

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	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.

REPORTED CORRECTLY ENROLLED.

HOUSE BILL NO. 89

INTRODUCED BY Rep. Bob Daniel Wilson

BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING AND CLARIFYING THE PUBLIC EMPLOYEES' RETIREMENT LAWS; REVISING AND CLARIFYING PROVISIONS OF THE PUBLIC EMPLOYEES', JUDGES', HIGHWAY PATROLMEN'S, SHERIFFS', GAME WARDENS', MUNICIPAL POLICE OFFICERS', AND FIREFIGHTERS' UNIFIED RETIREMENT SYSTEMS; AMENDING SECTIONS 19-3-512, 19-3-903, 19-3-905, 19-3-1201, 19-3-1204, 19-5-101, 19-6-501, 19-6-602, 19-7-101, 19-7-501, 19-7-602, 19-8-101, 19-8-601, 19-8-702, 19-9-801, 19-9-804, AND 19-13-701, MCA; AND PROVIDING A RETROACTIVE APPLICABILITY DATE AND AN IMMEDIATE EFFECTIVE DATE."

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

Section 1. Section 19-3-512, MCA, is amended to read:

"19-3-512. Qualification of service from other public retirement systems. (1) A member with 5 or more years of creditable service in the public employees' retirement system may qualify up to 5 years of public service employment covered under a public retirement system other than a system provided for in Title 19 for which he received a refund of his membership contribution before-becoming-a

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

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

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

(i) his compensation in his sixth year of service covered under the public employees' retirement system; and

(ii) the normal contribution rate according to the most recent actuarial valuation.

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

(3) Service qualified under this section may not be:

(a) credited in any other retirement system under Title 19; or

(b) used to qualify a member to purchase military 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:

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

(b) apply the contributions made to qualify the 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.

(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 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.

(c) If an elected official's term of office expires before the 15th day of the month, the official may elect to retire on the first day of the last month of his term of office. An official electing this option may not earn service or salary credits in that month, and compensation earned in that month is not subject to employer or employee 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--July--1, 1973,--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):

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

(2) if the member attained age 70 in service, the 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 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:

(1) while in service;

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

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

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

Section 5. Section 19-3-1204, MCA, is amended to read:

"19-3-1204. Survivorship allowance elected by beneficiary. (1) A beneficiary eligible to receive a death benefit may elect, by written application, a survivorship allowance instead, if all of the following conditions are met:

(a) The member on behalf of whom the death benefit is 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.

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

the beneficiary may file a written application upon reaching the age of majority. For the purposes of this subsection (b), the survivorship allowance provided for in 19-3-1205 must be calculated as if the member had died on the last day of the month before the month in which the application was filed."

Section 6. Section 19-5-101, MCA, is amended to read:

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

(1) "Accumulated deductions" means the total of the 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.

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

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

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

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

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

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

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

~~{10}-"Penalty-retirement-age"-means-70-years-of-age-~~

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

~~{12}{11}~~ (11) "Retirement allowance" means the state annuity plus the member's annuity.

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

Section 7. Section 19-6-501, MCA, is amended to read:

"19-6-501. Eligibility and application for service 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.

(b) A member first employed by the Montana highway patrol after July 1, 1985, is eligible to receive a service retirement allowance when he has reached age 50 and has

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 allowance."

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.

(2) "Accumulated contributions" or "accumulated deductions" means the total amount deducted from the salary of a member during a period of membership service plus the total amount deducted during a period of prior service and transferred from the public employees' retirement system standing to the member's credit in the account, together 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 the member in an-acknowledged a witnessed document ~~which--is~~ filed with the board.

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

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

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

who dies before retirement.

(8) "Final salary" means the average annual salary received by a member, before any deductions are made and exclusive of maintenance, allowances, and expenses, for any 3 years of continuous service from which contributions were deducted or, in the event that a member has not served 3 years, the total salary earned divided by the number of years served. Lump-sum payments for sick leave and annual leave paid to an employee upon termination of employment may be used in the 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.

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

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

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

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

retirement allowance under this chapter.

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

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

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

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

(18) "Vested retirement" means a retirement not for 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 who has reached the age of 55 years may retire on a service retirement allowance upon written application to the board, ~~submitted not less than 30 days or more than 90 days from the desired date of retirement.~~

(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 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 65th birthday.

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

Section 11. Section 19-7-602, MCA, is amended to read:

"19-7-602. Designation of beneficiary. Every member may name a beneficiary by a written acknowledged designation, witnessed and properly filed with the board, 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.

