HOUSE BILL NO. 89

INTRODUCED BY PECK, COBB, DRISCOLL, NELSON

BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION

IN THE HOUSE

JANUARY 6, 1989 INTRODUCED AND REFERRED TO COMMITTEE ON STATE ADMINISTRATION.

FIRST READING.

- JANUARY 18, 1989 COMMITTEE RECOMMEND BILL DO PASS. REPORT ADOPTED.
- JANUARY 19, 1989 POSTED ON CONSENT CALENDAR.

ENGROSSING REPORT.

JANUARY 21, 1989 CONSENT CALENDAR, QUESTIONS AND ANSWERS.

THIRD READING, PASSED. AYES, 93; NOES, 0.

TRANSMITTED TO SENATE.

IN THE SENATE

JANUARY 23, 1989

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INTRODUCED AND REFERRED TO COMMITTEE ON STATE ADMINISTRATION.

FIRST READING.

- MARCH 1, 1989 COMMITTEE RECOMMEND BILL BE CONCURRED IN AS AMENDED. REPORT ADOPTED.
- MARCH 3, 1989 SECOND READING, CONCURRED IN.
- MARCH 6, 1989 THIRD READING, CONCURRED IN. AYES, 50; NOES, 0.

RETURNED TO HOUSE.

IN THE HOUSE

MARCH 8, 1989

RECEIVED FROM SENATE.

SECOND READING, AMENDMENTS CONCURRED IN.

MARCH 9, 1989 THIRD READING, AMENDMENTS CONCURRED IN.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

SENT TO ENROLLING.

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REPORTED CORRECTLY ENROLLED.

House BILL NO. 89 1 INTRODUCED BY 2 BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION З. A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING AND 5 CLARIFYING THE PUBLIC EMPLOYEES' RETIREMENT LAWS: REVISING б AND CLARIFYING PROVISIONS OF THE PUBLIC EMPLOYEES', JUDGES', 7 HIGHWAY PATROLMEN'S, SHERIFFS', GAME WARDENS', MUNICIPAL я OFFICERS', AND FIREFIGHTERS' UNIFIED RETIREMENT 9 POLICE 10 SYSTEMS; AMENDING SECTIONS 19-3-512, 19-3-903, 19-3-905, 19-3-1201, 19-3-1204, 19-5-101, 19-6-501, 11 19-6-602, 19-7-101, 19-7-501, 19-7-602, 19-8-101, 19-8-601, 19-8-702, 12 19-9-801, 19-9-804, AND 19-13-701, MCA; AND PROVIDING A 13 RETROACTIVE APPLICABILITY DATE AND AN IMMEDIATE EFFECTIVE 14 15 DATE." 16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: 17

Section 1. Section 19-3-512, MCA, is amended to read: 18 *19-3-512. Qualification of service from other public 19 20 retirement systems. (1) A member with 5 or more years of creditable service in the public employees' retirement 21 system may qualify up to 5 years of public service 22 employment covered under a public retirement system other 23 24 than a system provided for in Title 19 for which he received 25 a refund of his membership contribution before-becoming-a

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1 member--of--the--public--employeesi--retirement--system. To
2 qualify this service, a member shall:

3 (a) at any time before his retirement make a written
4 election with the board to qualify the service; and

5 (b) contribute to the retirement fund the actuarial 6 cost of granting the service in the public employees' 7 retirement system, as determined by the board, based on;

8 (i) his compensation in his sixth year of service
9 covered under the public employees' retirement system; and
10 (ii) the normal contribution rate according to the most
11 recent actuarial valuation.

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

15 (3) Service qualified under this section may not be:
16 (a) credited in any other retirement system under
17 Title 19; or

18 (b) used to qualify a member to purchase military 19 service under 19-3-503.

(4) Service qualified under this section may not be
used in calculating a member's retirement allowance unless
his last 5 years of creditable service were earned under the
public employees' retirement system. If a member's
qualified service may not be used in calculating his
retirement allowance, he may choose to:

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(a) receive a refund of the contributions made to
 qualify the service; or

3 (b) apply the contributions made to qualify the
4 service under the provisions of 19-3-702."

5 Section 2. Section 19-3-903, MCA, is amended to read:
6 "19-3-903. Time of commencement of allowance. (1) The
7 board shall grant a retirement allowance to any member who
8 has fulfilled the eligibility requirements of 19-3-901 or
9 19-3-902 and filed the appropriate written application.

10 (2) (a) The Except as provided in subsections (2)(b) 11 and (2)(c), the retirement allowance must may commence on 12 the first day of the month following the member's last day 13 of membership service or, if requested by the member in 14 writing, on the first day of the month following receipt of 15 the written application.

16 (b) The retirement allowance for an eligible member 17 must commence no later than the first day of the month 18 following the member's 60th birthday.

19 (c) If an elected official's term of office expires 20 before the 15th day of the month, the official may elect to 21 retire on the first day of the last month of his term of 22 office. An official electing this option may not earn 23 service or salary credits in that month, and compensation 24 earned in that month is not subject to employee or employee 25 contributions." Section 3. Section 19-3-905, MCA, is amended to read: "19-3-905. Adjustment of allowance for certain members. The annual amount of retirement allowance payable to a person--who--was--a member on--duly-l7-19737-shall following his service retirement must be increased by the excess, if any, of the greater of (1) or (2), as follows, over 19-3-904(1)(b):

8 (1) the sum of a pension for prior service equal to 9 one-sixtieth of his final compensation multiplied by the 10 number of years of his prior service, an annuity which is 11 the actuarial equivalent of his accumulated normal 12 contributions with regular interest to the day his 13 retirement allowance commences, and a pension for membership 14 service equal to such annuity;

15 (2) if the member attained age 70 in service, the 16 lesser of \$480 or one-half of his final compensation."

17 Section 4. Section 19-3-1201, MCA, is amended to read: 18 "19-3-1201. Eligibility for death benefits. The Upon 19 receipt of a written application filed with the board by a 20 designated beneficiary, the board shall grant a death 21 benefit to the beneficiary of any member or former member 22 who dies in any of the following statuses:

23 (1) while in service;

24 (2) within 4 6 months after the discontinuance of
25 service but before retirement;

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(3) while a recipient of a retirement allowance
 because of disability, if such allowance has been in effect
 less than 4 6 months;

4 (4) while disabled, as defined in 19-3-1001, if he has
5 been continuously so disabled from the discontinuance of his
6 service but is not receiving a retirement allowance because
7 of the disability."

8 Section 5. Section 19-3-1204, MCA, is amended to read:
9 "19-3-1204. Survivorship allowance elected by
10 beneficiary. (1) A beneficiary eligible to receive a death
11 benefit may elect, by written application, a survivorship
12 allowance instead, if all of the following conditions are
13 met:

14 (a) The member on behalf of whom the death benefit is15 payable had completed 5 years of creditable service.

(b) The beneficiary is a natural person of-legal-age.
(c) The beneficiary elects the survivorship allowance
within 90 days of receipt of notice from the board that he
is eligible to receive the death benefit.

(2) The-conditions-listed-in-subsection--(1)-do--not
apply-to--a-survivorship-allowance-granted-under-19-3-1305;
(a) If the beneficiary is a minor, the custodian designated
in 19-3-1304 may, on the minor's behalf, file a written
application with the board.

25 (b) If no application is filed on the minor's behalf,

the beneficiary may file a written application upon reaching 1 the age of majority. For the purposes of this subsection 2 3 (b), the survivorship allowance provided for in 19-3-1205 must be calculated as if the member had died on the last day 4 5 of the month before the month in which the application was 6 filed." Section 6. Section 19-5-101, MCA, is amended to read: 7 "19-5-101. Definitions. Unless a different meaning is 8 plainly implied by the context, the following definitions 9 10 apply in this chapter: 11 (1) "Accumulated deductions" means the total of the amounts deducted from the salary of a contributor, paid into 12 13 the fund, and standing to his credit in the fund, together 14 with the regular interest thereon. (2) "Actuarial equivalent" means a benefit of equal 15 value when computed upon the basis of the 1971 Group Annuity 16 17 Mortality Table, with ages set back 4 years and an interest rate of 8% compounded annually. 18 19 (3) "Beneficiary" means the person whom the contributor nominates by written designation, 20 duł∀ acknowledged witnessed and filed with the board. 21 22 (4) "Board" means the public employees' retirement 23 board. 24 (5) "Contributor" means any person who has accumulated 25 deductions in the fund standing to his credit.

