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HOUSE BILL NO. 268

Sprick Rep. Council

INTRODUCED BY

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BY REQUEST OF THE GOVERNOR

A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING A GUARANTEED MINIMUM AND MAXIMUM ANNUAL POSTRETIREMENT BENEFIT ADJUSTMENT FOR CERTAIN RETIREES IN EACH OF THE STATEWIDE PUBLIC EMPLOYEE RETIREMENT SYSTEMS; ESTABLISHING THE GUARANTEED ADJUSTMENT AS AN ALTERNATIVE TO CERTAIN EXISTING BENEFITS; INCREASING CONTRIBUTION RATES AND MODIFYING CERTAIN BENEFITS IN EACH SYSTEM TO FUND THE GUARANTEED ANNUAL BENEFIT ADJUSTMENTS; REQUIRING THAT MEMBERS OF THE PUBLIC EMPLOYEES' AND HIGHWAY PATROL OFFICERS' RETIREMENT SYSTEMS PAY THE FULL COST OF PURCHASING CERTAIN SERVICE CREDITS; PROVIDING THAT MEMBERS OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM WHO BECAME MEMBERS ON OR AFTER JULY 1, 1989, MAY PURCHASE ADDITIONAL SERVICE FOR THE PURPOSE OF CALCULATING RETIREMENT BENEFITS; REDEFINING THE AVERAGE SALARY USED WHEN CALCULATING CERTAIN RETIREMENT BENEFITS UNDER THE JUDGES' RETIREMENT SYSTEM; INCREASING THE STATE CONTRIBUTION TO THE JUDGES' RETIREMENT SYSTEM; PROVIDING THAT CERTAIN DISTRICT COURT FEES USED TO FUND THE JUDGES' RETIREMENT SYSTEM BE PAID TO THE GENERAL FUND; ADJUSTING CERTAIN DEATH BENEFITS PAID UNDER THE JUDGES', GAME WARDENS', AND FIREFIGHTERS' UNIFIED RETIREMENT SYSTEMS; PROVIDING THAT THE DISABILITY BENEFIT OF MEMBERS OF THE FIREFIGHTERS' UNIFIED RETIREMENT SYSTEM ELECTING TO RECEIVE THE GUARANTEED BENEFIT ADJUSTMENT BE CALCULATED BASED ON AN AVERAGE 36-MONTH SALARY; AMENDING SECTIONS 19-3-315, 19-3-316, 19-3-503, 19-3-512, 19-3-513, 19-5-101, 19-5-404, 19-5-502, 19-5-601, 19-5-802, 19-6-402, 19-6-404, 19-6-801, 19-7-403, 19-7-404, 19-7-503, 19-8-502, 19-8-504, 19-8-1002, 19-9-702, 19-9-703, 19-9-710, 19-13-601, 19-13-604, 19-13-605, 19-13-704, 19-13-803, 19-13-902, 19-20-101, 19-20-602, 19-20-605, AND 25-1-201, MCA; AND PROVIDING AN EFFECTIVE DATE."

STATEMENT OF INTENT

A statement of intent is required for this bill because [sections 1, 2, and 3] give the public employees' retirement board and the teachers' retirement board authority to adopt rules to implement the

1 provisions of the bill.

2 It is the intent of the legislature to guarantee a minimum level of annual benefit increases for retired
3 members and their contingent annuitants or survivors under each of the statewide public employee
4 retirement systems. The legislature also intends to fund this guaranteed annual benefit adjustment (GABA)
5 in the most cost-effective manner possible.

6 Therefore, the GABA provided for in this bill is intended to provide both a "floor" and a "ceiling"
7 so that, when it is combined with any other postretirement benefit adjustments available now or in the
8 future, a benefit recipient will receive a total yearly benefit increase of at least 2% but no more than the
9 rate of inflation in the previous fiscal year, which will be based on the percentage change in the consumer
10 price index as compiled by the U.S. department of labor for urban wage earners and workers.

11 Because the GABA is intended to address the erosion of retirement benefits caused by inflation and
12 to do so in the most cost-effective manner possible, it is also the intent of the legislature that the
13 guaranteed annual 2% minimum adjustment not begin until after the original benefit has been paid for at
14 least 36 months.

15 Because it is most cost-effective to reduce current unfunded liabilities as well as to avoid future
16 unfunded liabilities and to fund new benefits as they accrue, the bill provides that the GABA be substituted
17 for other benefits in cases in which the GABA is as valuable or more valuable to the members. The
18 resultant actuarial savings will reduce the additional funding required for the GABA. In each retirement
19 system, new members hired after [the effective date of this act] will automatically be covered by the GABA
20 provided for in this bill. In the highway patrol officers', municipal police officers', firefighters' unified, and
21 judges' retirement systems, in which the substitution of the GABA in place of other benefits is not a clear
22 benefit enhancement for all current members, it is the intent of the legislature that the members be provided
23 with a thorough analysis of the benefits to be substituted so that members may individually and irrevocably
24 elect whether to be covered under the provisions of this bill. However, it is not the intent of the legislature
25 that the retirement boards or their administrative staff be required to recommend a specific or best choice
26 to individual members.

27

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

29

30 NEW SECTION. **Section 1. Guaranteed annual benefit adjustment.** (1) Except as provided in

1 subsections (2) and (3), on January 1, 1996, and on January 1 of each following year, the permanent
2 monthly benefit payable to each recipient who is eligible under subsection (4) must be increased to an
3 amount that is 2% more than the permanent monthly benefit payable during the preceding January.
4 Subject to the provisions of subsections (2) and (3), if any other adjustments made since the preceding
5 January have increased an eligible recipient's benefit by less than a 2% annualized increase, the eligible
6 recipient's benefit must be adjusted by an amount that, when added to any other adjustments made during
7 the preceding year, will provide a total annualized increase of 2% in benefits paid since the preceding
8 January.

9 (2) In a case in which an eligible recipient is a contingent annuitant receiving an optional benefit
10 upon the death of the original payee that occurred since the preceding January, the new recipient's monthly
11 benefit must be increased to 2% more than the amount that the contingent annuitant would have received
12 had the contingent annuitant received a benefit during the preceding January.

13 (3) The combined total annual adjustment payable to an individual benefit recipient under this
14 chapter is limited to the total percentage increase for the previous fiscal year in the average consumer price
15 index for urban wage earners and workers, compiled by the bureau of labor statistics, United States
16 department of labor, or its successor agency, or to the 2% provided for in subsection (1), whichever is
17 greater.

18 (4) A benefit recipient is eligible for and must receive the minimum annual benefit adjustment
19 provided for in this section if:

20 (a) the benefit's initiation date is at least 36 months prior to January 1 of the year in which the
21 adjustment is to be made; and

22 (b) the benefit recipient is not an active member of a public retirement system covered by this title.

23 (5) The board shall adopt rules to administer the provisions of this section.
24

25 **NEW SECTION. Section 2. Guaranteed annual benefit adjustment.** (1) Except as provided in
26 subsections (2) and (3), on January 1, 1996, and on January 1 of each following year, the permanent
27 monthly benefit payable to each recipient who is eligible under subsection (4) must be increased to an
28 amount that is at least 2% more than the permanent monthly benefit payable during the preceding January.
29 Subject to the provisions of subsections (2) and (3), if any other adjustments made since the preceding
30 January have increased an eligible recipient's benefit by less than a 2% annualized increase, the eligible

1 recipient's benefit must be adjusted by an amount that, when added to any other adjustments made during
2 the preceding year, will provide a total annualized increase of 2% in benefits paid since the preceding
3 January.

4 (2) In a case in which an eligible recipient is a contingent annuitant receiving an optional benefit
5 upon the death of the original payee that occurred since the preceding January, the new recipient's monthly
6 benefit must be increased to 2% more than the amount that the contingent annuitant would have received
7 had the contingent annuitant received a benefit during the preceding January.

8 (3) The combined total annual adjustment payable to an individual benefit recipient under this
9 chapter is limited to the total percentage increase for the previous fiscal year in the average consumer price
10 index for urban wage earners and workers, compiled by the bureau of labor statistics, United States
11 department of labor, or its successor agency, or to the 2% provided for in subsection (1), whichever is
12 greater.

13 (4) A benefit recipient is eligible for and must receive the minimum annual benefit adjustment
14 provided for in this section if:

15 (a) the benefit's initiation date is at least 36 months prior to January 1 of the year in which the
16 adjustment is to be made;

17 (b) the benefit recipient is not an active member of a public retirement system covered by this title;
18 and

19 (c) the member or benefit recipient either:

20 (i) first became an active member on or after July 1, 1995; or

21 (ii) filed a voluntary, irrevocable election to be covered under this section. The election must be
22 filed with the board prior to January 1, 1996.

23 (5) The board shall adopt rules to administer the provisions of this section.
24

25 **NEW SECTION. Section 3. Guaranteed annual benefit adjustment.** (1) Except as provided in
26 subsection (2), on January 1, 1996, and on January 1 of each following year, the permanent monthly
27 benefit payable to each recipient who is eligible under subsection (3) must be increased to an amount that
28 is 2% more than the permanent monthly benefit payable during the preceding January. Subject to the
29 provisions of subsection (2), if any other adjustments made since the preceding January have increased
30 an eligible recipient's benefit by less than a 2% annualized increase, the eligible recipient's benefit must

1 be adjusted by an amount that, when added to the other adjustments made during the preceding year, will
2 provide a total annualized increase of 2% in benefits paid since the preceding January.

3 (2) The combined total annual adjustment payable under this chapter is limited to the total
4 percentage increase for the previous fiscal year in the average consumer price index for urban wage earners
5 and workers, compiled by the bureau of labor statistics, United States department of labor, or its successor
6 agency, or to the 2% provided for in subsection (1), whichever is greater.

7 (3) A benefit recipient is eligible for and must receive the minimum annual benefit adjustment
8 provided for in this section if:

9 (a) the benefit's initiation date is at least 36 months prior to January 1 of the year in which the
10 adjustment is to be made;

11 (b) the benefit recipient is not an active member of a public retirement system covered by this title;
12 and

13 (c) the member or other benefit recipient either:

14 (i) first became an active member on or after July 1, 1995; or

15 (ii) filed a voluntary, irrevocable election to be covered under this section. The election must be
16 filed with the board prior to January 1, 1996, and will require an active member to pay an increased
17 contribution rate from July 1, 1995, forward.

18 (4) The board shall adopt rules to administer the provisions of this section.

19
20 **Section 4.** Section 19-3-315, MCA, is amended to read:

21 "**19-3-315. Member's contribution to be deducted.** (1) ~~On and after Beginning July 1, 1993~~ Beginning July 1, 1995,
22 the regular contribution of each member is ~~6.70%~~ 6.935% of the member's compensation. Each member's
23 contribution as a percentage of the member's compensation will increase to:

24 (a) 7.17% beginning July 1, 1996;

25 (b) 7.405% beginning July 1, 1997; and

26 (c) 7.64% beginning July 1, 1998.

27 (2) Payment of salaries or wages less the contribution is full and complete discharge and
28 acquittance of all claims and demands for the service rendered by members during the period covered by
29 the payment, except their claims to the benefits to which they may be entitled under the provisions of this
30 chapter.

1 (3) Each employer, pursuant to section 414(h)(2) of the federal Internal Revenue Code of 1954,
2 as amended and applicable on July 1, 1985, shall pick up and pay the contributions that would be payable
3 by the member under subsection (1) for service rendered after June 30, 1985.

4 (4) The member's contributions picked up by the employer must be designated for all purposes of
5 the retirement system as the member's contributions, except for the determination of a tax upon a
6 distribution from the retirement system. These contributions must become part of the member's
7 accumulated contributions but must be accounted for separately from those previously accumulated.

8 (5) The member's contributions picked up by the employer must be payable from the same source
9 as is used to pay compensation to the member and must be included in the member's wages, as defined
10 in 19-1-102, and compensation. The employer shall deduct from the member's compensation an amount
11 equal to the amount of the member's contributions picked up by the employer and remit the total of the
12 contributions to the board."

13
14 **Section 5.** Section 19-3-316, MCA, is amended to read:

15 **"19-3-316. Employer contribution rates.** Each employer shall contribute to the cost of benefits
16 under the system. ~~On and after July 1, 1993, the~~ The amount of the employer contributions is ~~6.70%~~ as
17 a percentage of each employer's covered payroll is:

18 (1) 7.2% beginning July 1, 1995;

19 (2) 7.45% beginning July 1, 1996; and

20 (3) 7.7% beginning July 1, 1997."

21
22 **Section 6.** Section 19-3-503, MCA, is amended to read:

23 **"19-3-503. Election to qualify military service.** (1) (a) A member with 10 years or more of service
24 credits may, at any time prior to retirement, make a written election with the board to purchase service
25 credits for all or any portion of the member's active service in the armed forces of the United States,
26 including the first special service force or the American merchant marine in oceangoing service during the
27 period of armed conflict, December 7, 1941, to August 15, 1945, up to a maximum of 5 years, if the
28 member is not otherwise eligible to receive service credit for this same service pursuant to 19-2-705.

29 (b) To qualify this service, the member shall contribute to the pension trust fund the ~~amount~~
30 ~~determined by the board to be due based on the member's compensation and regular contribution rate as~~

1 ~~of the member's 11th year and as many succeeding years as are required to qualify this service, with~~
 2 ~~regular interest from the date the member becomes eligible for this benefit to the date the member~~
 3 ~~contributes~~ actuarial cost of the service credit based on the most recent actuarial valuation of the system.
 4 The member may not purchase more of this service credit than the member has service credits in excess
 5 of 10 years.