(2) "Accumulated deductions" or "accumulated

1 contributions" means the sum of all contributions standing
2 to the credit of a member's individual account together with
3 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' retirement
13 board.

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

16 (7) "Final salary" means the average annual
17 compensation received by a contributor, before any
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
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
24 employee upon termination of employment may be used in the
25 calculation of a retirement allowance only to the extent

1 that they are used to replace, on a month for month basis,
2 the normal compensation for a month or months included in
3 the calculation of the final salary. A lump-sum payment may
4 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 annuity
10 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~~

1 ~~to the filing thereof, 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
16 all changes must be filed with the board."

17 **Section 15.** Section 19-9-801, MCA, is amended to read:

18 "19-9-801. **Eligibility for service retirement --**
19 **commencement of allowance.** Members are eligible for
20 retirement and shall retire as provided in this section:

21 (1) A member who was employed by an employer as a
22 police officer on July 1, 1975, is eligible to receive a
23 service retirement allowance when he has completed 20 years
24 or more in the aggregate as a probationary officer, a
25 regular officer, or a special officer, in any capacity or

1 rank.

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

8 (3) (a) The Except as provided in subsection (3)(b),
9 the retirement allowance must may commence on the first day
10 of the month following the member's last day of membership
11 service or, if requested by the member in writing, on the
12 first day of the month following receipt of the written
13 application.

14 (b) The retirement allowance for an eligible member
15 must commence no later than the first day of the month
16 following the member's 55th birthday."

17 **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

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 service retirement allowance under this section, his surviving spouse, if there is one, shall, for as long as the spouse remains unmarried, receive from the fund a sum equal to one-half of the officer's final average salary. If the officer leaves one or more dependent children, then upon his death, if he leaves no surviving spouse or upon the death or remarriage of the surviving spouse, the officer's surviving dependent child, or children collectively if there are more than one, shall receive the same monthly payments a surviving spouse would receive for as long as the child or one of the children remains dependent as defined in 19-9-104. The payments must be made to the child's appointed guardian for the child's use. If there is more than one dependent child, upon each child no longer qualifying as dependent under 19-9-104, the pro rata payments to that child must cease and be made to the remaining children until all the children are no longer dependent."

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

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

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

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

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

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

LC 0161/01

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.

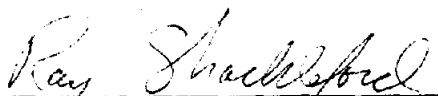
DESCRIPTION OF PROPOSED LEGISLATION:

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 1/13/89
OFFICE OF BUDGET AND PROGRAM PLANNING DATE


RAY PECK, PRIMARY SPONSOR 1/16/89
Date

Fiscal Note for HB089, as introduced

HB 89

1 HOUSE BILL NO. 89
2 INTRODUCED BY Rep. Bob Daniel
3 BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION
4
5 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING AND
6 CLARIFYING THE PUBLIC EMPLOYEES' RETIREMENT LAWS; REVISING
7 AND CLARIFYING PROVISIONS OF THE PUBLIC EMPLOYEES', JUDGES',
8 HIGHWAY PATROLMEN'S, SHERIFFS', GAME WARDENS', MUNICIPAL
9 POLICE OFFICERS', AND FIREFIGHTERS' UNIFIED RETIREMENT
10 SYSTEMS; AMENDING SECTIONS 19-3-512, 19-3-903, 19-3-905,
11 19-3-1201, 19-3-1204, 19-5-101, 19-6-501, 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
15 DATE."
16
17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
18 **Section 1.** Section 19-3-512, MCA, is amended to read:
19 "19-3-512. Qualification of service from other public
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
23 employment covered under a public retirement system other
24 than a system provided for in Title 19 for which he received
25 a refund of his membership contribution before-becoming-a

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

1 (a) receive a refund of the contributions made to
2 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 employer or employee
25 contributions."

1 **Section 3.** Section 19-3-905, MCA, is amended to read:

2 "19-3-905. Adjustment of allowance for certain
3 members. The annual amount of retirement allowance payable
4 to a ~~person--who--was--a~~ member ~~on--July--17--19737--shall~~
5 following his service retirement must be increased by the
6 excess, if any, of the greater of (1) or (2), as follows,
7 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;

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

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

Section 5. Section 19-3-1204, MCA, is amended to read:

"19-3-1204. Survivorship allowance elected by beneficiary. (1) A beneficiary eligible to receive a death benefit may elect, by written application, a survivorship allowance instead, if all of the following conditions are met:

(a) The member on behalf of whom the death benefit is 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.