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1	(6) "Final salary" means the annual current salary for	1	completed 20 years or more of creditable service.
2	the office retired from.	2	(2) A member eligible to receive a retirement
3	(7) "Fund" means the Montana judges' retirement system	3	allowance, as provided in subsection (1), must apply in
4	pension trust fund.	4	writing to the department settingforth-at-what-time-he
5	(8) "Involuntary retirement" means a retirement not	5	desires-to-be-retired,-which-may-not-be-less-than-30-days-or
6	for cause and before retirement age.	6	more-than-90-days-subsequent-to-the-filing-thereof.
7	(9) "Member's annuity" means payments for life derived	7	(3) (a) The Except as provided in subsection (3)(b),
8	from contributions made by the contributor.	8	the retirement allowance must may commence on the first day
9	{}0}-"Penalty-retirement-age"-means-70-years-of-age .	9	of the month following the member's last day of covered
10	(11) "Retired judge" means any judge or justice in	10	employment or, if requested by the member in writing, on the
11	receipt of a retirement allowance under this chapter.	11	first day of the month following receipt of the written
12	(12)(11) "Retirement allowance" means the state annuity	12	application.
13	plus the member's annuity.	13	(b) The retirement allowance for an eligible member
14	<pre>(13)(12) "State annuity" means payments for life</pre>	14	must commence no later than the first day of the month
15	derived from contributions made by the state of Montana."	15	following the member's 60th birthday."
16	Section 7. Section 19-6-501, MCA, is amended to read:	16	Section 8. Section 19-6-602, MCA, is amended to read:
17	"19-6-501. Eligibility and application for service	17	"19-6-602. Nomination of beneficiary. (1) Every member
18	retirement allowance commencement of allowance. (1) (a)	18	may name a beneficiary who is eligible to receive a
19	A member first employed by the Montana highway patrol on or	19	retirement allowance if there is no surviving spouse or
20	before July 1, 1985, is eligible to receive a service	20	dependent child. Nomination is by written designation, duly
21	retirement allowance after completing 20 years or more of	21	acknowledged witnessed and filed with the department, and
22	creditable service.	22	may be changed in like manner.
23	(b) A member first employed by the Montana highway	23	(2) Nothing in this section affects the right of a
24	patrol after July 1, 1985, is eligible to receive a service	24	surviving spouse or dependent child to receive a retirement

25 allowance."

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retirement allowance when he has reached age 50 and has

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Section 9. Section 19-7-101, MCA, is amended to read:
 "19-7-101. Definitions. Unless the context requires
 otherwise, the following definitions apply in this chapter:
 (1) "Account" means the Montana sheriffs' retirement
 pension trust fund administered by the board.

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

(3) "Actuarial equivalent" means a benefit of equal
value when computed upon the basis of the 1971 Group Annuity
Mortality Table, with ages set back 4 years and an interest
rate of 8% compounded annually.

17 (4) "Beneficiary" means a person who is nominated by
18 the member in an-acknowledged <u>a witnessed</u> document which--is
19 filed with the board.

20 (5) "Board" means the public employees' retirement21 board.

22 (6) "Creditable service" means the aggregate of all of23 a member's current and prior service.

24 (7) "Death benefit" means a monthly annuity or25 lump-sum payment made to a beneficiary on behalf of a member

1 who dies before retirement.

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

17 (10) "Member's annuity" means payments for life derived18 from contributions made by the member while employed.

19 (11) "Membership service" means service for which an 20 amount is deducted from the salary of a member and paid into 21 the account.

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

25 (13) "Retired sheriff" means a person receiving a

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1	retirement allowance under this chapter.	1	writing, on the first day of the month following receipt of
2	(14) "Retirement allowance" means the state annuity	2	the written application.
3	plus the member's annuity.	3	(b) The retirement allowance for an eligible member
4	(15) "Service" means employment as a sheriff.	4	must commence no later than the first day of the month
5	(16) "Sheriff" means any elected or appointed county	5	following the member's 65th birthday.
6	sheriff, undersheriff, or regularly appointed and acting	6	(c) If an elected official's term of office expires
7	deputy sheriff.	7	before the 15th day of the month, the official may elect to
8	(17) "State annuity" means payments for life derived	8	retire on the first day of the last month of his term of
9	from county contributions into the sheriffs' retirement	9	office. An official electing this option may not earn
10	account, together with any supplemental legislative	10	service or salary credits in that month, and compensation
11	appropriations to the account.	11	earned in that month is not subject to employer or employee
12	(18) "Vested retirement" means a retirement not for	12	contributions."
13	cause and before retirement age."	13	Section 11. Section 19-7-602, MCA, is amended to read:
14	Section 10. Section 19-7-501, MCA, is amended to read:	14	"19-7-602. Designation of beneficiary. Every member
15	"19-7-501. Eligibility and application for service	15	may name a beneficiary by a written acknowledged
16	retirement commencement of allowance. (1) A sheriff in	16	designation, witnessed and properly filed with the board,
17	service who has completed at least 25 years of service and	17	and change the beneficiary in like manner. The designation
18	who has reached the age of 55 years may retire on a service	18	and any changes may be filed with the board up until but not
19	retirement allowance upon written application to the board $_7$	19	after the time of retirement."
20	submitted-not-less-than-30-days-or-more-than90daysfrom	20	Section 12. Section 19-8-101, MCA, is amended to read:
21	the-desired-date-of-retirement.	21	"19-8-101. Definitions. Unless the context requires
22	(2) (a) The Except as provided in subsections (2)(b)	22	otherwise, the following definitions apply in this chapter:
23	and (2)(c), the retirement allowance must may commence on	23	(1) "Account" means the Montana state game wardens'
24	the first day of the month following the member's last day	24	retirement pension trust fund.
25	of membership service or, if requested by the member in	25	(2) "Accumulated deductions" or "accumulated

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contributions" means the sum of all contributions standing
 to the credit of a member's individual account together with
 the regular interest thereon.

4 (3) "Actuarial equivalent" means a benefit of equal 5 value when computed upon the basis of the 1971 Group Annuity 6 Mortality Table, with ages set back 4 years and an interest 7 rate of 8% compounded annually.

8 (4) "Beneficiary" means a person nominated to receive
9 benefits under this chapter by a member's written
10 designation, dwly-acknowledged witnessed and filed with the
11 board.

12 (5) "Board" means the public employees' retirement13 board.

14 (6) "Contributor" means any person who has accumulated15 deductions in the account standing to his credit.

16 (7) "Final salary" means the average annual compensation received by a contributor, before any 17 18 deductions have been made and exclusive of maintenance. 19 allowances, and expenses, for any 3 years of continuous 20 service upon which contributions have been made or, in the event a member has not served 3 years, the total retirement 21 compensation earned divided by the number of years served. 22 23 Lump-sum payments for sick leave and annual leave paid to an employee upon termination of employment may be used in the 24 calculation of a retirement allowance only to the extent 25

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

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

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

9 (10) "Retirement allowance" means the state annuity10 plus the member's annuity.