6 (2) If a member has retired from active duty in the armed forces of the United States, including the
 7 first special service force or the American merchant marine in oceangoing service during the period of
 8 armed conflict, December 7, 1941, to August 15, 1945, with a military service retirement benefit, the
 9 member may not qualify the member's military service under subsection (1). However, a member who is
 10 serving or has served in the military reserves with the expectation of receiving a military service pension
 11 may qualify the member's active military service under subsection (1) if the member's active duty in the
 12 armed forces of the United States, including the first special service force or the American merchant marine
 13 in oceangoing service during the armed conflict, December 7, 1941, to August 15, 1945, is not more than
 14 25% of the total sum of all years of military service including reserve and active duty time."
 15

16 **Section 7.** Section 19-3-512, MCA, is amended to read:

17 **"19-3-512. Qualification of service from other public retirement systems.** (1) A member with 5
 18 or more years of membership service in the public employees' retirement system may qualify:

19 (a) public service employment covered under a public retirement system other than a system
 20 provided for in Title 19 for which the member received a refund of the member's membership contribution;
 21 and

22 (b) public service employment that occurred before the public employer adopted a public retirement
 23 system.

24 (2) A member may not qualify more than 5 years of service under this section. To qualify this
 25 service, a member shall:

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

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

29 ~~(i) the member's compensation in the sixth year of service covered under the public employees'~~
 30 ~~retirement system; and~~

1 ~~(ii)~~ the most recent actuarial valuation of the system.

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

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

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

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

7 (5) Service qualified under this section may not be used in calculating a member's retirement
8 benefit unless the member's last 5 years of service credit were earned under the public employees'
9 retirement system. If a member's qualified service may not be used in calculating the member's retirement
10 benefit, the member may choose to receive a refund of the accumulated contributions made to qualify the
11 service."

12
13 **Section 8.** Section 19-3-513, MCA, is amended to read:

14 "**19-3-513. Election to purchase additional service.** (1) At any time before retirement, ~~a person~~
15 ~~who became~~ a member of the retirement system ~~before July 1, 1989, and~~ who has 5 years or more of
16 membership service may make a written election with the board to purchase additional service credit for
17 the purpose of calculating the member's retirement benefit. Except as provided in subsection (3), the
18 member may purchase 1 year of additional service credit for each 5 years of membership service that the
19 member has qualified under the retirement system, up to a maximum of 5 years of additional service.

20 (2) For each year of service credit purchased under this section, a member shall contribute to the
21 pension trust fund ~~an amount equal to the member's compensation for the 12-month period immediately~~
22 ~~preceding the date the member elects to purchase the service multiplied by the combined employee and~~
23 ~~employer contribution rates contained in 19-3-315 and 19-3-316~~ the actuarial cost of the service credit
24 based on the most recent actuarial valuation of the system. Contributions may be made in a lump-sum

25 payment or by making additional contributions in installments as agreed upon by the member and the board.

26 (3) (a) Except as provided in subsection (3)(b), after January 1, 1990, a member may elect to
27 qualify a combined total of 5 years of service under 19-3-503, 19-3-512, or this section.

28 (b) A member who has purchased service under 19-3-503 or 19-3-512 on or before January 1,
29 1990, and who elects to purchase service under this section ~~shall~~ must receive credit for the full months
30 of service purchased on or before January 1, 1990.

1 (4) Service purchased under this section is not membership service and may not be used to qualify
2 a member for service retirement."

3

4 **Section 9.** Section 19-5-101, MCA, is amended to read:

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

7 (1) "Compensation" means remuneration as defined in 2-16-404, 3-5-211, and 3-7-222 paid to
8 a member.

9 (2) "Current salary" means the current compensation for the office retired from.

10 (3) "Final average salary" means the average of the member's highest monthly compensation
11 during any 36 consecutive months of membership service in the retirement system.

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

13 ~~(4)~~(5) "Retired judge" means any judge or justice in receipt of a retirement benefit under this
14 chapter."

15

16 **Section 10.** Section 19-5-404, MCA, is amended to read:

17 **"19-5-404. Contributions by state.** (1) The state of Montana shall contribute monthly to the
18 pension trust fund a sum equal to ~~6%~~ 28.77% of the compensation of each member. ~~In addition, the clerk~~
19 ~~of each district court shall transmit 68% of certain filing fees as required under 25-1-201(2) and that~~
20 ~~portion of the fee for filing a petition for dissolution of marriage and a motion for substitution of a judge~~
21 ~~specified in 25-1-201(4) and (6) to the state, which shall first deposit in the pension trust fund an amount~~
22 ~~equal to 34.71% of the total compensation paid to district judges and supreme court justices who are~~
23 ~~covered by the judges' retirement system and then deposit the balance in the state general fund. The clerk~~
24 ~~of the supreme court shall pay one-fourth of the fees collected under 3-2-403 to the division to be credited~~
25 ~~to the pension trust fund.~~

26 (2) The state of Montana shall contribute monthly from the renewable resource grant and loan
27 program account in the state special revenue fund to the judges' pension trust fund an amount equal to
28 ~~34.71%~~ 28.77% of the compensation paid to the chief water court judge."

29

30 **Section 11.** Section 19-5-502, MCA, is amended to read:

1 **"19-5-502. Service retirement benefit.** Upon retirement from service, a member must receive a
2 service retirement benefit equal to:

3 (1) 3 1/3% per year of the member's current salary for the first 15 years of credited service and
4 1.785% per year for each year of credited service after 15 years for a person who became a member prior
5 to July 1, 1995, and who has not elected to receive a guaranteed annual benefit adjustment under [section
6 2];

7 (2) 3 1/3% per year of the member's final average salary for the first 15 years of credited service
8 and 1.785% per year for each year of credited service after 15 years for a person who:

9 (a) first became a member on or after July 1, 1995; or

10 (b) has elected to receive a guaranteed annual benefit adjustment under [section 2]."

11
12 **Section 12.** Section 19-5-601, MCA, is amended to read:

13 **"19-5-601. Disability retirement benefit.** In case of the disability of a member, a disability
14 retirement benefit must be granted the member in an amount actuarially equivalent to the service retirement
15 benefit standing to the member's credit at the time of the member's disability retirement. If the disability
16 is a direct result of any service to the Montana judiciary in the line of duty, the ~~member must receive a~~
17 ~~benefit equal to~~ member's disability benefit must be no less than:

18 (1) one-half of the member's final current salary or the benefit provided in 19-5-502, whichever
19 is greater for a person who first became a member prior to July 1, 1995, and who has elected not to
20 receive the guaranteed annual benefit adjustment under [section 2]; or

21 (2) one-half of the member's final average salary for a person who first became a member on or
22 after July 1, 1995, or who has elected to receive the guaranteed annual benefit adjustment under [section
23 2]."

24
25 **Section 13.** Section 19-5-802, MCA, is amended to read:

26 **"19-5-802. Payments in case of death from other causes.** (1) If a retired member who became
27 a member prior to July 1, 1995, and who chose a regular retirement benefit dies before receiving payments
28 equal to the present value of the member's retirement benefit as it was at the time of the member's
29 retirement, the balance must be paid to the member's designated beneficiary in a lump sum. At the
30 designated beneficiary's request, the lump sum may be paid as an actuarially equivalent annuity that will

1 not be subject to increases for any purpose.

2 (2) Upon the death of a retiree who chose a regular retirement benefit and who either became a
3 member on or after July 1, 1995, or elected to receive the guaranteed annual benefit adjustment under
4 [section 2], the member's designated beneficiary must be paid the unpaid balance of the retiree's benefit.
5 The benefit must be calculated by subtracting the total benefits paid to the member during the member's
6 lifetime from the member's total amount of contributions and interest on account as that amount was on
7 the day the member retired.

8 (3) If a member dies before reaching retirement age, the member's designated beneficiary is entitled
9 to a monthly survivorship benefit that is the actuarial equivalent of the options as provided in 19-5-503."

10

11 **Section 14.** Section 19-6-402, MCA, is amended to read:

12 "19-6-402. **Member's contribution.** (1) Each Except as provided in subsection (1)(b), a person
13 who became a member prior to July 1, 1995, shall contribute into the pension trust fund a sum equal to
14 9% of the member's monthly compensation, which must be deposited to the member's credit in the
15 pension trust fund.

16 (b) A person who became a member on or after July 1, 1995, or who has elected to receive a
17 guaranteed annual benefit adjustment under [section 3] shall contribute to the pension trust fund, from July
18 1, 1995, forward, a sum equal to 9.1% of the member's monthly compensation.

19 (2) Each employer, pursuant to section 414(h)(2) of the federal Internal Revenue Code of 1954,
20 as amended and applicable on July 1, 1985, shall pick up and pay the contributions that would be payable
21 by the member under subsection (1) for service rendered after June 30, 1985.

22 (3) The member's contributions picked up by the employer must be designated for all purposes of
23 the retirement system as the member's contributions, except for the determination of a tax upon a
24 distribution from the retirement system. These contributions must become part of the member's
25 accumulated contributions but must be accounted for separately from those previously accumulated.

26 (4) The member's contributions picked up by the employer must be payable from the same source
27 as is used to pay compensation to the member and must be included in the member's wages as defined
28 in 19-1-102 and compensation as used to define the member's final average salary in 19-6-101. The
29 employer shall deduct from the member's compensation an amount equal to the amount of the member's
30 contributions picked up by the employer and remit the total of the contributions to the board."

1 **Section 15.** Section 19-6-404, MCA, is amended to read:

2 **"19-6-404. State's contribution.** The state of Montana shall annually contribute to the pension
3 trust fund an amount equal to ~~36.28%~~ 36.39% of the total compensation paid to the members from the
4 following sources:

5 (1) an amount equal to ~~26.10%~~ 26.21% of the total compensation of the members is payable from
6 the same source that is used to pay compensation to the members; and

7 (2) an amount equal to 10.18% of the total compensation of the members is payable from a portion
8 of the fees from driver's licenses and duplicate driver's licenses as provided in 61-5-121."

9

10 **Section 16.** Section 19-6-801, MCA, is amended to read:

11 **"19-6-801. Election to qualify military service.** (1) A member with 15 years or more of service
12 credit with the Montana highway patrol may, at any time prior to retirement, make a written election with
13 the division to qualify all or any portion of the member's active service in the armed forces of the United
14 States for the purpose of calculating retirement benefits, up to a maximum of 5 years, if the member is not
15 otherwise eligible to receive service credit for this same service pursuant to 19-2-705.

16 (2) To qualify this service the member shall contribute to the account the ~~amount determined by~~
17 ~~the division to be due based on the member's compensation and regular contribution rate as of the~~
18 ~~member's 16th year and as many succeeding years as are required to qualify this service, with interest from~~
19 ~~the date the member becomes eligible for this benefit to the date the member contributes~~ actuarial cost of
20 the service credit based on the most recent actuarial valuation of the system. The member may not qualify
21 more of this service than the member has service with the Montana highway patrol in excess of 15 years."

22

23 **Section 17.** Section 19-7-403, MCA, is amended to read:

24 **"19-7-403. Members' contributions deducted.** (1) Every member shall contribute into the pension
25 trust fund ~~7%~~ 7.62% of the member's monthly compensation, which must be deposited to the member's
26 credit in the pension trust fund.

27 (2) Each employer, pursuant to section 414(h)(2) of the federal Internal Revenue Code of 1954,
28 as amended and applicable on July 1, 1985, shall pick up and pay the contributions that would be payable
29 by the member under subsection (1) for service rendered after June 30, 1985.

30 (3) The member's contributions picked up by the employer must be designated for all purposes of

1 the retirement system as the member's contributions, except for the determination of a tax upon a
2 distribution from the retirement system. These contributions must become part of the member's
3 accumulated contributions but must be accounted for separately from those previously accumulated.

4 (4) The member's contributions picked up by the employer must be payable from the same source
5 as is used to pay compensation to the member and must be included in the member's wages as defined
6 in 19-1-102 and salary as used to define the member's final average salary in 19-7-101. The employer
7 shall deduct from the member's compensation an amount equal to the amount of the member's
8 contributions picked up by the employer and remit the total of the contributions to the board."
9

10 **Section 18.** Section 19-7-404, MCA, is amended to read:

11 "**19-7-404. Employer contributions.** (1) The employer shall pay monthly ~~7.67%~~ 8.29% of each
12 member's gross compensation into the pension trust fund created by this chapter.

13 (2) If the required contribution to the retirement system exceeds the funds available to a county
14 from general revenue sources, a county may budget, levy, and collect annually a special tax on the
15 assessable property within the county that is sufficient to raise the amount of revenue needed to meet the
16 county's obligation. This tax may be in addition to the annual rate of taxation allowed by law to be levied
17 by the county."
18

19 **Section 19.** Section 19-7-503, MCA, is amended to read:

20 "**19-7-503. Service retirement benefit.** (1) The amount of any service retirement benefit granted
21 to a member with 24 years or less of membership service is 2.0834% of the member's final average salary
22 for each year of service credit, up to a maximum of 50% of the member's final average salary, except as
23 provided under [section 1].

24 (2) The member's retirement benefit must be increased for any member who contributes after 24
25 years of service credit by 1.35% of the member's final average salary for each year of service credit in
26 excess of 24 years, up to a maximum of 60% of the member's final average salary, except as provided
27 under [section 1].

28 (3) If a member dies after retirement and had not elected an optional retirement benefit provided
29 for in 19-7-1001, the member's designated beneficiary must be paid the excess, if any, of the member's
30 accumulated contributions at the time of retirement less payments made to the retired member."

1 **Section 20.** Section 19-8-502, MCA, is amended to read:

2 "**19-8-502. Member's contribution.** (1) ~~Every~~ Each member is required to contribute into the
3 pension trust fund a sum equal to ~~7.9%~~ 8.5% of the member's monthly compensation, which ~~sum~~ must
4 be deposited to the member's credit in the pension trust fund.

5 (2) Each employer, pursuant to section 414(h)(2) of the federal Internal Revenue Code of 1954,
6 as amended and applicable on July 1, 1985, shall pick up and pay the contributions that would be payable
7 by the member under subsection (1) for service rendered after June 30, 1985.

8 (3) The member's contributions picked up by the employer must be designated for all purposes of
9 the retirement system as the member's contributions, except for the determination of a tax upon a
10 distribution from the retirement system. These contributions must become part of the member's
11 accumulated contributions but must be accounted for separately from those previously accumulated.

12 (4) The member's contributions picked up by the employer must be payable from the same source
13 as is used to pay compensation to the member and must be included in the member's wages as defined
14 in 19-1-102 and the member's compensation as used to define the member's final average salary in
15 19-8-101. The employer shall deduct from the member's compensation an amount equal to the amount
16 of the member's contributions picked up by the employer and remit the total of the contributions to the
17 board."