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

the beneficiary may file a written application upon reaching the age of majority. For the purposes of this subsection (b), the survivorship allowance provided for in 19-3-1205 must be calculated as if the member had died on the last day of the month before the month in which the application was filed."

Section 6. Section 19-5-101, MCA, is amended to read:

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

(1) "Accumulated deductions" means the total of the 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.

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

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

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

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

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

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

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

~~{10}-"Penalty-retirement-age"-means-70-years-of-age-~~

~~{11}{10}~~ "Retired judge" means any judge or justice in receipt of a retirement allowance under this chapter.

~~{12}{11}~~ "Retirement allowance" means the state annuity plus the member's annuity.

~~{13}{12}~~ "State annuity" means payments for life derived from contributions made by the state of Montana."

Section 7. Section 19-6-501, MCA, is amended to read:

"19-6-501. Eligibility and application for service 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.

(b) A member first employed by the Montana highway patrol after July 1, 1985, is eligible to receive a service retirement allowance when he has reached age 50 and has

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 allowance."

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.

(2) "Accumulated contributions" or "accumulated deductions" means the total amount deducted from the salary of a member during a period of membership service plus the total amount deducted during a period of prior service and transferred from the public employees' retirement system standing to the member's credit in the account, together 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 the member in ~~an acknowledged~~ a witnessed document ~~which--is~~ filed with the board.

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

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

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

who dies before retirement.

(8) "Final salary" means the average annual salary received by a member, before any deductions are made and exclusive of maintenance, allowances, and expenses, for any 3 years of continuous service from which contributions were deducted or, in the event that a member has not served 3 years, the total salary earned divided by the number of years served. Lump-sum payments for sick leave and annual leave paid to an employee upon termination of employment may be used in the 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.

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

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

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

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

retirement allowance under this chapter.

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

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

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

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

(18) "Vested retirement" means a retirement not for 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 who has reached the age of 55 years may retire on a service retirement allowance upon written application to the board, ~~submitted-not-less-than-30-days-or-more-than--90--days--from~~ the-desired-date-of-retirement.

(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 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 65th birthday.

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

Section 11. Section 19-7-602, MCA, is amended to read:

"19-7-602. Designation of beneficiary. Every member may name a beneficiary by a written acknowledged designation, witnessed and properly filed with the board, 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.

(2) "Accumulated deductions" or "accumulated

1 contributions" means the sum of all contributions standing
2 to the credit of a member's individual account together with
3 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' retirement
13 board.

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

16 (7) "Final salary" means the average annual
17 compensation received by a contributor, before any
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
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
24 employee upon termination of employment may be used in the
25 calculation of a retirement allowance only to the extent

1 that they are used to replace, on a month for month basis,
2 the normal compensation for a month or months included in
3 the calculation of the final salary. A lump-sum payment may
4 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 annuity
10 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~~

1 ~~to-the-filing-thereof, 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
16 all changes must be filed with the board."

17 **Section 15.** Section 19-9-801, MCA, is amended to read:

18 "19-9-801. **Eligibility for service retirement --**
19 **commencement of allowance.** Members are eligible for
20 retirement and shall retire as provided in this section:

21 (1) A member who was employed by an employer as a
22 police officer on July 1, 1975, is eligible to receive a
23 service retirement allowance when he has completed 20 years
24 or more in the aggregate as a probationary officer, a
25 regular officer, or a special officer, in any capacity or

1 rank.

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

8 (3) (a) The Except as provided in subsection (3)(b),
9 the retirement allowance must may commence on the first day
10 of the month following the member's last day of membership
11 service or, if requested by the member in writing, on the
12 first day of the month following receipt of the written
13 application.

14 (b) The retirement allowance for an eligible member
15 must commence no later than the first day of the month
16 following the member's 55th birthday."

17 **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

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 service retirement allowance under this section, his surviving spouse, if there is one, shall, for as long as the spouse remains unmarried, receive from the fund a sum equal to one-half of the officer's final average salary. If the officer leaves one or more dependent children, then upon his death, if he leaves no surviving spouse or upon the death or remarriage of the surviving spouse, the officer's surviving dependent child, or children collectively if there are more than one, shall receive the same monthly payments a surviving spouse would receive for as long as the child or one of the children remains dependent as defined in 19-9-104. The payments must be made to the child's appointed guardian for the child's use. If there is more than one dependent child, upon each child no longer qualifying as dependent under 19-9-104, the pro rata payments to that child must cease and be made to the remaining children until all the children are no longer dependent."