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

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

19 Section 13. Section 19-8-601, MCA, is amended to read: 20 "19-8-601. Time of retirement -- commencement of 21 allowance. (1) Any member in service who has completed at 22 least 20 years of creditable service and who has reached the 23 age of 50 years may retire on service retirement allowance 24 upon written application to the board setting-forth-at--what 25 timer--not-less-than-30-days-or-more-than-90-days-subsequent

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1	to-the-filing-thereofy-he-desires-to-be-retired.	1	rank.
2	(2) (a) The Except as provided in subsection (2)(b),	2	(2) A member who was or is first employed by an
3	the retirement allowance must may commence on the first day	3	employer as a police officer after July 1, 1975, is eligible
4	of the month following the member's last day of covered	4	to receive a service retirement allowance when he has
5	employment or, if requested by the member in writing, on the	5	reached the age of 50 and has completed 20 years or more in
6	first day of the month following receipt of the written	6	the aggregate as a probationary officer, a regular officer,
7	application.	7	or a special officer, in any capacity or rank.
8	(b) The retirement allowance for an eligible member	8	(3) (a) The Except as provided in subsection (3)(b),
9	must commence no later than the first day of the month	9	the retirement allowance must may commence on the first day
10	following the member's 60th birthday."	10	of the month following the member's last day of membership
11	Section 14. Section 19-8-702, MCA, is amended to read:	11	service or, if requested by the member in writing, on the
12	"19-8-702. Nomination of beneficiary. Each contributor	12	first day of the month following receipt of the written
13	may name his beneficiary by written designation, duly	13	application.
14	acknowledged witnessed and filed with the board, and may	14	(b) The retirement allowance for an eligible member
15	change the beneficiary in like manner. The designation and	15	must commence no later than the first day of the month
16	all changes must be filed with the board."	16	following the member's 55th birthday."
17	Section 15. Section 19-9-801, MCA, is amended to read:	17	Section 16. Section 19-9-804, MCA, is amended to read:
18	"19-9-801. Eligibility for service retirement	18	"19-9-804. Amount of service retirement allowance
19	commencement of allowance. Members are eligible for	19	continuation of allowance after death of member. (1) A
20	retirement and shall retire as provided in this section:	20	police officer who is eligible under subsection (1) or (2)
21	(1) A member who was employed by an employer as a	21	of 19-9-801 and does not elect to serve any additional years
22	police officer on July 1, 1975, is eligible to receive a	22	as an active police officer shall receive a service
23	service retirement allowance when he has completed 20 years	23	retirement allowance equal to one-half his final average
24	or more in the aggregate as a probationary officer, a	24	salary.
25	regular officer, or a special officer, in any capacity or	25	(2) A police officer who is eligible for service

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retirement after 20 years of service and who elects to serve additional years shall receive the allowance provided for in subsection (1) plus an additional 1% of such-allowance-per his final average salary for each year of additional service, up to a maximum of 60% of the his final average salary.

(3) Upon the death of a police officer receiving a 7 retirement allowance under this section, his service я surviving spouse, if there is one, shall, for as long as the 9 spouse remains unmarried, receive from the fund a sum equal 10 to one-half of the officer's final average salary. If the 11 officer leaves one or more dependent children, then upon his 12 death, if he leaves no surviving spouse or upon the death or 13 remarriage of the surviving spouse, the officer's surviving 14 dependent child, or children collectively if there are more 15 than one, shall receive the same monthly payments a 16 surviving spouse would receive for as long as the child or 17 one of the children remains dependent as defined in 18 The payments must be made to the child's 19 - 9 - 104. 19 appointed guardian for the child's use. If there is more 20 than one dependent child, upon each child no longer 21 qualifying as dependent under 19-9-104, the pro rata 22 payments to that child must cease and be made to the 23 remaining children until all the children are no longer 24 dependent." 25

Section 17. Section 19-13-701, MCA, is amended to
 read:

3 "19-13-701. Eligibility for service retirement --4 commencement of allowance. (1) A member who has reached age
5 50 and has completed 10 years or more in the aggregate as a
6 firefighter in any capacity or rank is eligible for service
7 retirement commencing on the first day of the month
8 following the member's last day of membership service.

9 (2) A member who terminates active service before age 10 50 and keeps his contributions on deposit under 19-13-304 is 11 eligible for service retirement commencing on the first day 12 of the month coinciding with or immediately following, if 13 none coincides, the date on which he reaches age 50.

14 (3) A member eligible under subsection (1) or (2) may 15 file a written application with the board requesting that 16 his retirement allowance commence on the first day of the 17 month following receipt of the application. However, the 18 retirement allowance must commence no later than the first 19 day of the month following the member's 55th birthday."

20 Section 18. Extension of authority. Any existing 21 authority to make rules on the subject of the provisions of 22 [this act] is extended to the provisions of [this act].

23 Section 19. Retroactive applicability. [This act] 24 applies retroactively, within the meaning of 1-2-109, to 25 persons who were members of the retirement systems on or

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- 1 after January 1, 1989.
- 2 Section 20. Effective date. [This act] is effective on
- 3 passage and approval.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB089, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act generally revising and clarifying the Public Employees' Retirement Laws; revising and clarifying provisions of the Public Employees', Judges', Highway Patrolmen's, Sheriff's, Game Wardens', Municipal Police Officers', and Firefighters' Unified Retirement Systems.

ASSUMPTIONS:

- 1. Individual PERS members are required to pay the actuarial cost of purchasing service under 19-3-512, MCA; the proposed change will not affect general contribution rates required to fund the system. (Section 1.)
- 2. The various amendments allowing members to voluntarily put-off their effective retirement dates will have no cost since early retirements are actuarially equivalent to regular retirements. (Sec. 2, 7, 10, 13, 15 & 17)
- 3. The amendment extending the provisions of 19-3-905, MCA to all members is not expected to significantly change the refunding of member contributions. Further, the benefit provided is the actuarial equivalent of the member's contributions plus interest, matched by an equal state share (for which state contributions are already on deposit. For these reasons, this provision is not expected to require additional contributions. (Sec. 3)
- 4. Since the Board currently pays survivorship benefits upon the individual petition of the beneficiaries of members who die within 6 months of terminating active employment, codifying this provision will not change the actuarial experience of the retirement system. (Section 4)
- 5. Currently 207 PERS survivorship annuities, averaging \$4,954/year, are paid by PERS. Each year, no more than 3 minors become PERS beneficiaries. It is expected than no more than 1 minor would elect to receive a survivorship annuity instead of the lump sum death benefit each biennium. Such an occurrence would not have an actuarial impact on the retirement system, with assets of approximately \$750 Million, and would not require any increase in contribution rates to fund such a benefit. (Section 5)
- 6. Requiring designation of beneficiaries to be witnessed rather than notarized will have no impact on benefits paid under the system. (Sections 6, 8, 9, 11, 12, and 14)
- 7. The amendment to 19-9-804, MCA defining the calculation of retirement allowances in the Municipal Police Retirement System represents the current practice; therefore, there is no cost or savings because of this amendment. (Section 16)

FISCAL IMPACT: None

RAY/SHACKLEFORD, BUDGET DIRECTOR DATE OFFICE OF BUDGET AND PROGRAM PLANNING

RAY PECK, PRIMARY SPONSOR

Date

Fiscal Note for HB089, as introduced



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House BILL NO. 89 1 INTRODUCED BY 2 3 BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION 4 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING AND 5 б CLARIFYING THE PUBLIC EMPLOYEES' RETIREMENT LAWS: REVISING 7 AND CLARIFYING PROVISIONS OF THE PUBLIC EMPLOYEES', JUDGES', HIGHWAY PATROLMEN'S, SHERIFFS', GAME WARDENS', MUNICIPAL 8 9 POLICE OFFICERS', AND FIREFIGHTERS' UNIFIED RETIREMENT 10 SYSTEMS; AMENDING SECTIONS 19-3-512, 19-3-903, 19-3-905. 19-3-1201, 19-3-1204, 19-5-101, 19-6-501, 11 19-6-602. 12 19-7-101, 19-7-501, 19-7-602, 19-8-101, 19-8-601, 19-8-702, 13 19-9-801, 19-9-804, AND 19-13-701, MCA; AND PROVIDING A 14 RETROACTIVE APPLICABILITY DATE AND AN IMMEDIATE EFFECTIVE DATE." 15

16

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

Section 1. Section 19-3-512, MCA, is amended to read: 18 *19-3-512. Qualification of service from other public 19 20 retirement systems. (1) A member with 5 or more years of 21 creditable service in the public employees' retirement 22 system may qualify up to 5 years of public service employment covered under a public retirement system other 23 24 than a system provided for in Title 19 for which he received 25 a refund of his membership contribution before-becoming-a

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member--of--the--public--employees---retirement--system. To 1 2 qualify this service, a member shall:

٦ (a) at any time before his retirement make a written 4 election with the board to qualify the service; and

(b) contribute to the retirement fund the actuarial 5 cost of granting the service in the public employees' 6 7 retirement system, as determined by the board, based on:

(i) his compensation in his sixth year of service 8 9 covered under the public employees' retirement system; and 10 (ii) the normal contribution rate according to the most recent actuarial valuation.