18

19 **Section 21.** Section 19-8-504, MCA, is amended to read:

20 "**19-8-504. State's contribution.** ~~(1) To fund the employer's portion of the normal cost of benefits~~
21 ~~under this chapter, each~~ Each month, the state treasurer shall pay to the pension trust fund:

22 ~~(a)~~ (1) out of the department of fish, wildlife, and parks funds, a sum equal to 7.15% of all
23 members' salaries; and

24 ~~(b)~~ (2) out of the funds collected as fines and forfeited bonds under the provisions of 87-1-601(1)
25 through (5) or funds distributed under 3-10-601(4), an amount equal to ~~4%~~ 5.69% of all members' salaries.

26 ~~(2) In addition to the contributions provided in subsection (1), the state treasurer shall pay to the~~
27 ~~pension trust fund the balance of the funds distributed to the fish and game account pursuant to 3-10-601~~
28 ~~until the unfunded liability in the pension trust fund is fully paid and a verification statement to that effect~~
29 ~~is given to the state treasurer by the board."~~

30

1 **Section 22.** Section 19-8-1002, MCA, is amended to read:

2 "**19-8-1002. Postretirement death payments.** If a ~~retired~~ member who retired on or after July 1,
3 1995, and who has not chosen an optional retirement benefit under 19-8-801 dies before receiving an
4 amount equal to the ~~present value of the member's service retirement benefit under 19-8-603~~ member's
5 total amount of contributions and interest on account as ~~if that amount~~ was at the time of the member's
6 retirement, the balance must be paid to the member's designated beneficiary in a lump-sum payment. At
7 ~~the option of the designated beneficiary, the lump sum payment may be annuitized and paid over the~~
8 ~~beneficiary's lifetime; however, the payment is not a benefit subject to increases."~~

9

10 **Section 23.** Section 19-9-702, MCA, is amended to read:

11 "**19-9-702. State contribution.** The state of Montana shall make its contributions through the state
12 auditor out of the premium tax on motor vehicle property and casualty insurance policies. The payments
13 must be made annually after the end of each fiscal year but no later than November 1 from the gross
14 premium tax after deduction for cancellations and returned premiums. The division shall notify the auditor
15 by September 1 of each fiscal year of the annual compensation paid to all active members during the
16 preceding fiscal year. The state's contribution is ~~15.66%~~ 16.41% of compensation paid to members."

17

18 **Section 24.** Section 19-9-703, MCA, is amended to read:

19 "**19-9-703. Employer contribution.** Each employer shall make its contribution through the city
20 treasurer or other appropriate official out of money available to the city for that purpose. The employer's
21 contribution, which must be paid monthly to the division, is ~~14.36%~~ 16.58% of the compensation paid to
22 all active members."

23

24 **Section 25.** Section 19-9-710, MCA, is amended to read:

25 "**19-9-710. Member contributions.** (1) ~~The~~ Except as specified in subsection (2), the regular
26 contribution as a percentage of compensation of each active member first employed by an employer as a
27 police officer:

28 (a) on or before June 30, 1975, is 7.8% ~~of the member's compensation. In the case of a member~~
29 ~~first employed by an employer as a police officer;~~

30 (b) after June 30, 1975, ~~the contribution~~ but before July 1, 1979, is 9% ~~of the member's~~

1 compensation. In the case of a member first employed by an employer as a police officer;

2 (c) after June 30, 1979, the contribution but before July 1, 1995, is 10.5% of the member's
3 compensation; and

4 (d) after June 30, 1995, is 12.65%.

5 (2) A member who has elected to receive the guaranteed annual benefit adjustment provided for
6 in [section 3] shall pay the following contribution rates as a percentage of compensation:

7 (a) 9.95% if first hired as a police officer on or before June 30, 1975;

8 (b) 11.15% if first hired as a police officer after June 30, 1975 but before July 1, 1979; and

9 (c) 12.65% if first hired as a police officer after June 30, 1979.

10 (3) Each employer, pursuant to section 414(h)(2) of the federal Internal Revenue Code of 1954,
11 as amended and applicable on July 1, 1985, shall pick up and pay the contributions that would be payable
12 by the member under ~~subsection~~ subsections (1) and (2) for service rendered after June 30, 1985.

13 ~~(3)(4)~~ The member's contributions picked up by the employer must be designated for all purposes
14 of the retirement system as the member's contributions, except for the determination of a tax upon a
15 distribution from the retirement system. These contributions must become part of the member's
16 accumulated contributions but must be accounted for separately from those previously accumulated.

17 ~~(4)(5)~~ The member's contributions picked up by the employer must be payable from the same
18 source as is used to pay compensation to the member and must be included in the member's wages as
19 defined in 19-1-102 and in the member's compensation as defined in 19-9-104. The employer shall deduct
20 from the member's compensation an amount equal to the amount of the member's contributions picked up
21 by the employer and remit the total of the contributions to the board."

22

23 **Section 26.** Section 19-13-601, MCA, is amended to read:

24 **"19-13-601. Deduction remitted to firemen's association -- member's contributions.** (1) Each
25 employer shall retain from the compensation of each active member a sum equal to 1% of the member's
26 compensation for services as a firefighter and shall remit this amount on a monthly basis to the Montana
27 state firemen's association for the payment of premiums on a group life and accidental death and
28 dismemberment insurance policy for members and to defray expenses incurred by the association when
29 representing members of the retirement system.

30 (2) ~~The~~ Each member's contribution to the retirement system is as a percentage of the member's

1 compensation must be:

2 (a) 6% of the member's compensation for a firefighter who first became a member prior to July
 3 1, 1995, and who has not elected to receive the guaranteed annual benefit adjustment under [section 3];
 4 or

5 (b) after July 1, 1995, 7.8% for a firefighter who first became a member on or after July 1, 1995,
 6 or who has elected to receive a guaranteed annual benefit adjustment under [section 3].

7 (3) If a member receives compensation under the provisions of the Workers' Compensation Act,
 8 Title 39, chapter 71, the amount received must be included as part of the member's compensation for
 9 purposes of determining contributions and service credits under the retirement system. Contributions made
 10 under 19-13-604, 19-13-605, and this section must be based on the total compensation received by the
 11 member from the employer and from workers' compensation during the period of disability.

12 (4) Each employer, pursuant to section 414(h)(2) of the federal Internal Revenue Code, as amended
 13 and applicable on July 1, 1987, shall pick up and pay the contributions that would be payable by the
 14 member under subsection (2) for service rendered after June 30, 1987.

15 (5) The member's contributions picked up by the employer must be designated for all purposes of
 16 the retirement system as the member's contributions, except for the determination of a tax upon a
 17 distribution from the retirement system. These contributions must become part of the member's
 18 accumulated contributions but must be accounted for separately from those previously accumulated.

19 (6) The member's contributions picked up by the employer must be payable from the same source
 20 as is used to pay compensation to the member and must be included in the member's compensation as
 21 defined in 19-13-104. The employer shall deduct from the member's compensation an amount equal to
 22 the amount of the member's contributions picked up by the employer and remit the total of the
 23 contributions to the board."
 24

25 **Section 27.** Section 19-13-604, MCA, is amended to read:

26 **"19-13-604. State contribution.** The state shall make its contributions through the state auditor
 27 from the premium taxes on the insurance risks enumerated in 19-18-512. These payments must be made
 28 annually to the pension trust fund after the end of each fiscal year but no later than November 1 from the
 29 gross premium taxes after deduction for cancellations and returned premiums. The division shall notify the
 30 auditor of the annual compensation, excluding overtime, holiday payments, shift differential payments,

1 compensatory time payments, and payments in lieu of sick leave, paid to all active members during the
 2 preceding year. The state's contribution is 23.27% of this total compensation ~~effective paid on and after~~
 3 July 1, 1991, and 24.02% of the total compensation paid on and after July 1, 1995. As soon as
 4 practicable after receipt of the state contribution, the division shall deposit it in the pension trust fund."
 5

6 **Section 28.** Section 19-13-605, MCA, is amended to read:

7 "19-13-605. **Employer contribution.** Each employer shall make its contribution on behalf of
 8 members through the city treasurer or other appropriate official from money available to the city for this
 9 purpose. The employer's contribution is ~~13.02%~~ 14.04% of the total compensation paid to members. All
 10 contributions are payable monthly to the division, which shall, as soon as practicable after their receipt,
 11 deposit them in the pension trust fund."
 12

13 **Section 29.** Section 19-13-704, MCA, is amended to read:

14 "19-13-704. **Amount of service retirement benefit.** (1) Except as provided in subsection (2), the
 15 following retirement benefits apply:

16 (a) A member hired before July 1, 1981, who elects to retire after having reached both 20 years
 17 of membership service and age 50 must receive a service retirement benefit equal to the sum of:

18 (i) 50% of the member's last monthly compensation for years of service credit up to and including
 19 20 years; and

20 (ii) 1% of the member's last monthly compensation for each year of service credit after 20 years.

21 (b) A member hired before July 1, 1981, who elects to retire after having reached at least 10 years
 22 of membership service but prior to reaching age 50 as an active member must receive a service retirement
 23 benefit equal to 2% of the member's last monthly compensation for each year of service credit. Upon the
 24 retired member's death, the benefit must be ~~made~~ paid to the surviving spouse. If there is no surviving
 25 spouse or if the surviving spouse dies and if the member leaves one or more dependent children, the
 26 children are entitled to receive the allowance as long as they remain dependent children as defined in
 27 19-13-104.

28 (2) A member who was hired on or after July 1, 1981, or who has elected to receive a guaranteed
 29 annual benefit adjustment under [section 3], and who retires with at least 10 years of membership service
 30 must receive a service retirement benefit equal to 2% of the member's final average compensation for each

1 year of service credit.

2 (3) ~~The~~ Except as provided under [section 3], the maximum monthly benefit payable to any retiree
3 under subsection (1) may not exceed 60% of the member's last monthly compensation. ~~The~~ Except as
4 provided under [section 3], the maximum monthly benefit payable to any retiree under subsection (2) may
5 not exceed 60% of the member's final average compensation."

6

7 **Section 30.** Section 19-13-803, MCA, is amended to read:

8 **"19-13-803. Amount of disability retirement benefit.** (1) ~~A~~ Except as provided in subsection (3),
9 a member hired before July 1, 1981, who becomes disabled:

10 (a) before completing 20 years of membership service must receive a disability retirement benefit
11 equal to one-half the member's last monthly compensation;

12 (b) after completing 20 years or more of membership service must receive the disability retirement
13 benefit provided in subsection (1)(a) increased at a rate of 1% of the member's last monthly compensation
14 for each year of service credit in excess of 20, up to a maximum benefit equal to 60% of the member's
15 last monthly compensation.

16 (2) ~~A~~ Except as provided in subsection (3), a member hired on or after July 1, 1981, who becomes
17 disabled:

18 (a) before completing 25 years of membership service must receive a disability retirement benefit
19 equal to one-half the member's last monthly compensation;

20 (b) after completing 25 years or more of membership service must receive the disability retirement
21 benefit provided in subsection (2)(a) increased at a rate of 2% of the member's last monthly compensation
22 for each year of service credit in excess of 25, up to a maximum benefit equal to 60% of the member's
23 last monthly compensation.

24 (3) A member who was hired on or after July 1, 1995, or who has elected to receive a guaranteed
25 annual benefit adjustment under [section 3] and who becomes disabled:

26 (a) before completing 25 years of membership service must receive a disability retirement benefit
27 equal to one-half the member's final average compensation;

28 (b) after completing 25 years or more of membership service must receive the disability retirement
29 benefit provided in subsection (3)(a), increased at a rate of 2% of the member's final average compensation
30 for each year of service credit in excess of 25 years, up to a maximum benefit equal to 60% of the

1 member's final average compensation, except as provided under [section 3].

2 (4) A member's disability retirement benefit must be paid first to the member during the member's
3 lifetime and, upon the member's death, to the member's surviving spouse. If upon a member's death the
4 member leaves no surviving spouse or upon the death of the surviving spouse, the member's benefit must
5 be paid to the member's dependent children as long as they remain dependent children as defined in
6 19-13-104."

7

8 **Section 31.** Section 19-13-902, MCA, is amended to read:

9 "19-13-902. **Survivorship benefit.** (1) Except as provided in subsection (2), the following
10 survivorship benefits apply:

11 (a) Upon the death before retirement of an active member hired before July 1, 1981, the member's
12 surviving spouse, if there is one, must receive a survivorship benefit equal to one-half the last monthly
13 compensation received by the member. If the member leaves one or more dependent children, then, upon
14 the member's death if the member leaves no surviving spouse or upon the death of the surviving spouse,
15 the member's dependent children must collectively receive the same benefit that a surviving spouse would
16 have received, as long as the children remain dependent children as defined in 19-13-104.

17 (b) If the deceased member completed over 20 years of membership service, the survivorship
18 benefit provided in subsection (1)(a) must be increased at a rate of 1% of the last monthly compensation
19 for each year in excess of 20, up to a maximum of 60% of the last monthly compensation received by the
20 member, except as provided under [section 3].

21 (2) Upon the death before retirement of a member hired on or after July 1, 1981, or of a member
22 who has elected to receive the guaranteed annual benefit adjustment provided under [section 3], the
23 member's surviving spouse, if there is one, must receive a survivorship benefit equal to one-half of the
24 member's final average compensation. If the member leaves one or more dependent children, then, upon
25 the member's death if the member leaves no surviving spouse or upon the death of the surviving spouse,
26 the member's dependent children must collectively receive the same benefit that a surviving spouse would
27 have received, as long as the children remain dependent children as defined in 19-13-104."

28

29 **Section 32.** Section 19-20-101, MCA, is amended to read:

30 "19-20-101. **Definitions.** As used in this chapter, unless the context clearly indicates otherwise,

1 the following definitions apply:

2 (1) "Accumulated contributions" means the sum of all the amounts deducted from the
3 compensation of a member or paid by a member and credited to ~~his~~ the member's individual account in the
4 annuity savings fund, together with interest. Regular interest ~~shall~~ must be computed and allowed to
5 provide a benefit at the time of retirement.