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

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

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

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

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

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

LC 0161/01

1 after January 1, 1989.

2 **Section 20. Effective date.** [This act] is effective on

3 passage and approval.

-End-

SENATE STANDING COMMITTEE REPORT

page 1 of 3
March 1, 1989

MR. PRESIDENT:

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)

1. Page 1, line 22.
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

Page 2 of 3

10. Page 8, line 13.
Following: "eligible"
Insert: "terminated"
11. Page 11, lines 17 and 18.
Strike: "and" on line 17 through "has" on line 18
Insert: ", "
12. Page 11, line 18.
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: "terminated"
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.
Following: "rank"
Insert: ", and has terminated covered employment"

SENATE

(12)

SENATE COMMITTEE ON STATE ADMINISTRATION, HB 89

Page 3 of 3

22. Page 16, line 11.

Following: "by the"

Insert: "terminated"

23. Page 16, line 14.

Following: "eligible"

Insert: "terminated"

24. Page 18, line 14.

Following: "A"

Insert: "terminated"

25. Page 18, line 18.

Following: "allowance"

Insert: "for an eligible terminated member"

AND AS AMENDED BE CONCURRED IN

Signed: _____

William E. Farrell, Chairman

HOUSE BILL NO. 89

INTRODUCED BY PECK, COBB, DRISCOLL, NELSON
BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING AND CLARIFYING THE PUBLIC EMPLOYEES' RETIREMENT LAWS; REVISING AND CLARIFYING PROVISIONS OF THE PUBLIC EMPLOYEES', JUDGES', HIGHWAY PATROLMEN'S, SHERIFFS', GAME WARDENS', MUNICIPAL POLICE OFFICERS', AND FIREFIGHTERS' UNIFIED RETIREMENT SYSTEMS; AMENDING SECTIONS 19-3-512, 19-3-903, 19-3-905, 19-3-1201, 19-3-1204, 19-5-101, 19-6-501, 19-6-602, 19-7-101, 19-7-501, 19-7-602, 19-8-101, 19-8-601, 19-8-702, 19-9-801, 19-9-804, AND 19-13-701, MCA; AND PROVIDING A RETROACTIVE APPLICABILITY DATE AND AN IMMEDIATE EFFECTIVE DATE."

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

Section 1. Section 19-3-512, MCA, is amended to read:

"19-3-512. Qualification of service from other public retirement systems. (1) A member with 5 or more years of creditable service in the public employees' retirement system may qualify ~~up-to-5-years-of;~~

(A) public service employment covered under a public retirement system other than a system provided for in Title 19 for which he received a refund of his membership

contribution before--becoming--a--member--of---the---public employees'-retirement-system; AND

(B) PUBLIC SERVICE EMPLOYMENT THAT OCCURRED BEFORE THE PUBLIC EMPLOYER ADOPTED A PUBLIC RETIREMENT SYSTEM.

(2) A MEMBER MAY NOT QUALIFY MORE THAN 5 YEARS OF SERVICE UNDER THIS SECTION. To qualify this service, a member shall:

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

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

(i) his compensation in his sixth year of service covered under the public employees' retirement system; and

(ii) the normal contribution rate according to the most recent actuarial valuation.

{2}{3} Contributions to qualify service under this section may be made in a lump-sum payment or in installments as agreed upon by the member and the board.

{3}{4} Service qualified under this section may not be:

(a) credited in any other retirement system under Title 19; or

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

1 ~~††~~(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 to
8 qualify the service; or

9 (b) apply the contributions made to qualify the
10 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)
18 and (2)(c), the retirement allowance ~~must~~ may commence on
19 the first day of the month following the member's last day
20 of membership service or, if requested by the TERMINATED
21 member in writing, on the first day of the month following
22 receipt of the written application.

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

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 ~~person--who--was--a~~ member ~~on--July--17--1973--shall~~
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

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

5 (1) while in service;

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:

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

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

24 (c) The beneficiary elects the survivorship allowance
 25 within 90 days of receipt of notice from the board that he

1 is eligible to receive the death benefit.

2 (2) ~~The conditions listed in subsection (1) do not~~
 3 ~~apply to a survivorship allowance granted under 19-3-1305.~~

4 (a) If the beneficiary is a minor, the custodian designated
 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
 13 filed."