12 (2) Contributions to gualify service under this 13 section may be made in a lump-sum payment or in installments 14 as agreed upon by the member and the board.

15 (3) Service gualified under this section may not be: (a) credited in any other retirement system under 16 Title 19: or 17

18 (b) used to qualify a member to purchase military 19 service under 19-3-503.

(4) Service qualified under this section may not be 20 used in calculating a member's retirement allowance unless 21 22 his last 5 years of creditable service were earned under the public employees' retirement system. If a member's 23 24 qualified service may not be used in calculating his retirement allowance, he may choose to: 25

> THIRD READING -2-CONSENT CALENDAR

(a) receive a refund of the contributions made to
 qualify the service; or

3 (b) apply the contributions made to qualify the
4 service under the provisions of 19-3-702."

Section 2. Section 19-3-903, MCA, is amended to read:
"19-3-903. Time of commencement of allowance. (1) The
board shall grant a retirement allowance to any member who
has fulfilled the eligibility requirements of 19-3-901 or
19-3-902 and filed the appropriate written application.

10 (2) (a) The Except as provided in subsections (2)(b) 11 and (2)(c), the retirement allowance must may commence on 12 the first day of the month following the member's last day 13 of membership service or, if requested by the member in 14 writing, on the first day of the month following receipt of 15 the written application.

16 (b) The retirement allowance for an eligible member
17 must commence no later than the first day of the month
18 following the member's 60th birthday.

19 (c) If an elected official's term of office expires 20 before the 15th day of the month, the official may elect to 21 retire on the first day of the last month of his term of 22 office. An official electing this option may not earn 23 service or salary credits in that month, and compensation 24 earned in that month is not subject to employee or employee 25 contributions."

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Section 3. Section 19-3-905, MCA, is amended to read: "19-3-905. Adjustment of allowance for certain members. The annual amount of retirement allowance payable to a person--who--was--a member on--July--17-19737-shall following his service retirement must be increased by the excess, if any, of the greater of (1) or (2), as follows, over 19-3-904(1)(b):

8 (1) the sum of a pension for prior service equal to 9 one-sixtieth of his final compensation multiplied by the 10 number of years of his prior service, an annuity which is 11 the actuarial equivalent of his accumulated normal 12 contributions with regular interest to the day his 13 retirement allowance commences, and a pension for membership 14 service equal to such annuity;

15 (2) if the member attained age 70 in service, the 16 lesser of \$480 or one-half of his final compensation."

Section 4. Section 19-3-1201, MCA, is amended to read:
"19-3-1201. Eligibility for death benefits. The Upon
receipt of a written application filed with the board by a

20 designated beneficiary, the board shall grant a death

21 benefit to the beneficiary of any member or former member

22 who dies in any of the following statuses:

23 (1) while in service;

24 (2) within 4 6 months after the discontinuance of
25 service but before retirement;

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(3) while a recipient of a retirement allowance
 because of disability, if such allowance has been in effect
 less than 4 6 months;

4 (4) while disabled, as defined in 19-3-1001, if he has
5 been continuously so disabled from the discontinuance of his
6 service but is not receiving a retirement allowance because
7 of the disability."

8 Section 5. Section 19-3-1204, MCA, is amended to read:
 9 "19-3-1204. Survivorship allowance elected by
 10 beneficiary. (1) A beneficiary eligible to receive a death
 11 benefit may elect, by written application, a survivorship
 12 allowance instead, if all of the following conditions are
 13 met:

14 (a) The member on behalf of whom the death benefit is15 payable had completed 5 years of creditable service.

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(b) The beneficiary is a natural person of-legal-age.

17 (c) The beneficiary elects the survivorship allowance
18 within 90 days of receipt of notice from the board that he
19 is eligible to receive the death benefit.

(2) The-conditions-listed-in--subsection--(1)--do--not
apply--to--a-survivorship-allowance-granted-under-19-3-1305;
(a) If the beneficiary is a minor, the custodian designated
in 19-3-1304 may, on the minor's behalf, file a written
application with the board.

25 (b) If no application is filed on the minor's behalf,

the beneficiary may file a written application upon reaching 1 the age of majority. For the purposes of this subsection 2 (b), the survivorship allowance provided for in 19-3-1205 3 must be calculated as if the member had died on the last day 4 5 of the month before the month in which the application was б filed." 7 Section 6. Section 19-5-101, MCA, is amended to read: "19-5-101. Definitions. Unless a different meaning is 8 plainly implied by the context, the following definitions 9 10 apply in this chapter: (1) "Accumulated deductions" means the total of the 11 amounts deducted from the salary of a contributor, paid into 12 13 the fund, and standing to his credit in the fund, together with the regular interest thereon. 14 15 (2) "Actuarial equivalent" means a benefit of equal 16 value when computed upon the basis of the 1971 Group Annuity 17 Mortality Table, with ages set back 4 years and an interest rate of 8% compounded annually. 18 19 (3) "Beneficiary" means the person whom the 20 contributor nominates by written designation, duły 21 acknowledged witnessed and filed with the board. 22 (4) "Board" means the public employees' retirement 23 board.

24 (5) "Contributor" means any person who has accumulated25 deductions in the fund standing to his credit.

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1 (6) "Final salary" means the annual current salary for 1 2 the office retired from. 2 3 (7) "Fund" means the Montana judges' retirement system 3 pension trust fund. ۵ 4 (8) "Involuntary retirement" means a retirement not 5 5 for cause and before retirement age. б 6 7 (9) "Member's annuity" means payments for life derived 7 8 from contributions made by the contributor. 8 9 (10)-"Penalty-retirement-age"-means-70-years-of-age-9 10 (10) "Retired judge" means any judge or justice in 10 11 receipt of a retirement allowance under this chapter. 11 12 (12)(11) "Retirement allowance" means the state annuity 12 13 plus the member's annuity. 13 14 (13)(12) "State annuity" means payments for life 14 15 derived from contributions made by the state of Montana." 15 Section 7. Section 19-6-501, MCA, is amended to read: 16 16 17 *19-6-501. Eligibility and application for service 17 18 retirement allowance -- commencement of allowance. (1) (a) 18 19 A member first employed by the Montana highway patrol on or 19 20 before July 1, 1985, is eligible to receive a service 20 21 retirement allowance after completing 20 years or more of 21 22 creditable service. 22 23 (b) A member first employed by the Montana highway 23 24 patrol after July 1, 1985, is eligible to receive a service 24

completed 20 years or more of creditable service. (2) A member eligible to receive a retirement allowance, as provided in subsection (1), must apply in writing to the department setting--forth-at-what-time-he desires-to-be-retired,-which-may-not-be-less-than-30-days-or more-than-90-days-subsequent-to-the-filing-thereof. (3) (a) The Except as provided in subsection (3)(b), the retirement allowance must may commence on the first day of the month following the member's last day of covered employment or, if requested by the member in writing, on the first day of the month following receipt of the written application. (b) The retirement allowance for an eligible member must commence no later than the first day of the month following the member's 60th birthday." Section 8. Section 19-6-602, MCA, is amended to read: "19~6-602. Nomination of beneficiary. (1) Every member may name a beneficiary who is eligible to receive a retirement allowance if there is no surviving spouse or dependent child. Nomination is by written designation, duly acknowledged witnessed and filed with the department, and may be changed in like manner. (2) Nothing in this section affects the right of a surviving spouse or dependent child to receive a retirement

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allowance."

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retirement allowance when he has reached age 50 and has

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Section 9. Section 19-7-101, MCA, is amended to read:
 "19-7-101. Definitions. Unless the context requires
 otherwise, the following definitions apply in this chapter:
 (1) "Account" means the Montana sheriffs' retirement
 pension trust fund administered by the board.

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

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

17 (4) "Beneficiary" means a person who is nominated by
18 the member in an-acknowledged <u>a witnessed</u> document which--is
19 filed with the board.

20 (5) "Board" means the public employees' retirement21 board.

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

24 (7) "Death benefit" means a monthly annuity or25 lump-sum payment made to a beneficiary on behalf of a member

1 who dies before retirement.