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

9 (3) "Annuity" means the payments made to a beneficiary for life ~~which~~ that are derived from a
10 member's accumulated contributions.

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

14 (5) (a) "Average final compensation" means the average of the earned compensation of a member
15 during the 3 consecutive years of full-time service ~~which~~ that yield the highest average and on which
16 contributions have been made as required by 19-20-602.

17 (b) In determining a member's retirement allowance under 19-20-802 or 19-20-804, the amount
18 of each year's earned compensation that may be used in the calculation of average final compensation may
19 not exceed the member's earned compensation from the preceding year by more than 10%, except as
20 provided by rule by the retirement board.

21 (c) Earned compensation in excess of the amount specified in subsection (5)(b) is considered
22 termination pay as provided in subsection (5)(d).

23 (d) If the earned compensation includes any termination pay, the member shall select one of the
24 following options:

25 (i) use the total termination pay in the calculation of the average final compensation. The member
26 and the employer shall pay contributions to the retirement system as are determined by the board to
27 adequately compensate the system for the additional retirement benefit. The contributions must be made
28 at the time the termination pay is received.

29 (ii) use a yearly amount of termination pay added to each of the 3 consecutive years' salary used
30 in the calculation of the average final compensation, if the member has 4 or more years of service with the

1 employer from which the termination pay was received. The amount of compensation used in the
 2 calculation of average final compensation must be divided by the total number of years of creditable service
 3 to determine a yearly amount. The member and the employer ~~must~~ shall pay contributions on the
 4 termination pay according to the rates provided for in 19-20-602~~(4)~~ and 19-20-605(1).

5 (iii) exclude the termination pay from the average final compensation. No contribution is required
 6 of either the employer or member, and contributions made under 19-20-602 and 19-20-605 must be
 7 refunded.

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

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

14 (7) "Creditable service" is that service defined by 19-20-401.

15 (8) "Earned compensation" means the full compensation, pay, or salary actually paid to a member
 16 and reported to the retirement system, including amounts paid under a salary reduction agreement, a
 17 cafeteria plan, a tax sheltered annuity, or a deferred compensation program, ~~and~~ the value of any housing
 18 provided by the employer. The employer shall fix the value of any housing provided. The term does not
 19 include any other amounts paid in kind or fringe benefits not actually paid to a member. The earned
 20 compensation is the full compensation, pay, or salary that would have been paid to a member for full-time
 21 service but that was not paid to the member because of a reduction in compensation, pay, or salary due
 22 to a temporary absence, provided that the retirement system receives the contribution required by
 23 19-20-413. The earned compensation of a member who had less than 3 consecutive years of full-time
 24 service during the 5 years preceding ~~his~~ retirement is the compensation, pay, or salary ~~which he~~ that the
 25 member would have earned had ~~he~~ the member's part-time service been full-time service. The earned
 26 compensation of a member who is awarded a disability retirement allowance prior to the completion of a
 27 full year is the compensation, pay, or salary ~~which he~~ that the member would have received had ~~he~~ the
 28 member completed the full year, except that any termination pay, as defined in subsection (5)(e), received
 29 by the member is limited to the amount actually paid and is not the amount ~~he~~ the member would have
 30 earned had ~~he~~ the member completed the full year.

1 (9) "Employer" means the state of Montana, the trustees of a district, or any other agency or
2 subdivision of the state ~~which~~ that employs a person who is designated as a member of the retirement
3 system.

4 (10) "Full-time service" means service ~~which~~ that is full-time and ~~which~~ that extends over a normal
5 academic year of at least 9 months. With respect to those members employed by the office of the
6 superintendent of public instruction, any other state agency or institution, or the office of a county
7 superintendent, "full-time service" means service ~~which~~ that is full-time and ~~which~~ that totals at least 9
8 months in any ~~one~~ year.

9 (11) "Member" means a person who has an individual account in the annuity savings fund. An
10 active member is a person included under the provisions of 19-20-302. An inactive member is a person
11 included under the provisions of 19-20-303.

12 (12) "Part-time service" means service ~~which~~ that is less than full-time or ~~which~~ that totals less than
13 9 months in any ~~one~~ year. Part-time service ~~shall~~ must be credited in the proportion that the actual time
14 worked bears to full-time service.

15 (13) "Pension" means the payments made to a beneficiary for life ~~which~~ that are paid out of the
16 pension accumulation fund.

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

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

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

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

24 (18) "Retirement board" means the retirement system's governing board provided for in 2-15-1010.

25 (19) "Retirement system" means the teachers' retirement system of the state of Montana provided
26 for in 19-20-102.

27 (20) "Service" means the performance of ~~such~~ instructional duties or related activities as that would
28 entitle the person to active membership in the retirement system under the provisions of 19-20-302."

29
30 **Section 33.** Section 19-20-602, MCA, is amended to read:

1 **"19-20-602. Annuity savings fund -- member's contribution.** (1) The annuity savings fund is a
 2 fund in which the contributions for the members to provide for their annuities ~~shall be~~ is accumulated in
 3 individual accounts for each member. The normal contribution of each member is ~~7.044% of his~~ as a
 4 percentage of the member's earned compensation is:

5 (a) 7.4% beginning July 1, 1995;

6 (b) 7.75% beginning July 1, 1996;

7 (c) 8.1% beginning July 1, 1997; and

8 (d) 8.45% beginning July 1, 1998.

9 (2) Contributions to and payments from the annuity savings fund ~~shall~~ must be made in the
 10 following manner:

11 ~~(1)~~ (a) Each employer, pursuant to section 414(h)(2) of the federal Internal Revenue Code of 1954,
 12 as amended and applicable on July 1, 1985, shall pick up and pay the contributions ~~which~~ that would be
 13 payable by the member under this section for service rendered after June 30, 1985.

14 (b) The member's contributions picked up by the employer must be designated for all purposes of
 15 the retirement system as the member's contributions, except for the determination of a tax upon a
 16 distribution from the retirement system. These contributions must become part of the member's
 17 accumulated contributions but must be accounted for separately from those previously accumulated.

18 (c) The member's contributions picked up by the employer must be payable from the same source
 19 as is used to pay compensation to the member and must be included in the member's wages as defined
 20 in 19-1-102 and ~~his~~ the member's earned compensation as used to define ~~his~~ the member's average final
 21 compensation in 19-20-101. The employer shall deduct from the member's compensation an amount equal
 22 to the amount of the member's contributions picked up by the employer and remit the total of the
 23 contributions to the retirement board.

24 (d) The deductions ~~shall~~ must be made notwithstanding that the minimum compensation provided
 25 by law for a member may be reduced ~~thereby~~ by the deductions. ~~Every~~ Each member is considered to
 26 consent to the deductions prescribed by this section, and payment of salary or compensation less the
 27 deductions is a complete discharge of all claims ~~whatsoever~~ for the services rendered by the member during
 28 the period covered by the payment, except as to the benefits provided by the retirement system.

29 ~~(2)~~(3) In addition to the normal contributions and subject to the approval of the retirement board,
 30 ~~any~~ a member may redeposit in the annuity savings fund, by a single payment or by an increased rate of

1 contribution, an amount equal to any accumulated contributions ~~which he~~ that the member has previously
 2 withdrawn, plus interest in the amount the contributions would have earned had the contributions not been
 3 withdrawn.

4 ~~(3)(4)~~ (4) The member's accumulated contributions ~~of a member~~ withdrawn by ~~him~~ the member or paid
 5 to ~~his~~ the member's estate or ~~to his~~ designated beneficiary in event of ~~his~~ death ~~shall~~ must be paid from
 6 the annuity savings fund. Upon ~~the retirement of a member,~~ his the member's accumulated contributions
 7 ~~shall~~ must be transferred from the annuity savings fund to the pension accumulation fund."

8

9 **Section 34.** Section 19-20-605, MCA, is amended to read:

10 **"19-20-605. Pension accumulation fund -- employer's contribution.** The pension accumulation fund
 11 is the fund in which the reserves for payment of pensions and annuities must be accumulated and from
 12 which pensions, annuities, and benefits must be paid to or on account of beneficiaries credited with prior
 13 service. Contributions to and payments from the pension accumulation fund must be made as follows:

14 (1) Each employer shall pay into the pension accumulation fund an amount equal to ~~7.47%~~ the
 15 following percentage of the earned compensation of each member employed during the whole or part of
 16 the preceding payroll period;

17 (a) 8.04% beginning July 1, 1995;

18 (b) 8.62% beginning July 1, 1996;

19 (c) 9.19% beginning July 1, 1997; and

20 (d) 9.76% beginning July 1, 1998.

21 (2) If the employer is a district or community college district, the trustees shall budget and pay for
 22 the employer's contribution under the provisions of 20-9-501.

23 (3) If the employer is the superintendent of public instruction, a public institution of the state of
 24 Montana, a unit of the Montana university system, or the Montana state school for the deaf and blind, the
 25 legislature shall appropriate to the employer an adequate amount to allow the payment of the employer's
 26 contribution.

27 (4) If the employer is a county, the county commissioners shall budget and pay for the employer's
 28 contribution in the manner provided by law for the adoption of a county budget and for payments under
 29 the budget.

30 (5) All interest and other earnings realized on the money of the retirement system ~~shall~~ must be

1 credited to the pension accumulation fund, and the amount required to allow regular interest on the annuity
2 savings fund ~~shall~~ must be transferred to that fund from the pension accumulation fund.

3 (6) All pensions, annuities, and benefits must be paid from the pension accumulation fund.

4 (7) The retirement board may, in its discretion, transfer from the pension accumulation fund an
5 amount necessary to cover expenses of administration."
6

7 **Section 35.** Section 25-1-201, MCA, is amended to read:

8 **"25-1-201. Fees of clerk of district court.** (1) The clerk of the district court shall collect the
9 following fees:

10 (a) at the commencement of each action or proceeding, except a petition for dissolution of
11 marriage, from the plaintiff or petitioner, \$80; for filing a complaint in intervention, from the intervenor,
12 \$80; for filing a petition for dissolution of marriage, a fee of \$120; and for filing a petition for legal
13 separation, a fee of \$120;

14 (b) from each defendant or respondent, on appearance, \$60;

15 (c) on the entry of judgment, from the prevailing party, \$45;

16 (d) for preparing copies of papers on file in the clerk's office, 50 cents per page for the first five
17 pages of each file, ~~per~~ for each request, and 25 cents ~~per~~ for each additional page;

18 (e) for each certificate, with seal, \$2;

19 (f) for each oath and jurat, with seal, \$1;

20 (g) for a search of court records, 50 cents for each year searched, not to exceed a total of \$25;

21 (h) for filing and docketing a transcript of judgment or transcript of the docket from all other courts,
22 the fee for entry of judgment provided for in subsection (1)(c);

23 (i) for issuing an execution or order of sale on a foreclosure of a lien, \$5;

24 (j) for transmission of records or files or transfer of a case to another court, \$5;

25 (k) for filing and entering papers received by transfer from other courts, \$10;

26 (l) for issuing a marriage license, \$30;

27 (m) on the filing of an application for informal, formal, or supervised probate or for the appointment
28 of a personal representative or the filing of a petition for the appointment of a guardian or conservator, from
29 the applicant or petitioner, \$70, which includes the fee for filing a will for probate;

30 (n) on the filing of the items required in 72-4-303 by a domiciliary foreign personal representative

1 of the estate of a nonresident decedent, \$55;

2 (o) for filing a declaration of marriage without solemnization, \$30;

3 (p) for filing a motion for substitution of a judge, \$100.

4 (2) Except as provided in subsections (3) through (8), 32% of all fees collected by the clerk of the
5 district court must be deposited in and credited to the district court fund. If no district court fund exists,
6 that portion of the fees must be deposited in the general fund for district court operations. The remaining
7 portion of the fees must be remitted to the state to be deposited as provided in 19-5-404.

8 (3) In the case of a fee collected for issuing a marriage license or filing a declaration of marriage
9 without solemnization, ~~\$14~~ \$23.60 must be deposited in and credited to the state general fund, and \$6.40
10 must be deposited in and credited to the county general fund, ~~and \$9.60 must be remitted to the state to~~
11 ~~be deposited as provided in 19-5-404.~~

12 (4) Of the fee for filing a petition for dissolution of marriage or legal separation, ~~\$40~~ \$75 must be
13 deposited in the state general fund, ~~\$35 must be remitted to the state to be deposited as provided in~~
14 ~~19-5-404~~, \$5 must be deposited in the children's trust fund account established by 41-3-702, and \$20
15 must be deposited in and credited to the district court fund. If no district court fund exists, the \$20 must
16 be deposited in the general fund for district court operations.

17 (5) (a) Before the percentages contained in subsection (2) are applied and the fees are deposited
18 in the district court fund or the county general fund or remitted to the state, the clerk of the district court
19 shall deduct from the following fees the amounts indicated:

20 (i) at the commencement of each action or proceeding and for filing a complaint in intervention as
21 provided in subsection (1)(a), \$35;

22 (ii) from each defendant or respondent, on appearance, as provided in subsection (1)(b), \$25;

23 (iii) on the entry of judgment as provided in subsection (1)(c), \$15; and

24 (iv) from the applicant or petitioner, on the filing of an application for probate or for the appointment
25 of a personal representative or on the filing of a petition for appointment of a guardian or conservator, as
26 provided in subsection (1)(m), \$15.

27 (b) The clerk of the district court shall deposit the money deducted in subsection (5)(a) in the
28 county general fund for district court operations unless the county has a district court fund. If the county
29 has a district court fund, the money must be deposited in that fund.

30 (6) The fee for filing a motion for substitution of a judge as provided in subsection (1)(p) must be

1 remitted to the state to be deposited as ~~provided in 19-5-404~~ in the state general fund.

2 (7) Fees collected under subsections (1)(d) through (1)(i) must be deposited in the district court
3 fund. If no district court fund exists, fees must be deposited in the general fund for district court
4 operations.

