION. Section 6. Extension of authority. Any  
4 existing authority of the public employees' retirement board  
5 to make rules on the subject of the provisions of this act  
6 is extended to the provisions of this act.

7 NEW SECTION. Section 7. Effective date. This act is  
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APPROVED BY COMMITTEE  
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 4 Richard E. Manning O'Connell  
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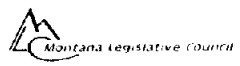
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-End-

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 4 *Richard E. Manning O'Connell*  
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BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 19-3-504, MCA, is amended to read:

"19-3-504. Absence due to illness or injury. (1) Time, not to exceed 5 years, during which a member is absent from service by reason of injury or illness determined within 1 year after the end of such absence as arising out of and in the course of his employment shall be considered as spent in service for the purpose of qualification for service retirement benefits under Title 19, chapter 3, part 9, or survivorship allowances under Title 19, chapter 3, part 12, but not for the calculation of such benefits unless the

member complies with subsections (2) through (4) of this section, in which case the absence shall be considered as time spent in service for both the calculation and qualification of benefits.

(2) (a) Any member absent because of an employment-related injury which entitles him to workers' compensation payments may contribute to the retirement system, upon his return to service, an amount equal to the contributions which would have been made by him to the system on the basis of his compensation at the commencement of his absence plus interest accruing from 1 year from the date after he returns to covered employment to the date he contributes for his period of absence.

(b) Whenever a member elects to contribute under subsection (2)(a), the employer shall contribute an amount equal to what its employer contributions would have been had the member not been absent from service. In addition, the employer may contribute an amount equal to the interest accruing on the employer's contribution calculated in the same manner as interest on the employee's contribution under subsection (2)(a). If the employer elects not to pay the interest costs, this amount must be paid by the employee.

(3) At some time after returning to covered employment, a member must file with the board a written



1 notice of his intent to pay the contributions under  
2 subsection (2).

3 (4) Payment of the employee's contributions which are  
4 due because of the period of absence may be made in one sum  
5 at the time of filing the notice or on an installment basis  
6 not-to-exceed-24-monthly-payments before termination of  
7 covered employment.

8 (5) A member so absent loses his right to contribute  
9 under this section if all of his accumulated normal  
10 contributions are refunded pursuant to 19-3-703."

11 Section 2. Section 19-3-505, MCA, is amended to read:

12 "19-3-505. Qualification of service with employer. (1)  
13 Subject to the provisions of this section, any person who  
14 has service with an employer which is not creditable service  
15 may convert all or a portion of such service to membership  
16 service by filing written notice thereof with the board.

17 (2) (a) The person must pay to the retirement system  
18 the sum of the amount which he and his employer would have  
19 contributed during the period of service so converted if the  
20 employer had then been an employer and the interest which  
21 would have accumulated thereon to the time of such payment;  
22 provided that the employer may pay the employer's portion  
23 including accrued interest.

24 (b) The employer must establish a policy as to the  
25 retroactive employer contributions and apply this policy

1 indiscriminately for all employees and former employees. All  
2 employee appeals of discrimination will be subject to the  
3 determination of the board. All successful appeals will  
4 obligate the employer to pay the employer and employee  
5 contributions with accrued interest for that employee filing  
6 such appeal with the board. Each appeal will be heard on its  
7 individual merits and will not bind the employer to pay all  
8 retroactive payments for all former and present employees.

9 (3) A member may secure service credit not previously  
10 credited by submitting salary information certified by the  
11 member's employer or former employer to the board. The board  
12 will determine the eligibility of all service credit  
13 requests as prescribed in 19-3-304.

14 (4) Payment may be made in one sum at the time of  
15 filing notice or on an installment basis before termination  
16 of covered employment. ~~Installment-payments-shall-not~~  
17 ~~exceed-24-monthly-payments-When-the-monthly-payment-exceeds~~  
18 ~~5%-of-compensation-in-the-initial-month-of-payment,-the~~  
19 ~~board-may-allow-smaller-payments-over-a-period-to-exceed-24~~  
20 ~~months- Failure to make regular monthly payments in any~~  
21 ~~month where the member receives his normal compensation~~  
22 ~~shall thereafter forfeit such person's right to make any~~  
23 ~~further installment payments, unless permission is granted~~  
24 ~~to do so by the board."~~

25 Section 3. Section 19-7-306, MCA, is amended to read:

1 "19-7-306. Reinstatement after withdrawal of  
 2 contributions. (1) A member may deposit in the retirement  
 3 fund, in one sum or ~~in no more than 12 monthly or 24~~  
 4 ~~semimonthly payments~~ on an installment basis before  
 5 termination of covered employment, an amount equal to that  
 6 which was withdrawn at the last termination of membership  
 7 plus an amount equal to the interest which would have been  
 8 credited to the account had the member not withdrawn the  
 9 contributions upon termination of membership, subject to  
 10 minimum monthly or semimonthly payments as fixed by the  
 11 board.

12 (2) If a member who is reentering the retirement  
 13 system after a termination of membership does not elect to  
 14 make or does not make the redeposit, he must reenter as a  
 15 new member without credit for any service except the prior  
 16 service credited before the termination. If a member does  
 17 make the redeposit, his membership is continuous and  
 18 unbroken by the last termination.

19 (3) Regardless of whether the redeposit is made, the  
 20 documents held by the retirement system, as executed by the  
 21 member prior to termination of membership, shall be held by  
 22 the system for the same purposes as prior to the termination  
 23 and beneficiaries nominated shall remain unchanged."

24 Section 4. Section 19-9-603, MCA, is amended to read:  
 25 "19-9-603. Redeposit of amounts withdrawn upon

1 reinstatement. (1) Upon reinstatement to active membership,  
 2 a member may redeposit in the fund, in one lump sum or in  
 3 installments ~~not to exceed 12 monthly or 24 semimonthly~~  
 4 ~~installments~~ before termination of covered employment, an  
 5 amount equal to the member contributions which he withdrew  
 6 plus an amount equal to the interest which would have been  
 7 credited to his account had he not withdrawn his member  
 8 contributions. If a member makes such a redeposit, his  
 9 credited service shall be reinstated.

10 (2) If an active member does not elect to make the  
 11 redeposit provided for in subsection (1), he forfeits his  
 12 credited service for the period attributable to the  
 13 withdrawn member contributions."

14 Section 5. Section 19-13-603, MCA, is amended to read:  
 15 "19-13-603. Redeposit of amounts withdrawn upon  
 16 reinstatement. (1) Upon reinstatement to active membership,  
 17 a member may redeposit in the fund, in one lump sum or in  
 18 installments ~~not to exceed 12 monthly or 24 semimonthly~~  
 19 ~~installments~~ before termination of covered employment, an  
 20 amount equal to the member contributions that he withdrew  
 21 plus an amount equal to the interest that would have been  
 22 credited to his account had he not withdrawn his member  
 23 contributions. If a member makes such a redeposit, his  
 24 credited service shall be reinstated.

25 (2) If an active member does not elect to make the



1   redeposit provided for in subsection (1), he forfeits his  
2   credited service for the period attributable to the  
3   withdrawn member contributions."

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

8       NEW SECTION. Section 7. Effective date. This act is  
9   effective on passage and approval.

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