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

17 (10) "Member's annuity" means payments for life derived18 from contributions made by the member while employed.

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

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

25 (13) "Retired sheriff" means a person receiving a

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1	writing, on the first day of the month following receipt of
2	the written application.
3	(b) The retirement allowance for an eligible member
4	must commence no later than the first day of the month
5	following the member's 65th birthday.
6	(c) If an elected official's term of office expires
7	before the 15th day of the month, the official may elect to
8	retire on the first day of the last month of his term of
9	office. An official electing this option may not earn
10	service or salary credits in that month, and compensation
11	earned in that month is not subject to employer or employee
12	contributions."
13	Section 11. Section 19-7-602, MCA, is amended to read:
14	"19-7-602. Designation of beneficiary. Every member
15	may name a beneficiary by a written acknowledged
16	designation, witnessed and properly filed with the board,
17	and change the beneficiary in like manner. The designation
18	and any changes may be filed with the board up until but not
19	after the time of retirement."
20	Section 12. Section 19-8-101, MCA, is amended to read:
21	"19-8-101. Definitions. Unless the context requires
22	otherwise, the following definitions apply in this chapter:

retirement pension trust fund.

(2) "Accumulated

(2) (a) The Except as provided in subsections (2)(b) and (2)(c), the retirement allowance must may commence on the first day of the month following the member's last day

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(1) "Account" means the Montana state game wardens'

deductions"

or

"accumulated

retirement allowance under this chapter. 1

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(14) "Retirement allowance" means the state annuity 2 3 plus the member's annuity.

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

5 (16) "Sheriff" means any elected or appointed county 6 sheriff, undersheriff, or regularly appointed and acting 7 deputy sheriff.

8 (17) "State annuity" means payments for life derived 9 from county contributions into the sheriffs' retirement account, together with any 10 supplemental legislative 11 appropriations to the account.

12 (18) "Vested retirement" means a retirement not for 13 cause and before retirement age."

14 Section 10. Section 19-7-501, MCA, is amended to read: *19-7-501. Eligibility and application for service 15 16 retirement -- commencement of allowance. (1) A sheriff in 17 service who has completed at least 25 years of service and 18 who has reached the age of 55 years may retire on a service 19 retirement allowance upon written application to the board, 20 submitted-not-less-than-30-days-or-more-than--90--days--from 21 the-desired-date-of-retirement.

22 23 24 25 of membership service or, if requested by the member in

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contributions" means the sum of all contributions standing
 to the credit of a member's individual account together with
 the regular interest thereon.

4 (3) "Actuarial equivalent" means a benefit of equal 5 value when computed upon the basis of the 1971 Group Annuity 6 Mortality Table, with ages set back 4 years and an interest 7 rate of 8% compounded annually.

8 (4) "Beneficiary" means a person nominated to receive 9 benefits under this chapter by a member's written 10 designation, duly-acknowledged witnessed and filed with the 11 board.

12 (5) "Board" means the public employees' retirement13 board.

14 (6) "Contributor" means any person who has accumulated15 deductions in the account standing to his credit.

16 (7) "Final salary" means the average annual 17 compensation received by a contributor, before any deductions have been made and exclusive of maintenance, 18 19 allowances, and expenses, for any 3 years of continuous 20 service upon which contributions have been made or, in the 21 event a member has not served 3 years, the total retirement 22 compensation earned divided by the number of years served. 23 Lump-sum payments for sick leave and annual leave paid to an employee upon termination of employment may be used in the 24 25 calculation of a retirement allowance only to the extent

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

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

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

9 (10) "Retirement allowance" means the state annuity10 plus the member's annuity.

11 (11) "State annuity" means payments for life derived 12 from contributions made by the state from department of 13 fish, wildlife, and parks moneys.

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

19 Section 13. Section 19-8-601, MCA, is amended to read: 20 "19-8-601. Time of retirement -- commencement of 21 allowance. (1) Any member in service who has completed at 22 least 20 years of creditable service and who has reached the 23 age of 50 years may retire on service retirement allowance 24 upon written application to the board setting-forth-at--what 25 time;--not-less-than-30-days-or-more-than-90-days-subsequent

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1	to-the-filing-thereofy-he-desires-to-be-retired.
2	(2) (a) The Except as provided in subsection (2)(b),
3	the retirement allowance must may commence on the first day
4	of the month following the member's last day of covered
5	employment or, if requested by the member in writing, on the
6	first day of the month following receipt of the written
7	application.
8	(b) The retirement allowance for an eligible member
9	must commence no later than the first day of the month
10	following the member's 60th birthday."
11	Section 14. Section 19-8-702, MCA, is amended to read:
12	*19-8-702. Nomination of beneficiary. Each contributor
13	may name his beneficiary by written designation, duly
14	acknowledged witnessed and filed with the board, and may
15	change the beneficiary in like manner. The designation and
	all changes must be filed with the board."
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16 17	Section 15. Section 19-9-801, MCA, is amended to read:
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17	Section 15. Section 19-9-801, MCA, is amended to read:
17 1 8	Section 15. Section 19-9-801, MCA, is amended to read: "19-9-801. Eligibility for service retirement
17 18 19	Section 15. Section 19-9-801, MCA, is amended to read: "19-9-801. Eligibility for service retirement commencement of allowance. Members are eligible for

l rank.

(2) A member who was or is first employed by an
employer as a police officer after July 1, 1975, is eligible
to receive a service retirement allowance when he has
reached the age of 50 and has completed 20 years or more in
the aggregate as a probationary officer, a regular officer,
or a special officer, in any capacity or rank.

- 8 (3) (a) The Except as provided in subsection (3)(b), the retirement allowance must may commence on the first day 9 of the month following the member's last day of membership 10 11 service or, if requested by the member in writing, on the first day of the month following receipt of the written 12 13 application. (b) The retirement allowance for an eligible member 14 must commence no later than the first day of the month 15 16
- following the member's 55th birthday."
 Section 16. Section 19-9-804, MCA, is amended to read:

18 "19-9-804. Amount of service retirement allowance --19 continuation of allowance after death of member. (1) A 20 police officer who is eligible under subsection (1) or (2) 21 of 19-9-801 and does not elect to serve any additional years 22 as an active police officer shall receive a service 23 retirement allowance equal to one-half his final average 24 salary.

25 (2) A police officer who is eligible for service

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service retirement allowance when he has completed 20 years

or more in the aggregate as a probationary officer, a

regular officer, or a special officer, in any capacity or

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retirement after 20 years of service and who elects to serve additional years shall receive the allowance provided for in subsection (1) plus an additional 1% of such-allowance-per <u>his final average salary for each year of additional</u> service, up to a maximum of 60% of the <u>his</u> final average salary.

7 (3) Upon the death of a police officer receiving a R service retirement allowance under this section, his 9 surviving spouse, if there is one, shall, for as long as the 10 spouse remains unmarried, receive from the fund a sum equal 11 to one-half of the officer's final average salary. If the 12 officer leaves one or more dependent children, then upon his death, if he leaves no surviving spouse or upon the death or 13 remarriage of the surviving spouse, the officer's surviving 14 dependent child, or children collectively if there are more 15 16 than one, shall receive the same monthly payments a 17 surviving spouse would receive for as long as the child or 18 one of the children remains dependent as defined in 19-9-104. 19 The payments must be made to the child's appointed guardian for the child's use. If there is more 20 than one dependent child, upon each child no longer 21 22 qualifying as dependent under 19-9-104, the pro rata 23 payments to that child must cease and be made to the 24 remaining children until all the children are no longer 25 dependent."

Section 17. Section 19-13-701, MCA, is amended to
 read:

3 "19-13-701. Eligibility for service retirement -4 commencement of allowance. (1) A member who has reached age
5 50 and has completed 10 years or more in the aggregate as a
6 firefighter in any capacity or rank is eligible for service
7 retirement commencing on the first day of the month
8 following the member's last day of membership service.

9 (2) A member who terminates active service before age 10 50 and keeps his contributions on deposit under 19-13-304 is 11 eligible for service retirement commencing on the first day 12 of the month coinciding with or immediately following, if 13 none coincides, the date on which he reaches age 50.