5 (8) The clerk of the district court shall remit to the credit of the state general fund \$20 of each fee
6 collected under the provisions of subsections (1)(a) through (1)(c), (1)(m), and (1)(n) to fund a portion of
7 judicial salaries."

8
9 **NEW SECTION. Section 36. Code commissioner instruction.** When [section 1] is codified in Title
10 19, chapter 20, the code commissioner shall substitute "retirement board" for "board".

11
12 **NEW SECTION. Section 37. Codification instruction.** (1) [Section 1] is intended to be codified
13 as an integral part of Title 19, chapters 3, 7, 8, and 20, and the provisions of Title 19, chapters 3, 7, 8,
14 and 20, apply to [section 1].

15 (2) [Section 2] is intended to be codified as an integral part of Title 19, chapter 5, and the
16 provisions of Title 19, chapter 5, apply to [section 2].

17 (3) [Section 3] is intended to be codified as an integral part of Title 19, chapters 6, 9, and 13, and
18 the provisions of Title 19, chapters 6, 9, and 13, apply to [section 3].

19
20 **NEW SECTION. Section 38. Effective date.** [This act] is effective July 1, 1995.

21 -END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0268, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act establishing a guaranteed minimum and maximum annual postretirement benefit adjustment for certain retirees in each of the statewide public employee retirement systems; establishing the guaranteed adjustment as an alternative to certain existing benefits; increasing contribution rates and modifying certain benefits in each system to fund the guaranteed annual benefit adjustment.

ASSUMPTIONS:

1. Highly detailed information regarding the projected adequacy of contribution rates to fund the proposed guaranteed annual benefit adjustment (GABA), contributions by retirement system, fund source, and impact by fiscal year is available from the Department of Administration or Office of Budget and Program Planning. The assumptions outlined in this fiscal note will address major funding assumptions.
2. A statewide average of 30% of TRS/PRS employer contributions made by school districts are assumed funded by state GTB payments.
3. University-system employer contributions are assumed funded 60% general fund, 40% tuition and other non-budgeted sources.
4. State agency PERS employer contributions are assumed funded 40% general fund, 60% other funds. State agency TRS employer contributions are assumed funded 100% general fund.
5. The Teachers' Retirement and Public Employees Retirement Divisions will require one-time system modifications.
6. The fiscal impact reflected in this fiscal note assumes adoption of technical amendments being prepared by legislative council staff.
7. Because the contribution rates are phased in over a four-year period FY96-FY99, the fiscal impact for the 1997, 1999, and 2001 biennia are reflected.

FISCAL IMPACT:

Administrative Expenditures:

	<u>FY96</u>	<u>FY97</u>
	<u>Difference</u>	<u>Difference</u>
<u>Operating Expenses:</u>		
Public Empl. Retirement Div. (09)	65,000	0
Teachers' Retirement Div. (09)	10,000	0

The amounts reflected in the table on the following page represent the additional contributions made to the retirement systems from employees, state and local agencies, and direct state contributions. The additional contributions represent revenue for the retirement systems and additional expenditures for state and local government agencies. Direct state contributions from insurance premium tax revenues and court filing fees reduce general fund revenue. Direct state contributions from FWP fines and forfeitures reduce FWP state special revenue.

(continued)

Dave Lewis 1-27-95
 DAVE LEWIS, BUDGET DIRECTOR DATE
 Office of Budget and Program Planning

Chris Ahner
 SPONSOR'S NAME, PRIMARY SPONSOR DATE

(continued)

FISCAL IMPACT: (continued)

(in \$ millions)

	<u>Biennium</u>		
	<u>1997</u>	<u>1999</u>	<u>2001</u>
Retirement System Contributions			
Employee Contributions	10.979	25.737	31.715
State Agency Contributions	2.458	4.514	5.333
Direct State Contributions	0.828	0.907	0.990
University Contributions	0.994	2.186	2.727
Guaranteed Tax Base	2.829	7.075	8.966
School Districts*	6.969	17.198	21.763
Other Local Government	<u>2.976</u>	<u>4.673</u>	<u>5.501</u>
Total Retirement System Contributions	28.034	62.291	76.995

*excludes state GTB payments

State Impact by Fund Source

General Fund	5.031	11.008	13.668
Other Funds	<u>2.079</u>	<u>3.675</u>	<u>4.348</u>
Total	7.110	14.683	18.016

State agencies will require appropriations for additional employer contributions. For the 1997 biennium, state agencies and the University system will require a total appropriation of \$1.648 million general fund and \$1.407 million other funds.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

See above table for net impact to school districts and other local government entities.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

HB0268 will result in increased unfunded liabilities for the PERS but is within both federal and PERS board standards. The period of time required to amortize PERS unfunded liabilities will increase from 16 years to 25 years. The federal standard for private pension funds governed by ERISA is 30 years; the standard adopted by the PERS board is also 30 years.

HB0268 ameliorates growing unfunded liabilities for the Judges Retirement System (JRS), estimated at approximately \$1 million for the 1997 biennium. Voter approval of CI-25 now requires that all public pensions be actuarially funded. HB0268, by reducing the actuarially required funding and increasing contributions to the JRS, will cause the JRS to meet this constitutional requirement. The unfunded liability in the JRS would be amortized within 9 years under HB0268.

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0268, second reading

DESCRIPTION OF PROPOSED LEGISLATION:

An act establishing a guaranteed minimum and maximum annual postretirement benefit adjustment for certain retirees in each of the statewide public employee retirement systems; establishing the guaranteed adjustment as an alternative to certain existing benefits; increasing contribution rates and modifying certain benefits in each system to fund the guaranteed annual benefit adjustment.

ASSUMPTIONS:

1. Highly detailed information regarding the projected adequacy of contribution rates to fund the proposed guaranteed annual benefit adjustment (GABA), contributions by retirement system, fund source, and impact by fiscal year is available from the Department of Administration or Office of Budget and Program Planning. The assumptions outlined in this fiscal note will address major funding assumptions.
2. A statewide average of 30% of TRS/PRS employer contributions made by school districts are assumed funded by state GTB payments.
3. University-system employer contributions are assumed funded 60% general fund, 40% tuition and other non-budgeted sources.
4. State agency PERS employer contributions are assumed funded 40% general fund, 60% other funds. State agency TRS employer contributions are assumed funded 100% general fund.
5. The Teachers' Retirement and Public Employees Retirement Divisions will require one-time system modifications and miscellaneous expenditures for postage, printing, travel, and overtime.
6. The fiscal impact shown reflects technical amendments adopted by the House Appropriations Committee.
7. Because the contribution rates are phased in over a four-year period FY96-FY99, the fiscal impact for the 1997, 1999, and 2001 biennia are reflected.

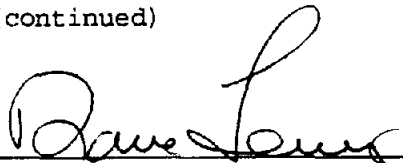
FISCAL IMPACT:

Administrative Expenditures:

	FY96 <u>Difference</u>	FY97 <u>Difference</u>
<u>Operating Expenses:</u>		
Public Empl. Retirement Div. (09)	76,500	0
Teachers' Retirement Div. (09)	60,070	3,500

The amounts reflected in the table on the following page represent the additional contributions made to the retirement systems from employees, state and local agencies, and direct state contributions. The additional contributions represent revenue for the retirement systems and additional expenditures for state and local government agencies. Direct state contributions from insurance premium tax revenues and court filing fees reduce general fund revenue. Direct state contributions from FWP fines and forfeitures reduce FWP state special revenue.

(continued)

 3-15-95
DAVE LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning


SPONSOR'S NAME, PRIMARY SPONSOR DATE

Fiscal Note for HB0268, second reading

HB 019 #2

(continued)

FISCAL IMPACT: (continued)

(in \$ millions)

	<u>Biennium</u>		
	<u>1997</u>	<u>1999</u>	<u>2001</u>
Retirement System Contributions			
Employee Contributions	4.729	13.725	16.869
State Agency Contributions	1.424	1.562	1.644
Direct State Contributions	4.305	10.180	12.934
University Contributions	0.414	0.791	0.961
Guaranteed Tax Base	0.000	0.161	0.196
School Districts'	0.000	0.377	0.458
Other Local Government	<u>0.000</u>	<u>0.283</u>	<u>0.301</u>
Total Retirement System Contributions	10.872	27.079	33.365

excludes state GTB payments

State Impact by Fund Source

General Fund	4.962	11.338	14.276
Other Funds	<u>1.180</u>	<u>1.356</u>	<u>1.461</u>
Total	6.142	12.694	15.737

State agencies will require appropriations for additional employer contributions. For the 1997 biennium, state agencies and the University system will require a total appropriation of \$0.828 million general fund and \$0.844 million other funds.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

See above table for net impact to school districts and other local government entities. There would be no fiscal impact to local government entities in the 1997 biennium. In the 1999 biennium and beyond, the impact to any particular local government entity would be relatively insignificant. It is unlikely that HB268 would cause changes in local mill levies.

The fiscal impact to school districts is sensitive to assumptions regarding TRS payroll growth. For actuarial projection purposes, TRS payroll is assumed to grow by 5.75% per year based on historical growth. However, if annual growth is 2% per year or less, the impact to school districts would be net savings due to the change in the definition of TRS compensation.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

HB268 will result in increased unfunded liabilities for the PERS, TRS, and MPORS but is within PERS and TRS board standards. The period of time required to amortize unfunded liabilities will increase from 16 years to 29 years for PERS, from 16.5 years to 29 years for MPORS, and from 31.5 years to 35.2 years for TRS. The standard adopted by the PERS board is 30 years; the standard adopted by the TRS board is 40 years.

HB268 ameliorates growing unfunded liabilities for the Judges Retirement System (JRS), estimated at approximately \$1 million for the 1997 biennium. Voter approval of CI-25 now requires that all public pensions be actuarially funded. HB268, by reducing the actuarially required funding and increasing contributions to the JRS, will cause the JRS to meet this constitutional requirement. The unfunded liability in the JRS would be amortized within the PERS board standard of 30 years under HB268.

(continued)

(continued)

TECHNICAL NOTES:

HB0268 contains provisions to coordinate with other legislation currently under consideration by the legislature. The net additional fiscal impact of HB268 with co-passage for each of these bills would be as follows:

(in \$ millions)	<u>Biennium</u>		
	<u>1997</u>	<u>1999</u>	<u>2001</u>
HB306 (20-yr retirement for SRS members)			
General Fund	0.001	0.001	0.001
Other Funds	0.001	0.001	0.001
Local Government	0.038	0.040	0.042
Employee	0.039	0.042	0.044
SB221 (ad hoc benefit adjustment for certain MPORS members)			
General Fund	0.064	0.068	0.072
SB357 (20-yr retirement for FURS members)			
General Fund	0.016	0.016	0.017
Local Government	0.016	0.016	0.017
Employee	0.016	0.017	0.018

**REREFERRED AND APPROVED BY COM ON
APPROPRIATIONS**

1 HOUSE BILL NO. 268

2 INTRODUCED BY AHNER, SIMPKINS, EWER, HARPER, QUILICI, LYNCH, PIPINICH, MCGEE, GALVIN,
3 SOFT, L. SMITH, SWANSON, MASOLO, GRADY, BERGMAN, BECK, HIBBARD, HARDING, FORRESTER,
4 DENNY, BRAINARD, KITZENBERG, WILSON, VAN VALKENBURG, HAYNE, HALLIGAN, WATERMAN,
5 BARTLETT, HARRINGTON, MENAHAN, CAREY, TUSS, MOLNAR

6 BY REQUEST OF THE GOVERNOR

7

8 A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING A GUARANTEED MINIMUM AND MAXIMUM
9 ANNUAL POSTRETIREMENT BENEFIT ADJUSTMENT FOR CERTAIN RETIREES IN EACH OF THE
10 STATEWIDE PUBLIC EMPLOYEE RETIREMENT SYSTEMS; ESTABLISHING THE GUARANTEED
11 ADJUSTMENT AS AN ALTERNATIVE TO CERTAIN EXISTING BENEFITS; INCREASING CONTRIBUTION
12 RATES AND MODIFYING CERTAIN BENEFITS IN EACH SYSTEM TO FUND THE GUARANTEED ANNUAL
13 BENEFIT ADJUSTMENTS; REQUIRING THAT MEMBERS OF THE PUBLIC EMPLOYEES' AND HIGHWAY
14 PATROL OFFICERS' RETIREMENT SYSTEMS PAY THE FULL COST OF PURCHASING CERTAIN SERVICE
15 CREDITS; PROVIDING THAT MEMBERS OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM WHO
16 BECAME MEMBERS ON OR AFTER JULY 1, 1989, MAY PURCHASE ADDITIONAL SERVICE FOR THE
17 PURPOSE OF CALCULATING RETIREMENT BENEFITS; REDEFINING THE AVERAGE SALARY USED WHEN
18 CALCULATING CERTAIN RETIREMENT BENEFITS UNDER THE JUDGES' RETIREMENT SYSTEM;
19 INCREASING THE STATE CONTRIBUTION TO THE JUDGES' RETIREMENT SYSTEM; PROVIDING THAT
20 CERTAIN DISTRICT COURT FEES USED TO FUND THE JUDGES' RETIREMENT SYSTEM BE PAID TO THE
21 GENERAL FUND; ADJUSTING CERTAIN DEATH BENEFITS PAID UNDER THE JUDGES', GAME WARDENS',
22 AND FIREFIGHTERS' UNIFIED RETIREMENT SYSTEMS; PROVIDING THAT THE DISABILITY BENEFIT OF
23 MEMBERS OF THE FIREFIGHTERS' UNIFIED RETIREMENT SYSTEM ELECTING TO RECEIVE THE
24 GUARANTEED BENEFIT ADJUSTMENT BE CALCULATED BASED ON AN AVERAGE 36-MONTH SALARY;
25 CHANGING THE DEFINITION OF EARNED COMPENSATION IN THE TEACHERS' RETIREMENT SYSTEM;
26 AMENDING SECTIONS 19-3-315, 19-3-316, 19-3-503, 19-3-512, 19-3-513, 19-5-101, 19-5-404,
27 19-5-502, 19-5-601, 19-5-802, 19-6-402, 19-6-404, 19-6-801, 19-7-403, 19-7-404, 19-7-503, 19-8-502,
28 19-8-504, 19-8-1002, 19-9-702, 19-9-703, 19-9-710, 19-13-601, 19-13-604, 19-13-605, 19-13-704,
29 19-13-803, 19-13-902, 19-20-101, 19-20-602, 19-20-605, AND 25-1-201, MCA; AND PROVIDING AN
30 EFFECTIVE DATE."