14 **Section 6.** Section 19-5-101, MCA, is amended to read:

15 "19-5-101. Definitions. Unless a different meaning is
 16 plainly implied by the context, the following definitions
 17 apply in this chapter:

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

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

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

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

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

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

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

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

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

~~{10}-"Penalty-retirement-age"-means-70-years-of-age-~~

~~{11}{10}~~ "Retired judge" means any judge or justice in receipt of a retirement allowance under this chapter.

~~{12}{11}~~ "Retirement allowance" means the state annuity plus the member's annuity.

~~{13}{12}~~ "State annuity" means payments for life derived from contributions made by the state of Montana."

Section 7. Section 19-6-501, MCA, is amended to read:

"19-6-501. Eligibility and application for service 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.

(b) A member first employed by the Montana highway patrol after July 1, 1985, is eligible to receive a service retirement allowance when he has reached age 50 and-has, completed 20 years or more of creditable service, AND 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 TERMINATED 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 allowance."

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.

(2) "Accumulated contributions" or "accumulated deductions" means the total amount deducted from the salary of a member during a period of membership service plus the total amount deducted during a period of prior service and transferred from the public employees' retirement system standing to the member's credit in the account, together 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

the member in an-acknowledged a witnessed document which-is filed with the board.

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

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

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

(8) "Final salary" means the average annual salary received by a member, before any deductions are made and exclusive of maintenance, allowances, and expenses, for any 3 years of continuous service from which contributions were deducted or, in the event that a member has not served 3 years, the total salary earned divided by the number of years served. Lump-sum payments for sick leave and annual leave paid to an employee upon termination of employment may be used in the 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.

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

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

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.

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

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

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

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

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

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

(18) "Vested retirement" means a retirement not for 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

~~who has,~~ reached the age of 55 years, AND TERMINATED COVERED EMPLOYMENT may retire on a service retirement allowance upon written application to the board ~~submitted not less than 30 days or more than 90 days from the desired date of retirement.~~

(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 65th birthday.

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

Section 11. Section 19-7-602, MCA, is amended to read:

"19-7-602. Designation of beneficiary. Every member may name a beneficiary by a written acknowledged designation, witnessed and properly filed with the board,

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.

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

(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 nominated to receive benefits under this chapter by a member's written designation, ~~duly-acknowledged~~ witnessed and filed with the board.

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

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

(7) "Final salary" means the average annual

compensation received by a contributor, before any deductions have been made and exclusive of maintenance, allowances, and expenses, for any 3 years of continuous service upon which contributions have been made or, in the event a member has not served 3 years, the total retirement compensation earned divided by the number of years served. Lump-sum payments for sick leave and annual leave paid to an employee upon termination of employment may be used in the 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.

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

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

(10) "Retirement allowance" means the state annuity 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."

Section 13. Section 19-8-601, MCA, is amended to read:

"19-8-601. Time of retirement -- commencement of allowance. (1) Any member in service who has completed at least 20 years of creditable service ~~and--who--has,~~ reached the age of 50 years, AND TERMINATED COVERED EMPLOYMENT may retire on service retirement allowance upon written application to the board ~~setting-forth-at-what-time,~~ not less than 30 days or more than 90 days subsequent to the filing thereof, 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.

(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."

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

all changes must be filed with the board."

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 retirement and shall retire as provided in this section:

(1) A member who was employed by an employer as a police officer on July 1, 1975, is eligible to receive a 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 rank AND HAS TERMINATED COVERED EMPLOYMENT.

(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, AND HAS TERMINATED COVERED EMPLOYMENT.

(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

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

Section 16. Section 19-9-804, MCA, is amended to read:

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

(2) A police officer who is eligible for service 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 service retirement allowance under this section, his surviving spouse, if there is one, shall, for as long as the spouse remains unmarried, receive from the fund a sum equal to one-half of the officer's final average salary. If the officer leaves one or more dependent children, then upon his death, if he leaves no surviving spouse or upon the death or remarriage of the surviving spouse, the officer's surviving

dependent child, or children collectively if there are more than one, shall receive the same monthly payments a surviving spouse would receive for as long as the child or one of the children remains dependent as defined in 19-9-104. The payments must be made to the child's appointed guardian for the child's use. If there is more than one dependent child, upon each child no longer qualifying as dependent under 19-9-104, the pro rata payments to that child must cease and be made to the remaining children until all the children are no longer dependent."

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

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

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

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

1 or (2) may file a written application with the board
2 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 NEW SECTION. 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].

11 NEW SECTION. Section 19. Retroactive applicability.
12 [This act] applies retroactively, within the meaning of
13 1-2-109, to persons who were members of the retirement
14 systems on or after January 1, 1989.

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

-End-