(3) A member eligible under subsection (1) or (2) may 14 15 file a written application with the board requesting that 16 his retirement allowance commence on the first day of the 17 month following receipt of the application. However, the retirement allowance must commence no later than the first 18 day of the month following the member's 55th birthday." 19 20 Section 18. Extension of authority. Any existing authority to make rules on the subject of the provisions of 21 22 [this act] is extended to the provisions of [this act].

23 Section 19. Retroactive applicability. [This act]
24 applies retroactively, within the meaning of 1-2-109, to
25 persons who were members of the retirement systems on or

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- 1 after January 1, 1989.
- 2 Section 20. Effective date. [This act] is effective on
- 3 passage and approval.

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SENATE STANDING COMMITTEE REPORT

page 1 of 3 March 1, 1989

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MR. PRESIDENT:

1. Page 1, line 22.

We, your committee on State Administration, having had under consideration HB 89 (third reading copy -- blue), respectfully report that HB 89 be amended and as so amended be concurred in:

Sponsor: Peck (Harding)

Strike: "up" through "of" Insert: ": (a)" 2. Page 2, line 1. Following: "system" Insert: "; and (b) public service employment that occurred before the public employer adopted a public retirement system" Following: Insert: "(2) A member may not qualify more than 5 years of service under this section." Renumber: subsequent subsections 3. Page 3, line 9. Following: "19-3-902" Insert: ", terminated covered employment," 4. Page 3, line 13. Following: "the" Insert: "terminated" 5. Page 3, line 16. Following: "eligible" Insert: "terminated" 6. Page 7, line 22. Following: "service" Insert: "and terminating covered employment" 7. Page 7, line 25. Strike: "and has" Insert: "," 8. Page 8, line 1. Following: "service" Insert: ", and terminated covered employment" 9. Page 8, line 10. Following: "by the" Insert: "terminated"

SENATE COMMITTEE ON STATE ADMINISTRATION, HB 89

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10. Page 8, line 13. Following: "eligiple" Insert: "terminated' 11. Page 11, lines 17 and 18. Strike: "and" on line 17 inrough "has" on line 18 Insert: "." 12. Page 11, line 13. Following: "years" Insert: ", and terminated covered employment" 13. Page 11, line 25. Following: "the" Insert: "terminated" 14. Page 12, line 3. Following: "eligible" Insert: "terminated" 15. Page 14, line 22. Strike: "and" through "has" Insert: "," 16. Page 14, line 23. Following: "years" Insert: ", and terminated covered employment" 17. Page 15, line 5. Following: "by the" Insert: "terminatea" 18. Page 15, line 8. Following: "eligible" Insert: "terminated" 19. Page 16, line 1. Following: "rank" Insert: "and has terminated covered employment" 20. Page 16, line 5. Strike: "and" Insert: "," 21. Page 16, line 7.

21. Page 16, line 7. Following: "rank" Insert: ", and has terminated covered employment"

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SENATE COMMITTEE ON STATE ADMINISTRATION, HB 89

Page 3 of 3

22. Page 16, line 11. Following: "<u>by the</u>" Insert: "terminated"

23. Page 16, line 14. Following: "<u>eliqible</u>" Insert: "terminated"

24. Page 18, line 14. Following: "<u>A</u>" Insert: "terminated"

25. Page 18, line 18. Following: "<u>allowance</u>" Insert: "for an eligible terminated member"

AND AS AMENDED BE CONCURRED IN

Signed: Farel, Chairman

SCRH8089.301

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HB 0089/02

1	HOUSE BILL NO. 89	1	contribution beforebecomingamemberofthepublie
2	INTRODUCED BY PECK, COBB, DRISCOLL, NELSON	2	employees'-retirement-system; AND
3	BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION	3	(B) PUBLIC SERVICE EMPLOYMENT THAT OCCURRED BEFORE THE
4		4	PUBLIC EMPLOYER ADOPTED A PUBLIC RETIREMENT SYSTEM.
5	A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING AND	5	(2) A MEMBER MAY NOT QUALIFY MORE THAN 5 YEARS OF
6	CLARIFYING THE PUBLIC EMPLOYEES' RETIREMENT LAWS; REVISING	6	SERVICE UNDER THIS SECTION. To qualify this service, a
7	AND CLARIFYING PROVISIONS OF THE PUBLIC EMPLOYEES', JUDGES',	7	member shall:
8	HIGHWAY PATROLMEN'S, SHERIFFS', GAME WARDENS', MUNICIPAL	8	(a) at any time before his retirement make a written
9	POLICE OFFICERS', AND FIREFIGHTERS' UNIFIED RETIREMENT	9	election with the board to qualify the service; and
10	SYSTEMS; AMENDING SECTIONS 19-3-512, 19-3-903, 19-3-905,	10	(b) contribute to the retirement fund the actuarial
11	19-3-1201, 19-3-1204, 19-5-101, 19-6-501, 19-6-602,	11	cost of granting the service in the public employees'
12	19-7-101, 19-7-501, 19-7-602, 19-8-101, 19-8-601, 19-8-702,	12	retirement system, as determined by the board, based on:
13	19-9-801, 19-9-804, AND 19-13-701, MCA; AND PROVIDING A	13	(i) his compensation in his sixth year of service
14	RETROACTIVE APPLICABILITY DATE AND AN IMMEDIATE EFFECTIVE	14	covered under the public employees' retirement system; and
15	DATE."	15	(ii) the normal contribution rate according to the most
16		16	recent actuarial valuation.
17	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:	17	<pre>(2)(3) Contributions to qualify service under this</pre>
18	Section 1. Section 19-3-512, MCA, is amended to read:	18	section may be made in a lump-sum payment or in installments
19	"19-3-512. Qualification of service from other public	19	as agreed upon by the member and the board.
20	retirement systems. (1) A member with 5 or more years of	20	<pre>+3+(4) Service qualified under this section may not</pre>
21	creditable service in the public employees' retirement	21	be:
22	system may qualify up-to-5-years-of:	22	(a) credited in any other retirement system under
23	(A) public service employment covered under a public	23	Title 19; or
24	retirement system other than a system provided for in Title	24	(b) used to qualify a member to purchase military
25	l9 for which he received a refund of his membership	25	service under 19-3-503.

Montana Legislative Council

REFERENCE BILL AS AMENDED

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1 (4)(5) Service qualified under this section may not be
2 used in calculating a member's retirement allowance unless
3 his last 5 years of creditable service were earned under the
4 public employees' retirement system. If a member's
5 qualified service may not be used in calculating his
6 retirement allowance, he may choose to:

7 (a) receive a refund of the contributions made to8 qualify the service; or

9 (b) apply the contributions made to qualify the10 service under the provisions of 19-3-702."

11 Section 2. Section 19-3-903, MCA, is amended to read: 12 "19-3-903. Time of commencement of allowance. (1) The 13 board shall grant a retirement allowance to any member who 14 has fulfilled the eligibility requirements of 19-3-901 or 15 19-3-902, TERMINATED COVERED EMPLOYMENT, and filed the 16 appropriate written application.

17 (2) (a) The Except as provided in subsections (2)(b) and (2)(c), the retirement allowance must may commence on the first day of the month following the member's last day of membership service or, if requested by the TERMINATED member in writing, on the first day of the month following receipt of the written application.

(b) The retirement allowance for an eligible
 TERMINATED member must commence no later than the first day
 of the month following the member's 60th birthday.