1 STATEMENT OF INTENT

2 A statement of intent is required for this bill because [sections 1, 2, and 3] give the public
3 employees' retirement board and the teachers' retirement board authority to adopt rules to implement the
4 provisions of the bill.

5 It is the intent of the legislature to guarantee a minimum level of annual benefit increases for retired
6 members and their contingent annuitants or survivors under each of the statewide public employee
7 retirement systems. The legislature also intends to fund this guaranteed annual benefit adjustment (GABA)
8 in the most cost-effective manner possible.

9 Therefore, the GABA provided for in this bill is intended to provide both a "floor" and a "ceiling"
10 so that, when it is combined with any other postretirement benefit adjustments available now or in the
11 future, a benefit recipient will receive a total yearly benefit increase of at least ~~2%~~ 1.5% but no more than
12 the rate of inflation in the previous fiscal year, which will be based on the percentage change in the
13 consumer price index as compiled by the U.S. department of labor for urban wage earners and workers.

14 Because the GABA is intended to address the erosion of retirement benefits caused by inflation and
15 to do so in the most cost-effective manner possible, it is also the intent of the legislature that the
16 guaranteed annual ~~2%~~ 1.5% minimum adjustment not begin until after the original benefit has been paid
17 for at least 36 months.

18 Because it is most cost-effective to reduce current unfunded liabilities as well as to avoid future
19 unfunded liabilities and to fund new benefits as they accrue, the bill provides that the GABA be substituted
20 for other benefits in cases in which the GABA is as valuable or more valuable to the members. The
21 resultant actuarial savings will reduce the additional funding required for the GABA. In each retirement
22 system, new members hired after [the effective date of this act] will automatically be covered by the GABA
23 provided for in this bill. In the highway patrol officers', municipal police officers', firefighters' unified, and
24 judges' retirement systems, in which the substitution of the GABA in place of other benefits is not a clear
25 benefit enhancement for all current members, it is the intent of the legislature that the members be provided
26 with a thorough analysis of the benefits to be substituted so that members may individually and irrevocably
27 elect whether to be covered under the provisions of this bill. However, it is not the intent of the legislature
28 that the retirement boards or their administrative staff be required to recommend a specific or best choice
29 to individual members.

30 THE LEGISLATURE FINDS THAT IT IS MOST COST-EFFECTIVE TO HELP FUND THE GABA UNDER

1 THE TEACHERS' RETIREMENT SYSTEM WITH A REDEFINITION OF EARNED COMPENSATION. BECAUSE
2 SEVERAL CURRENT MEMBERS HAVE CONTRIBUTED ON SUMMER EMPLOYMENT, WHICH WILL NOT BE
3 INCLUDED IN THE NEW DEFINITION OF EARNED COMPENSATION, THE LEGISLATURE INTENDS THAT
4 VESTED MEMBERS OF THE TEACHERS' RETIREMENT SYSTEM BE GIVEN A LIMITED OPTION TO INCLUDE
5 IN THE CALCULATION OF FUTURE BENEFITS THE ACTUARIAL VALUE OF SUMMER COMPENSATION
6 THAT HAS BEEN REPORTED FOR THE 3 FISCAL YEARS PRIOR TO [THE EFFECTIVE DATE OF THIS ACT].
7 THE LEGISLATURE FURTHER INTENDS THAT THE MEMBER OR THE MEMBER'S EMPLOYER, OR BOTH,
8 PAY THE ACTUARIAL COST OF ANY ADDITIONAL BENEFIT ENHANCEMENT.

9
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11
12 NEW SECTION. Section 1. Guaranteed annual benefit adjustment. (1) Except as provided in
13 subsections (2) and (3), on January 1, 1996, and on January 1 of each following year, the permanent
14 monthly benefit payable to each recipient who is eligible under subsection (4) must be increased to an
15 amount that is ~~2%~~ 1.5% more than the permanent monthly benefit payable during the preceding January.
16 Subject to the provisions of subsections (2) and (3), if any other adjustments made since the preceding
17 January have increased an eligible recipient's benefit by less than a ~~2%~~ 1.5% annualized increase, the
18 eligible recipient's benefit must be adjusted by an amount that, when added to any other adjustments made
19 during the preceding year, will provide a total annualized increase of ~~2%~~ 1.5% in benefits paid since the
20 preceding January.

21 (2) In a case in which an eligible recipient is a contingent annuitant receiving an optional benefit
22 upon the death of the original payee that occurred since the preceding January, the new recipient's monthly
23 benefit must be increased to ~~2%~~ 1.5% more than the amount that the contingent annuitant would have
24 received had the contingent annuitant received a benefit during the preceding January.

25 (3) The combined total annual adjustment payable to an individual benefit recipient under this
26 chapter is limited to the total percentage increase for the previous fiscal year in the average consumer price
27 index for urban wage earners and workers, compiled by the bureau of labor statistics, United States
28 department of labor, or its successor agency, or to the ~~2%~~ 1.5% provided for in subsection (1), whichever
29 is greater.

30 (4) A benefit recipient is eligible for and must receive the minimum annual benefit adjustment

1 provided for in this section if:

2 (a) the benefit's initiation date is at least 36 months prior to January 1 of the year in which the
3 adjustment is to be made; and

4 (b) the benefit recipient is not an active member of a public retirement system covered by this title.

5 (5) The board shall adopt rules to administer the provisions of this section.

6

7 **NEW SECTION. Section 2. Guaranteed annual benefit adjustment.** (1) Except as provided in
8 subsections (2) and (3), on January 1, 1996, and on January 1 of each following year, the permanent
9 monthly benefit payable to each recipient who is eligible under subsection (4) must be increased to an
10 amount that is at least ~~2%~~ 1.5% more than the permanent monthly benefit payable during the preceding
11 January. Subject to the provisions of subsections (2) and (3), if any other adjustments made since the
12 preceding January have increased an eligible recipient's benefit by less than a ~~2%~~ 1.5% annualized
13 increase, the eligible recipient's benefit must be adjusted by an amount that, when added to any other
14 adjustments made during the preceding year, will provide a total annualized increase of ~~2%~~ 1.5% in
15 benefits paid since the preceding January.

16 (2) In a case in which an eligible recipient is a contingent annuitant receiving an optional benefit
17 upon the death of the original payee that occurred since the preceding January, the new recipient's monthly
18 benefit must be increased to ~~2%~~ 1.5% more than the amount that the contingent annuitant would have
19 received had the contingent annuitant received a benefit during the preceding January.

20 (3) The combined total annual adjustment payable to an individual benefit recipient under this
21 chapter is limited to the total percentage increase for the previous fiscal year in the average consumer price
22 index for urban wage earners and workers, compiled by the bureau of labor statistics, United States
23 department of labor, or its successor agency, or to the ~~2%~~ 1.5% provided for in subsection (1), whichever
24 is greater.

25 (4) A benefit recipient is eligible for and must receive the minimum annual benefit adjustment
26 provided for in this section if:

27 (a) the benefit's initiation date is at least 36 months prior to January 1 of the year in which the
28 adjustment is to be made;

29 (b) the benefit recipient is not an active member of a public retirement system covered by this title;

30 and

1 (c) the member or benefit recipient either:

2 (i) first became an active member on or after July 1, 1995; or

3 (ii) filed a voluntary, irrevocable election to be covered under this section. The election must be
4 filed with the board prior to January 1, 1996.

5 (5) The board shall adopt rules to administer the provisions of this section.

6

7 **NEW SECTION. Section 3. Guaranteed annual benefit adjustment.** (1) Except as provided in
8 subsection (2), on January 1, 1996, and on January 1 of each following year, the permanent monthly
9 benefit payable to each recipient who is eligible under subsection (3) must be increased to an amount that
10 is ~~2%~~ 1.5% more than the permanent monthly benefit payable during the preceding January. Subject to
11 the provisions of subsection (2), if any other adjustments made since the preceding January have increased
12 an eligible recipient's benefit by less than a ~~2%~~ 1.5% annualized increase, the eligible recipient's benefit
13 must be adjusted by an amount that, when added to the other adjustments made during the preceding year,
14 will provide a total annualized increase of ~~2%~~ 1.5% in benefits paid since the preceding January.

15 (2) The combined total annual adjustment payable under this chapter is limited to the total
16 percentage increase for the previous fiscal year in the average consumer price index for urban wage earners
17 and workers, compiled by the bureau of labor statistics, United States department of labor, or its successor
18 agency, or to the ~~2%~~ 1.5% provided for in subsection (1), whichever is greater.

19 (3) A benefit recipient is eligible for and must receive the minimum annual benefit adjustment
20 provided for in this section if:

21 (a) the benefit's initiation date is at least 36 months prior to January 1 of the year in which the
22 adjustment is to be made;

23 (b) the benefit recipient is not an active member of a public retirement system covered by this title;

24 and

25 (c) the member or other benefit recipient either:

26 (i) first became an active member on or after July 1, 1995; or

27 (ii) filed a voluntary, irrevocable election to be covered under this section. The election must be
28 filed with the board prior to January 1, 1996, and will require an active member to pay an increased
29 contribution rate from July 1, 1995, forward.

30 (4) The board shall adopt rules to administer the provisions of this section.

1 NEW SECTION. SECTION 4. STATE CONTRIBUTIONS. THE STATE SHALL CONTRIBUTE
 2 MONTHLY TO THE PENSION TRUST FUND A SUM EQUAL TO 0.3% OF THE COMPENSATION OF
 3 MEMBERS EMPLOYED BY LOCAL GOVERNMENTS AND SCHOOL DISTRICTS ON AND AFTER JULY 1,
 4 1995, AND A SUM EQUAL TO 0.25% OF THE COMPENSATION OF MEMBERS EMPLOYED BY LOCAL
 5 GOVERNMENTS AND SCHOOL DISTRICTS ON AND AFTER JULY 1, 1997. LOCAL GOVERNMENT AND
 6 SCHOOL DISTRICT EMPLOYER CONTRIBUTIONS MUST BE THE TOTAL EMPLOYER CONTRIBUTION RATE
 7 MINUS THE STATE CONTRIBUTION RATE.

8
 9 NEW SECTION. SECTION 5. STATE CONTRIBUTIONS. THE STATE SHALL CONTRIBUTE
 10 MONTHLY TO THE PENSION TRUST FUND A SUM EQUAL TO 0.1% OF THE COMPENSATION OF
 11 MEMBERS EMPLOYED BY COUNTY SHERIFFS' DEPARTMENTS ON AND AFTER JULY 1, 1995, AND A
 12 SUM EQUAL TO 0.05% OF THE COMPENSATION OF MEMBERS EMPLOYED BY COUNTY SHERIFFS'
 13 DEPARTMENTS ON AND AFTER JULY 1, 1997. COUNTY EMPLOYER CONTRIBUTIONS MUST BE THE
 14 TOTAL EMPLOYER CONTRIBUTION RATE MINUS THE STATE CONTRIBUTION RATE.

15
 16 NEW SECTION. SECTION 6. STATE CONTRIBUTIONS. (1) THE STATE SHALL CONTRIBUTE
 17 MONTHLY TO THE PENSION TRUST FUND SUMS EQUAL TO THE FOLLOWING PORTION OF THE
 18 COMPENSATION OF MEMBERS EMPLOYED BY SCHOOL DISTRICTS:

19 (A) 0.015% ON AND AFTER JULY 1, 1995;

20 (B) 0.325% ON AND AFTER JULY 1, 1996;

21 (C) 0.6% ON AND AFTER JULY 1, 1997; AND

22 (D) 0.9% ON AND AFTER JULY 1, 1998.

23 (2) SCHOOL DISTRICT CONTRIBUTIONS MUST BE THE TOTAL EMPLOYER CONTRIBUTION RATE
 24 MINUS THE STATE CONTRIBUTION RATE.

25
 26 NEW SECTION. SECTION 7. SUMMER COMPENSATION BENEFIT ADJUSTMENT FOR CERTAIN
 27 MEMBERS -- ANNUITY ACCOUNT OPTION. (1) A VESTED MEMBER AS OF JULY 1, 1995, WHO IS
 28 EMPLOYED UNDER AN ACADEMIC YEAR CONTRACT WITH SUMMER SESSION COMPENSATION
 29 REPORTED TO THE RETIREMENT SYSTEM FOR FISCAL YEARS 1993, 1994, OR AND 1995 AND WHO
 30 RETIREES ON OR BEFORE JULY 1, 2003, MAY ELECT TO INCLUDE IN THE CALCULATION OF BENEFITS

1 THE ACTUARIAL VALUE, AS OF JULY 1, 1995, OF THE ~~REPORTED~~ SUMMER COMPENSATION REPORTED
2 FOR FISCAL YEARS 1993, 1994, AND 1995 OR TO HAVE THE ~~3 YEARS OF~~ SUMMER COMPENSATION
3 INCLUDED IN THE CALCULATION OF AVERAGE FINAL COMPENSATION PROVIDED THAT:

4 (A) EARNINGS FOR EACH MONTH DURING THE SUMMER SESSION DO NOT EXCEED ONE-NINTH
5 OF THE MEMBER'S BASE CONTRACT FOR THE ACADEMIC YEAR; AND

6 (B) THE MEMBER OR THE MEMBER'S EMPLOYER AS WELL AS THE MEMBER CONTRIBUTES TO
7 THE SYSTEM THE ACTUARIAL COST OF ANY BENEFIT ENHANCEMENT IN ADDITION TO THE ACTUARIAL
8 VALUE OF THE SUMMER COMPENSATION AS OF JULY 1, 1995.