HB 0089/02

1	(c) If an elected official's term of office expires
2	before the 15th day of the month, the official may elect to
3	retire on the first day of the last month of his term of
4	office. An official electing this option may not earn
5	service or salary credits in that month, and compensation
6	earned in that month is not subject to employer or employee
7	contributions."
8	Section 3. Section 19-3-905, MCA, is amended to read:
9	*19-3-905. Adjustment of allowance for certain
10	members. The annual amount of retirement allowance payable
11	to a personwhowasa member onJulylyl9737shall
12	following his service retirement must be increased by the
13	excess, if any, of the greater of (1) or (2), as follows,
14	over 19-3-904(1)(b):
15	(1) the sum of a pension for prior service equal to
16	one-sixtieth of his final compensation multiplied by the
17	number of years of his prior service, an annuity which is
18	the actuarial equivalent of his accumulated normal
19	contributions with regular interest to the day his
20	retirement allowance commences, and a pension for membership
21	service equal to such annuity;
22	(2) if the member attained age 70 in service, the
23	lesser of \$480 or one-half of his final compensation."
24	Section 4. Section 19-3-1201, MCA, is amended to read:
25	"19-3-1201. Eligibility for death benefits. The Upon

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HB 89

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receipt of a written application filed with the board by a
 designated beneficiary, the board shall grant a death
 benefit to the beneficiary of any member or former member
 who dies in any of the following statuses:

while in service;

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6 (2) within 4 6 months after the discontinuance of
7 service but before retirement;

8 (3) while a recipient of a retirement allowance
9 because of disability, if such allowance has been in effect
10 less than 4 6 months;

11 (4) while disabled, as defined in 19-3-1001, if he has 12 been continuously so disabled from the discontinuance of his 13 service but is not receiving a retirement allowance because 14 of the disability."

15 Section 5. Section 19-3-1204, MCA, is amended to read: 16 "19-3-1204. Survivorship allowance elected by 17 beneficiary. (1) A beneficiary eligible to receive a death 18 benefit may elect, by written application, a survivorship 19 allowance instead, if all of the following conditions are 20 met:

(a) The member on behalf of whom the death benefit ispayable had completed 5 years of creditable service.

(b) The beneficiary is a natural person of-legal--age.
(c) The beneficiary elects the survivorship allowance
within 90 days of receipt of notice from the board that he

3 apply-to-a-survivorship-allowance-granted--under--19-3-1305-(a) If the beneficiary is a minor, the custodian designated 4 5 in 19-3-1304 may, on the minor's behalf, file a written 6 application with the board. 7 (b) If no application is filed on the minor's behalf, 8 the beneficiary may file a written application upon reaching 9 the age of majority. For the purposes of this subsection 10 (b), the survivorship allowance provided for in 19-3-1205 11 must be calculated as if the member had died on the last day 12 of the month before the month in which the application was filed." 13 14 Section 6. Section 19-5-101, MCA, is amended to read: 15 "19-5-101. Definitions. Unless a different meaning is plainly implied by the context, the following definitions 16 17 apply in this chapter: 18 (1) "Accumulated deductions" means the total of the

(2) The--conditions--listed--in--subsection-(1)-do-not

is eligible to receive the death benefit.

amounts deducted from the salary of a contributor, paid into the fund, and standing to his credit in the fund, together with the regular interest thereon.

(2) "Actuarial equivalent" means a benefit of equal
value when computed upon the basis of the 1971 Group Annuity
Mortality Table, with ages set back 4 years and an interest
rate of 8% compounded annually.

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

4 (4) "Board" means the public employees' retirement5 board.

6 (5) "Contributor" means any person who has accumulated7 deductions in the fund standing to his credit.

8 (6) "Final salary" means the annual current salary for9 the office retired from.

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

12 (8) "Involuntary retirement" means a retirement not13 for cause and before retirement age.

14 (9) "Member's annuity" means payments for life derived15 from contributions made by the contributor.

16 (10)-"Penalty-retirement-age"-means-70-years-of-age-

17 (11)(10) "Retired judge" means any judge or justice in 18 receipt of a retirement allowance under this chapter."

19 (±2)(11) "Retirement allowance" means the state annuity 20 plus the member's annuity.

21 (13)(12) "State annuity" means payments for life
22 derived from contributions made by the state of Montana."

23 Section 7. Section 19-6-501, MCA, is amended to read:
24 "19-6-501. Eligibility and application for service
25 retirement allowance -- commencement of allowance. (1) (a)

A member first employed by the Montana highway patrol on or
 before July 1, 1985, is eligible to receive a service
 retirement allowance after completing 20 years or more of
 creditable service AND TERMINATING COVERED EMPLOYMENT.

5 (b) A member first employed by the Montana highway 6 patrol after July 1, 1985, is eligible to receive a service 7 retirement allowance when he has reached age 50 and-has, 8 completed 20 years or more of creditable service, <u>AND</u> 9 TERMINATED COVERED EMPLOYMENT.

(2) A member eligible to receive a retirement
allowance, as provided in subsection (1), must apply in
writing to the department setting--forth-at-what-time-he
desires-to-be-retired;-which-may-not-be-less-than-30-days-or
more-than-90-days-subsequent-to-the-filing-thereof.

(3) (a) The Except as provided in subsection (3)(b),
the retirement allowance must may commence on the first day
of the month following the member's last day of covered
employment or, if requested by the TERMINATED member in
writing, on the first day of the month following receipt of
the written application.
(b) The retirement allowance for an eligible

22 TERMINATED member must commence no later than the first day

- 23 of the month following the member's 60th birthday."
- Section 8. Section 19-6-602, MCA, is amended to read:
 "19-6-602. Nomination of beneficiary. (1) Every member

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1 may name a beneficiary who is eligible to receive a 2 retirement allowance if there is no surviving spouse or 3 dependent child. Nomination is by written designation, duly 4 acknowledged witnessed and filed with the department, and 5 may be changed in like manner.

6 (2) Nothing in this section affects the right of a
7 surviving spouse or dependent child to receive a retirement
8 allowance."

9 Section 9. Section 19-7-101, MCA, is amended to read:
10 "19-7-101. Definitions. Unless the context requires
11 otherwise, the following definitions apply in this chapter:
12 (1) "Account" means the Montana sheriffs' retirement
13 pension trust fund administered by the board.

14 (2) "Accumulated contributions" or "accumulated 15 deductions" means the total amount deducted from the salary 16 of a member during a period of membership service plus the 17 total amount deducted during a period of prior service and 18 transferred from the public employees' retirement system 19 standing to the member's credit in the account, together 20 with the accrued interest.

(3) "Actuarial equivalent" means a benefit of equal
value when computed upon the basis of the 1971 Group Annuity
Mortality Table, with ages set back 4 years and an interest
rate of 8% compounded annually.

(4) "Beneficiary" means a person who is nominated by

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the member in an-acknowledged <u>a witnessed</u> document which-is
 filed with the board.

3 (5) "Board" means the public employees' retirement 4 board.

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

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

10 (8) "Final salary" means the average annual salary received by a member, before any deductions are made and 11 12 exclusive of maintenance, allowances, and expenses, for any 13 3 years of continuous service from which contributions were deducted or, in the event that a member has not served 3 14 years, the total salary earned divided by the number of 15 years served. Lump-sum payments for sick leave and annual 16 leave paid to an employee upon termination of employment may 17 18 be used in the calculation of a retirement allowance only to the extent that they are used to replace, on a month for 19 month basis, the normal compensation for a month or months 20 21 included in the calculation of the final salary. A lump-sum 22 payment may not be added to a single month's compensation. (9) "Member" means any person who has accumulated 23 24 deductions in the account to his credit.

25 (10) "Member's annuity" means payments for life derived

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1 from contributions made by the member while employed.

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

5 (12) "Prior service" means service for which credit was 6 granted by the public employees' retirement system of the 7 state of Montana.

8 (13) "Retired sheriff" means a person receiving a9 retirement allowance under this chapter.

10 (14) "Retirement allowance" means the state annuity 11 plus the member's annuity.

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

13 (16) "Sheriff" means any elected or appointed county 14 sheriff, undersheriff, or regularly appointed and acting 15 deputy sheriff.

16 (17) "State annuity" means payments for life derived 17 from county contributions into the sheriffs' retirement 18 account, together with any supplemental legislative 19 appropriations to the account.

20 (18) "Vested retirement" means a retirement not for 21 cause and before retirement age."