9 (2) A MEMBER WHO RETIRES AFTER JULY 1, 2003, BUT ON OR BEFORE JULY 1, 2004, ~~AND~~
10 ~~WHO MEETS THE REQUIREMENTS OF SUBSECTIONS (1)(A) AND (1)(B)~~ MAY ELECT TO INCLUDE
11 ~~TWO-THIRDS OF THE AMOUNT AVAILABLE UNDER SUBSECTION (1)~~ IN THE MEMBER'S CALCULATION
12 OF BENEFITS TWO-THIRDS OF THE ACTUARIAL VALUE OF THE SUMMER COMPENSATION AVAILABLE
13 UNDER THE PROVISIONS OF SUBSECTION (1) OR MAY ELECT TO INCLUDE IN THE MEMBER'S AVERAGE
14 FINAL COMPENSATION TWO-THIRDS OF THE SUMMER COMPENSATION AVAILABLE UNDER THE
15 PROVISIONS OF SUBSECTION (1).

16 (3) A MEMBER WHO RETIRES AFTER JULY 1, 2004, BUT ON OR BEFORE JULY 1, 2005, ~~AND~~
17 ~~WHO MEETS THE REQUIREMENTS OF SUBSECTIONS (1)(A) AND (1)(B)~~ MAY INCLUDE ONE-THIRD OF
18 ~~THE AMOUNT AVAILABLE UNDER SUBSECTION (1)~~ MAY ELECT TO INCLUDE IN THE MEMBER'S
19 CALCULATION OF BENEFITS ONE-THIRD OF THE ACTUARIAL VALUE OF THE SUMMER COMPENSATION
20 AVAILABLE UNDER THE PROVISIONS OF SUBSECTION (1) OR MAY ELECT TO INCLUDE IN THE
21 MEMBER'S AVERAGE FINAL COMPENSATION ONE-THIRD OF THE SUMMER COMPENSATION AVAILABLE
22 UNDER THE PROVISIONS OF SUBSECTION (1).

23 (4) AN EMPLOYER MAY NEGOTIATE TO PAY UP TO ONE-HALF OF THE ACTUARIAL COST OF
24 THE ENHANCED BENEFIT PROVIDED FOR UNDER SUBSECTIONS (1) THROUGH (3). THE EMPLOYER
25 SHALL ESTABLISH A POLICY FOR THE PAYMENT OF THE ACTUARIAL COST UNDER SUBSECTIONS (1)
26 THROUGH (3) AND SHALL APPLY THE POLICY INDISCRIMINATELY FOR ALL EMPLOYEES.

27 (5) AN EMPLOYER MAY CONTRIBUTE, EXCEPT AS LIMITED BY THE INTERNAL REVENUE CODE,
28 TO AN ANNUITY ACCOUNT ON BEHALF OF AN EMPLOYEE A PERCENTAGE OF THE EMPLOYEE'S
29 SUMMER COMPENSATION THAT IS EQUIVALENT TO THE EMPLOYER'S CONTRIBUTION RATE UNDER
30 19-20-605.

1 **Section 8.** Section 19-3-315, MCA, is amended to read:

2 "**19-3-315. Member's contribution to be deducted.** (1) ~~On and after Beginning July 1, 1993~~ Beginning July 1, 1995,
3 the regular contribution of each member is ~~6.70%~~ ~~6.935%~~ 6.8% of the member's compensation. Each
4 member's contribution as a percentage of the member's compensation will increase to:

5 (a) 7.17% 6.9% beginning July 1, 1996; AND

6 (b) 7.405% 7% beginning July 1, 1997; and

7 (c) 7.64% beginning July 1, 1998.

8 (2) Payment of salaries or wages less the contribution is full and complete discharge and
9 acquittance of all claims and demands for the service rendered by members during the period covered by
10 the payment, except their claims to the benefits to which they may be entitled under the provisions of this
11 chapter.

12 (3) Each employer, pursuant to section 414(h)(2) of the federal Internal Revenue Code of 1954,
13 as amended and applicable on July 1, 1985, shall pick up and pay the contributions that would be payable
14 by the member under subsection (1) for service rendered after June 30, 1985.

15 (4) The member's contributions picked up by the employer must be designated for all purposes of
16 the retirement system as the member's contributions, except for the determination of a tax upon a
17 distribution from the retirement system. These contributions must become part of the member's
18 accumulated contributions but must be accounted for separately from those previously accumulated.

19 (5) The member's contributions picked up by the employer must be payable from the same source
20 as is used to pay compensation to the member and must be included in the member's wages, as defined
21 in 19-1-102, and compensation. The employer shall deduct from the member's compensation an amount
22 equal to the amount of the member's contributions picked up by the employer and remit the total of the
23 contributions to the board."

24

25 **Section 9.** Section 19-3-316, MCA, is amended to read:

26 "**19-3-316. Employer contribution rates.** Each employer shall contribute to the cost of benefits
27 under the system. ~~On and after July 1, 1993, the~~ The EXCEPT AS PROVIDED IN [SECTION 4], THE
28 amount of the employer contributions is ~~6.70%~~ as a percentage of each employer's covered payroll is:

29 (1) 7.2% 7% beginning July 1, 1995;

30 (2) 7.45% beginning July 1, 1996; and

1 ~~(3) 7.7% beginning July 1, 1997."~~

2

3 **Section 10.** Section 19-3-503, MCA, is amended to read:

4 **"19-3-503. Election to qualify military service.** (1) (a) A member with 10 years or more of service
5 credits may, at any time prior to retirement, make a written election with the board to purchase service
6 credits for all or any portion of the member's active service in the armed forces of the United States,
7 including the first special service force or the American merchant marine in oceangoing service during the
8 period of armed conflict, December 7, 1941, to August 15, 1945, up to a maximum of 5 years, if the
9 member is not otherwise eligible to receive service credit for this same service pursuant to 19-2-705.

10 (b) To qualify this service, the member shall contribute to the pension trust fund the ~~amount~~
11 ~~determined by the board to be due based on the member's compensation and regular contribution rate as~~
12 ~~of the member's 11th year and as many succeeding years as are required to qualify this service, with~~
13 ~~regular interest from the date the member becomes eligible for this benefit to the date the member~~
14 ~~contributes~~ actuarial cost of the service credit based on the most recent actuarial valuation of the system.
15 The member may not purchase more of this service credit than the member has service credits in excess
16 of 10 years.

17 (2) If a member has retired from active duty in the armed forces of the United States, including the
18 first special service force or the American merchant marine in oceangoing service during the period of
19 armed conflict, December 7, 1941, to August 15, 1945, with a military service retirement benefit, the
20 member may not qualify the member's military service under subsection (1). However, a member who is
21 serving or has served in the military reserves with the expectation of receiving a military service pension
22 may qualify the member's active military service under subsection (1) if the member's active duty in the
23 armed forces of the United States, including the first special service force or the American merchant marine
24 in oceangoing service during the armed conflict, December 7, 1941, to August 15, 1945, is not more than
25 25% of the total sum of all years of military service including reserve and active duty time."

26

27 **Section 11.** Section 19-3-512, MCA, is amended to read:

28 **"19-3-512. Qualification of service from other public retirement systems.** (1) A member with 5
29 or more years of membership service in the public employees' retirement system may qualify:

30 (a) public service employment covered under a public retirement system other than a system

1 provided for in Title 19 for which the member received a refund of the member's membership contribution;
 2 and

3 (b) public service employment that occurred before the public employer adopted a public retirement
 4 system.

5 (2) A member may not qualify more than 5 years of service under this section. To qualify this
 6 service, a member shall:

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

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

10 ~~(i) the member's compensation in the sixth year of service covered under the public employees'~~
 11 ~~retirement system; and~~

12 ~~(ii) the most recent actuarial valuation of the system.~~

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

15 (4) Service qualified under this section may not be:

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

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

18 (5) Service qualified under this section may not be used in calculating a member's retirement
 19 benefit unless the member's last 5 years of service credit were earned under the public employees'
 20 retirement system. If a member's qualified service may not be used in calculating the member's retirement
 21 benefit, the member may choose to receive a refund of the accumulated contributions made to qualify the
 22 service."

23

24 **Section 12.** Section 19-3-513, MCA, is amended to read:

25 **"19-3-513. Election to purchase additional service.** (1) At any time before retirement, ~~a person~~
 26 ~~who became~~ a member of the retirement system ~~before July 1, 1989,~~ and who has 5 years or more of
 27 membership service may make a written election with the board to purchase additional service credit for
 28 the purpose of calculating the member's retirement benefit. Except as provided in subsection (3), the
 29 member may purchase 1 year of additional service credit for each 5 years of membership service that the
 30 member has qualified under the retirement system, up to a maximum of 5 years of additional service.

1 (2) For each year of service credit purchased under this section, a member shall contribute to the
 2 pension trust fund ~~an amount equal to the member's compensation for the 12-month period immediately~~
 3 ~~preceding the date the member elects to purchase the service multiplied by the combined employee and~~
 4 ~~employer contribution rates contained in 19-3-315 and 19-3-316~~ the actuarial cost of the service credit
 5 based on the most recent actuarial valuation of the system. Contributions may be made in a lump-sum
 6 payment or by making additional contributions in installments as agreed upon by the member and the board.

7 (3) (a) Except as provided in subsection (3)(b), after January 1, 1990, a member may elect to
 8 qualify a combined total of 5 years of service under 19-3-503, 19-3-512, or this section.

9 (b) A member who has purchased service under 19-3-503 or 19-3-512 on or before January 1,
 10 1990, and who elects to purchase service under this section ~~shall~~ must receive credit for the full months
 11 of service purchased on or before January 1, 1990.

12 (4) Service purchased under this section is not membership service and may not be used to qualify
 13 a member for service retirement."
 14

15 **Section 13.** Section 19-5-101, MCA, is amended to read:

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

18 (1) "Compensation" means remuneration as defined in 2-16-404, 3-5-211, and 3-7-222 paid to
 19 a member.

20 (2) "Current salary" means the current compensation for the office retired from.

21 (3) "Final average salary" means the average of the member's highest monthly compensation
 22 during any 36 consecutive months of membership service in the retirement system.

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

24 ~~(4)(5)~~ (5) "Retired judge" means any judge or justice in receipt of a retirement benefit under this
 25 chapter."
 26

27 **Section 14.** Section 19-5-404, MCA, is amended to read:

28 **"19-5-404. Contributions by state.** (1) The state of Montana shall contribute monthly to the
 29 pension trust fund a sum equal to ~~6%~~ 28.77% 31.68% of the compensation of each member. ~~In addition,~~
 30 ~~the clerk of each district court shall transmit 68% of certain filing fees as required under 25-1-201(2) and~~

1 ~~that portion of the fee for filing a petition for dissolution of marriage and a motion for substitution of a judge~~
 2 ~~specified in 25-1-201(4) and (6) to the state, which shall first deposit in the pension trust fund an amount~~
 3 ~~equal to 34.71% of the total compensation paid to district judges and supreme court justices who are~~
 4 ~~covered by the judges' retirement system and then deposit the balance in the state general fund. The clerk~~
 5 ~~of the supreme court shall pay one-fourth of the fees collected under 3-2-403 to the division to be credited~~
 6 ~~to the pension trust fund.~~

7 (2) The state of Montana shall contribute monthly from the renewable resource grant and loan
 8 program account in the state special revenue fund to the judges' pension trust fund an amount equal to
 9 ~~34.71%~~ 28.77% 31.68% of the compensation paid to the chief water court judge."

10
 11 **Section 15.** Section 19-5-502, MCA, is amended to read:

12 "19-5-502. **Service retirement benefit.** Upon retirement from service, a member must receive a
 13 service retirement benefit equal to:

14 (1) 3 1/3% per year of the member's current salary for the first 15 years of credited service and
 15 1.785% per year for each year of credited service after 15 years for a person who became a member prior
 16 to July 1, 1995, and who has not elected to receive a guaranteed annual benefit adjustment under [section
 17 2];

18 (2) 3 1/3% per year of the member's final average salary for the first 15 years of credited service
 19 and 1.785% per year for each year of credited service after 15 years for a person who:

20 (a) first became a member on or after July 1, 1995; or

21 (b) has elected to receive a guaranteed annual benefit adjustment under [section 2]."

22
 23 **Section 16.** Section 19-5-601, MCA, is amended to read:

24 "19-5-601. **Disability retirement benefit.** In case of the disability of a member, a disability
 25 retirement benefit must be granted the member in an amount actuarially equivalent to the service retirement
 26 benefit standing to the member's credit at the time of the member's disability retirement. If the disability
 27 is a direct result of any service to the Montana judiciary in the line of duty, the ~~member must receive a~~
 28 ~~benefit equal to~~ member's disability benefit must be no less than:

29 (1) one-half of the member's final current salary or the benefit provided in 19-5-502, whichever
 30 is greater for a person who first became a member prior to July 1, 1995, and who has elected not to

1 receive the guaranteed annual benefit adjustment under [section 2]; or
2 (2) one-half of the member's final average salary for a person who first became a member on or
3 after July 1, 1995, or who has elected to receive the guaranteed annual benefit adjustment under [section
4 2]."

5
6 **Section 17.** Section 19-5-802, MCA, is amended to read:

7 **"19-5-802. Payments in case of death from other causes.** (1) If a retired member who became
8 a member prior to July 1, 1995, and who chose a regular retirement benefit dies before receiving payments
9 equal to the present value of the member's retirement benefit as it was at the time of the member's
10 retirement, the balance must be paid to the member's designated beneficiary in a lump sum. At the
11 designated beneficiary's request, the lump sum may be paid as an actuarially equivalent annuity that will
12 not be subject to increases for any purpose.

13 (2) Upon the death of a retiree who chose a regular retirement benefit and who either became a
14 member on or after July 1, 1995, or elected to receive the guaranteed annual benefit adjustment under
15 [section 2], the member's designated beneficiary must be paid the unpaid balance of the retiree's benefit.
16 The benefit must be calculated by subtracting the total benefits paid to the member during the member's
17 lifetime from the member's total amount of contributions and interest on account as that amount was on
18 the day the member retired.