Section 10. Section 19-7-501, MCA, is amended to read:
 "19-7-501. Eligibility and application for service
 retirement -- commencement of allowance. (1) A sheriff in
 service who has completed at least 25 years of service and

1	who-has, reached the age of 55 years, AND TERMINATED COVERED
2	EMPLOYMENT may retire on a service retirement allowance upon
3	written application to the board7-submitted-not-less-than-30
4	days-ormorethan90daysfromthedesireddateof
5	retirement.
6	(2) (a) The Except as provided in subsections (2)(b)
7	and (2)(c), the retirement allowance must may commence on
8	the first day of the month following the member's last day
9	of membership service or, if requested by the TERMINATED
10	member in writing, on the first day of the month following
11	receipt of the written application.
12	(b) The retirement allowance for an eligible
13	TERMINATED member must commence no later than the first day
14	of the month following the member's 65th birthday.
15	(c) If an elected official's term of office expires
16	before the 15th day of the month, the official may elect to
17	retire on the first day of the last month of his term of
18	office. An official electing this option may not earn
19	service or salary credits in that month, and compensation
20	earned in that month is not subject to employer or employee
21	contributions."
22	Section 11. Section 19-7-602, MCA, is amended to read:
23	"19-7-602. Designation of beneficiary. Every member
23 24	"19-7-602. Designation of beneficiary. Every member may name a beneficiary by a written acknowledged

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and change the beneficiary in like manner. The designation
 and any changes may be filed with the board up until but not
 after the time of retirement."

Section 12. Section 19-8-101, MCA, is amended to read:
"19-8-101. Definitions. Unless the context requires
otherwise, the following definitions apply in this chapter:
(1) "Account" means the Montana state game wardens'
retirement pension trust fund.

9 (2) "Accumulated deductions" or "accumulated 10 contributions" means the sum of all contributions standing 11 to the credit of a member's individual account together with 12 the regular interest thereon.

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

17 (4) "Beneficiary" means a person nominated to receive 18 benefits under this chapter by a member's written 19 designation, duly-acknowledged witnessed and filed with the 20 board.

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

23 (6) "Contributor" means any person who has accumulated24 deductions in the account standing to his credit.

25 (7) "Final salary" means the average annual

compensation received by a contributor, before any 1 deductions have been made and exclusive of maintenance, 2 allowances, and expenses, for any 3 years of continuous 3 4 service upon which contributions have been made or, in the event a member has not served 3 years, the total retirement 5 compensation earned divided by the number of years served. 6 7 Lump-sum payments for sick leave and annual leave paid to an employee upon termination of employment may be used in the 8 g calculation of a retirement allowance only to the extent 10 that they are used to replace, on a month for month basis, the normal compensation for a month or months included in 11 the calculation of the final salary. A lump-sum payment may 12 not be added to a single month's compensation. 13 (8) "Member's annuity" means payments for life derived 14 15 from contributions made by the contributor. (9) "Retired state game warden" means any person in 16 receipt of a retirement allowance under this chapter. 17 (10) "Retirement allowance" means the state annuity 18

19 plus the member's annuity.

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

(12) "State game warden" means all state fish and game
wardens hired by the department of fish, wildlife, and parks
and includes all warden supervisory personnel whose salaries

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or compensation is paid out of the department of fish,
 wildlife, and parks moneys."

Section 13. Section 19-8-601, MCA, is amended to read: 3 *19-8-601. Time of retirement -- commencement of 4 allowance. (1) Any member in service who has completed at 5 6 least 20 years of creditable service and--who--has, reached the age of 50 years, AND TERMINATED COVERED EMPLOYMENT may 7 8 retire on service retirement allowance upon written 9 application to the board setting-forth-at-what-time;-not 10 less-than-30-days-or-more-than-90--days--subsequent--to--the 11 filing-thereofy-he-desires-to-be-retired.

(2) (a) The Except as provided in subsection (2)(b),
the retirement allowance must may commence on the first day
of the month following the member's last day of covered
employment or, if requested by the TERMINATED member in
writing, on the first day of the month following receipt of
the written application.

18 (b) The retirement allowance for an eligible 19 TERMINATED member must commence no later than the first day 20 of the month following the member's 60th birthday."

Section 14. Section 19-8-702, MCA, is amended to read: "19-8-702. Nomination of beneficiary. Each contributor may name his beneficiary by written designation, duly acknowledged witnessed and filed with the board, and may change the beneficiary in like manner. The designation and 1 all changes must be filed with the board."

Section 15. Section 19-9-801, MCA, is amended to read: 2 3 "19-9-801. Eligibility for service retirement --4 commencement of allowance. Members are eligible for 5 retirement and shall retire as provided in this section: 6 (1) A member who was employed by an employer as a 7 police officer on July 1, 1975, is eligible to receive a 8 service retirement allowance when he has completed 20 years 9 or more in the aggregate as a probationary officer, a 10 regular officer, or a special officer, in any capacity or 11 rank AND HAS TERMINATED COVERED EMPLOYMENT. 12 (2) A member who was or is first employed by an 13 employer as a police officer after July 1, 1975, is eligible 14 to receive a service retirement allowance when he has 15 reached the age of 50 and, has completed 20 years or more in the aggregate as a probationary officer, a regular officer, 16 17 or a special officer, in any capacity or rank, AND HAS TERMINATED COVERED EMPLOYMENT. 18

(3) (a) The Except as provided in subsection (3)(b),
the retirement allowance must may commence on the first day
of the month following the member's last day of membership
service or, if requested by the TERMINATED member in
writing, on the first day of the month following receipt of
the written application.
(b) The retirement allowance for an eligible

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<u>TERMINATED</u> member must commence no later than the first day of the month following the member's 55th birthday."

3 Section 16. Section 19-9-804, MCA, is amended to read: "19-9-804. Amount of service retirement allowance --4 continuation of allowance after death of member. (1) A 5 6 police officer who is eligible under subsection (1) or (2) of 19-9-801 and does not elect to serve any additional years 7 as an active police officer shall receive a service 8 retirement allowance equal to one-half his final average 9 10 salary.

11 (2) A police officer who is eligible for service 12 retirement after 20 years of service and who elects to serve 13 additional years shall receive the allowance provided for in 14 subsection (1) plus an additional 1% of such-allowance-per 15 <u>his final average salary for each</u> year of additional 16 service, up to a maximum of 60% of the <u>his</u> final average 17 salary.

(3) Upon the death of a police officer receiving a 18 service retirement allowance under this section, his 19 20 surviving spouse, if there is one, shall, for as long as the spouse remains unmarried, receive from the fund a sum equal 21 to one-half of the officer's final average salary. If the 22 officer leaves one or more dependent children, then upon his 23 death, if he leaves no surviving spouse or upon the death or 24 25 remarriage of the surviving spouse, the officer's surviving

1 dependent child, or children collectively if there are more 2 than one, shall receive the same monthly payments a surviving spouse would receive for as long as the child or 3 one of the children remains dependent as defined in 4 19-9-104. 5 The payments must be made to the child's б appointed quardian for the child's use. If there is more 7 than one dependent child, upon each child no longer в qualifying as dependent under 19-9-104, the prorata 9 payments to that child must cease and be made to the 10 remaining children until all the children are no longer 11 dependent."

12 Section 17. Section 19-13-701, MCA, is amended to 13 read:

14 "19-13-701. Eligibility for service retirement --15 commencement of allowance. (1) A member who has reached age
16 50 and has completed 10 years or more in the aggregate as a
17 firefighter in any capacity or rank is eligible for service
18 retirement commencing on the first day of the month
19 following the member's last day of membership service.

20 (2) A member who terminates active service before age 21 50 and keeps his contributions on deposit under 19-13-304 is 22 eligible for service retirement commencing on the first day 23 of the month coinciding with or immediately following, if 24 none coincides, the date on which he reaches age 50.

(3) A TERMINATED member eligible under subsection (1)

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or (2) may file a written application with the board
 requesting that his retirement allowance commence on the

3 first day of the month following receipt of the application.

4 However, the retirement allowance FOR AN ELIGIBLE TERMINATED

5 MEMBER must commence no later than the first day of the

6 month following the member's 55th birthday."

7 <u>NEW SECTION.</u> Section 18. Extension of authority. Any 8 existing authority to make rules on the subject of the 9 provisions of [this act] is extended to the provisions of 10 [this act].

<u>NEW SECTION.</u> Section 19. Retroactive applicability.
 (This act) applies retroactively, within the meaning of
 1-2-109, to persons who were members of the retirement
 systems on or after January 1, 1989.

15 <u>NEW SECTION.</u> Section 20. Effective date. [This act] 16 is effective on passage and approval.

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