19 (3) If a member dies before reaching retirement age, the member's designated beneficiary is entitled
20 to a monthly survivorship benefit that is the actuarial equivalent of the options as provided in 19-5-503."

21
22 **Section 18.** Section 19-6-402, MCA, is amended to read:

23 **"19-6-402. Member's contribution.** (1) (a) Each Except as provided in subsection (1)(b), a person
24 who became a member prior to July 1, 1995, shall contribute into the pension trust fund a sum equal to
25 9% of the member's monthly compensation, which must be deposited to the member's credit in the
26 pension trust fund.

27 (b) A person who became a member on or after July 1, 1995, or who has elected to receive a
28 guaranteed annual benefit adjustment under [section 3] shall contribute to the pension trust fund, from July
29 1, 1995, forward, a sum equal to ~~9.1%~~ 9.08% of the member's monthly compensation.

30 (2) Each employer, pursuant to section 414(h)(2) of the federal Internal Revenue Code of 1954,

1 as amended and applicable on July 1, 1985, shall pick up and pay the contributions that would be payable
2 by the member under subsection (1) for service rendered after June 30, 1985.

3 (3) The member's contributions picked up by the employer must be designated for all purposes of
4 the retirement system as the member's contributions, except for the determination of a tax upon a
5 distribution from the retirement system. These contributions must become part of the member's
6 accumulated contributions but must be accounted for separately from those previously accumulated.

7 (4) The member's contributions picked up by the employer must be payable from the same source
8 as is used to pay compensation to the member and must be included in the member's wages as defined
9 in 19-1-102 and compensation as used to define the member's final average salary in 19-6-101. The
10 employer shall deduct from the member's compensation an amount equal to the amount of the member's
11 contributions picked up by the employer and remit the total of the contributions to the board."

12

13 **Section 19.** Section 19-6-404, MCA, is amended to read:

14 **"19-6-404. State's contribution.** The state of Montana shall annually contribute to the pension
15 trust fund an amount equal to ~~36.28%~~ ~~36.39%~~ 36.36% of the total compensation paid to the members
16 from the following sources:

17 (1) an amount equal to ~~26.10%~~ ~~26.21%~~ 26.18% of the total compensation of the members is
18 payable from the same source that is used to pay compensation to the members; and

19 (2) an amount equal to 10.18% of the total compensation of the members is payable from a portion
20 of the fees from driver's licenses and duplicate driver's licenses as provided in 61-5-121."

21

22 **Section 20.** Section 19-6-801, MCA, is amended to read:

23 **"19-6-801. Election to qualify military service.** (1) A member with 15 years or more of service
24 credit with the Montana highway patrol may, at any time prior to retirement, make a written election with
25 the division to qualify all or any portion of the member's active service in the armed forces of the United
26 States for the purpose of calculating retirement benefits, up to a maximum of 5 years, if the member is not
27 otherwise eligible to receive service credit for this same service pursuant to 19-2-705.

28 (2) To qualify this service the member shall contribute to the account the ~~amount determined by~~
29 ~~the division to be due based on the member's compensation and regular contribution rate as of the~~
30 ~~member's 16th year and as many succeeding years as are required to qualify this service, with interest from~~

1 ~~the date the member becomes eligible for this benefit to the date the member contributes~~ actuarial cost of
 2 the service credit based on the most recent actuarial valuation of the system. The member may not qualify
 3 more of this service than the member has service with the Montana highway patrol in excess of 15 years."
 4

5 **Section 21.** Section 19-7-403, MCA, is amended to read:

6 **"19-7-403. Members' contributions deducted.** (1) Every member shall contribute into the pension
 7 trust fund ~~7%~~ ~~7.62%~~ 7.38% of the member's monthly compensation, which must be deposited to the
 8 member's credit in the pension trust fund.

9 (2) Each employer, pursuant to section 414(h)(2) of the federal Internal Revenue Code of 1954,
 10 as amended and applicable on July 1, 1985, shall pick up and pay the contributions that would be payable
 11 by the member under subsection (1) for service rendered after June 30, 1985.

12 (3) The member's contributions picked up by the employer must be designated for all purposes of
 13 the retirement system as the member's contributions, except for the determination of a tax upon a
 14 distribution from the retirement system. These contributions must become part of the member's
 15 accumulated contributions but must be accounted for separately from those previously accumulated.

16 (4) The member's contributions picked up by the employer must be payable from the same source
 17 as is used to pay compensation to the member and must be included in the member's wages as defined
 18 in 19-1-102 and salary as used to define the member's final average salary in 19-7-101. The employer
 19 shall deduct from the member's compensation an amount equal to the amount of the member's
 20 contributions picked up by the employer and remit the total of the contributions to the board."
 21

22 **Section 22.** Section 19-7-404, MCA, is amended to read:

23 **"19-7-404. Employer contributions.** (1) ~~The~~ EXCEPT AS PROVIDED IN [SECTION 5], THE
 24 employer shall pay monthly ~~7.67%~~ ~~8.29%~~ 7.77% of each member's gross compensation into the pension
 25 trust fund created by this chapter.

26 (2) If the required contribution to the retirement system exceeds the funds available to a county
 27 from general revenue sources, a county may budget, levy, and collect annually a special tax on the
 28 assessable property within the county that is sufficient to raise the amount of revenue needed to meet the
 29 county's obligation. This tax may be in addition to the annual rate of taxation allowed by law to be levied
 30 by the county."

1 **Section 23.** Section 19-7-503, MCA, is amended to read:

2 **"19-7-503. Service retirement benefit.** (1) The amount of any service retirement benefit granted
3 to a member with 24 years or less of membership service is 2.0834% of the member's final average salary
4 for each year of service credit, up to a maximum of 50% of the member's final average salary, except as
5 provided under [section 1].

6 (2) The member's retirement benefit must be increased for any member who contributes after 24
7 years of service credit by 1.35% of the member's final average salary for each year of service credit in
8 excess of 24 years, up to a maximum of 60% of the member's final average salary, except as provided
9 under [section 1].

10 (3) If a member dies after retirement and had not elected an optional retirement benefit provided
11 for in 19-7-1001, the member's designated beneficiary must be paid the excess, if any, of the member's
12 accumulated contributions at the time of retirement less payments made to the retired member."
13

14 **Section 24.** Section 19-8-502, MCA, is amended to read:

15 **"19-8-502. Member's contribution.** (1) ~~Every~~ Each member is required to contribute into the
16 pension trust fund a sum equal to ~~7.9%~~ ~~8.5%~~ 8.2% of the member's monthly compensation, which ~~sum~~
17 must be deposited to the member's credit in the pension trust fund.

18 (2) Each employer, pursuant to section 414(h)(2) of the federal Internal Revenue Code of 1954,
19 as amended and applicable on July 1, 1985, shall pick up and pay the contributions that would be payable
20 by the member under subsection (1) for service rendered after June 30, 1985.

21 (3) The member's contributions picked up by the employer must be designated for all purposes of
22 the retirement system as the member's contributions, except for the determination of a tax upon a
23 distribution from the retirement system. These contributions must become part of the member's
24 accumulated contributions but must be accounted for separately from those previously accumulated.

25 (4) The member's contributions picked up by the employer must be payable from the same source
26 as is used to pay compensation to the member and must be included in the member's wages as defined
27 in 19-1-102 and the member's compensation as used to define the member's final average salary in
28 19-8-101. The employer shall deduct from the member's compensation an amount equal to the amount
29 of the member's contributions picked up by the employer and remit the total of the contributions to the
30 board."

1 **Section 25.** Section 19-8-504, MCA, is amended to read:

2 "**19-8-504. State's contribution.** ~~(1) To fund the employer's portion of the normal cost of benefits~~
3 ~~under this chapter, each~~ Each month, the state treasurer shall pay to the pension trust fund:

4 ~~(a)(1)~~ out of the department of fish, wildlife, and parks funds, a sum equal to 7.15% of all
5 members' salaries; and

6 ~~(b)(2)~~ out of the funds collected as fines and forfeited bonds under the provisions of 87-1-601(1)
7 through (5) or funds distributed under 3-10-601(4), an amount equal to ~~4%~~ ~~5.69%~~ 3.92% of all members'
8 salaries.

9 ~~(2) In addition to the contributions provided in subsection (1), the state treasurer shall pay to the~~
10 ~~pension trust fund the balance of the funds distributed to the fish and game account pursuant to 3-10-601~~
11 ~~until the unfunded liability in the pension trust fund is fully paid and a verification statement to that effect~~
12 ~~is given to the state treasurer by the board."~~

13

14 **Section 26.** Section 19-8-1002, MCA, is amended to read:

15 "**19-8-1002. Postretirement death payments.** If a ~~retired~~ member who retired on or after July 1,
16 1995, and who has not chosen an optional retirement benefit under 19-8-801 dies before receiving an
17 amount equal to the ~~present value of the member's service retirement benefit under 19-8-603~~ member's
18 total amount of contributions and interest on account as if that amount was at the time of the member's
19 retirement, the balance must be paid to the member's designated beneficiary in a lump-sum payment. ~~At~~
20 ~~the option of the designated beneficiary, the lump sum payment may be annuitized and paid over the~~
21 ~~beneficiary's lifetime; however, the payment is not a benefit subject to increases."~~

22

23 **Section 27.** Section 19-9-702, MCA, is amended to read:

24 "**19-9-702. State contribution.** The state of Montana shall make its contributions through the state
25 auditor out of the premium tax on motor vehicle property and casualty insurance policies. The payments
26 must be made annually after the end of each fiscal year but no later than November 1 from the gross
27 premium tax after deduction for cancellations and returned premiums. The division shall notify the auditor
28 by September 1 of each fiscal year of the annual compensation paid to all active members during the
29 preceding fiscal year. The state's contribution is ~~15.66%~~ ~~16.41%~~ ~~15.86%~~ 16.21% of compensation paid
30 to members ON AND AFTER JULY 1, 1995, AND ~~15.81%~~ 16.06% OF COMPENSATION PAID TO

1 MEMBERS ON AND AFTER JULY 1, 1997."

2
3 **Section 28.** Section 19-9-703, MCA, is amended to read:

4 **"19-9-703. Employer contribution.** Each employer shall make its contribution through the city
5 treasurer or other appropriate official out of money available to the city for that purpose. The employer's
6 contribution, which must be paid monthly to the division, is ~~14.36%~~ ~~16.58%~~ 14.36% of the compensation
7 paid to all active members ON AND AFTER JULY 1, 1995, AND 14.41% 14.51% OF THE COMPENSATION
8 PAID TO ALL ACTIVE MEMBERS ON AND AFTER JULY 1, 1997."

9
10 **Section 29.** Section 19-9-710, MCA, is amended to read:

11 **"19-9-710. Member contributions.** (1) ~~The~~ Except as specified in subsection (2), the regular
12 contribution as a percentage of compensation of each active member first employed by an employer as a
13 police officer:

14 (a) on or before June 30, 1975, is 7.8% ~~of the member's compensation. In the case of a member~~
15 ~~first employed by an employer as a police officer;~~

16 (b) after June 30, 1975, ~~the contribution but before July 1, 1979,~~ is 9% ~~of the member's~~
17 ~~compensation. In the case of a member first employed by an employer as a police officer;~~

18 (c) after June 30, 1979, ~~the contribution but before July 1, 1995,~~ is 10.5% ~~of the member's~~
19 ~~compensation; and~~

20 (d) after June 30, 1995, is ~~12.65%~~ ~~11.75%~~ 12.25%.

21 (2) A member who has elected to receive the guaranteed annual benefit adjustment provided for
22 in [section 3] shall pay the following contribution rates as a percentage of compensation:

23 (a) ~~9.95%~~ ~~9.05%~~ 9.55% if first hired as a police officer on or before June 30, 1975;

24 (b) ~~11.15%~~ ~~10.25%~~ 10.75% if first hired as a police officer after June 30, 1975 but before July
25 1, 1979; and

26 (c) ~~12.65%~~ ~~11.75%~~ 12.25% if first hired as a police officer after June 30, 1979.

27 (3) Each employer, pursuant to section 414(h)(2) of the federal Internal Revenue Code of 1954,
28 as amended and applicable on July 1, 1985, shall pick up and pay the contributions that would be payable
29 by the member under ~~subsection~~ subsections (1) and (2) for service rendered after June 30, 1985.

30 ~~(3)(4)~~ (4) The member's contributions picked up by the employer must be designated for all purposes

1 of the retirement system as the member's contributions, except for the determination of a tax upon a
 2 distribution from the retirement system. These contributions must become part of the member's
 3 accumulated contributions but must be accounted for separately from those previously accumulated.

4 ~~(4)~~(5) The member's contributions picked up by the employer must be payable from the same
 5 source as is used to pay compensation to the member and must be included in the member's wages as
 6 defined in 19-1-102 and in the member's compensation as defined in 19-9-104. The employer shall deduct
 7 from the member's compensation an amount equal to the amount of the member's contributions picked up
 8 by the employer and remit the total of the contributions to the board."

9

10 **Section 30.** Section 19-13-601, MCA, is amended to read:

11 **"19-13-601. Deduction remitted to firemen's association -- member's contributions.** (1) Each
 12 employer shall retain from the compensation of each active member a sum equal to 1% of the member's
 13 compensation for services as a firefighter and shall remit this amount on a monthly basis to the Montana
 14 state firemen's association for the payment of premiums on a group life and accidental death and
 15 dismemberment insurance policy for members and to defray expenses incurred by the association when
 16 representing members of the retirement system.

17 (2) ~~The~~ Each member's contribution to the retirement system ~~is~~ as a percentage of the member's
 18 compensation must be:

19 (a) 6% of the member's compensation for a firefighter who first became a member prior to July
 20 1, 1995, and who has not elected to receive the guaranteed annual benefit adjustment under [section 3];
 21 or

22 (b) after July 1, 1995, ~~7.8%~~ 7.6% for a firefighter who first became a member on or after July
 23 1, 1995, or who has elected to receive a guaranteed annual benefit adjustment under [section 3].

24 (3) If a member receives compensation under the provisions of the Workers' Compensation Act,
 25 Title 39, chapter 71, the amount received must be included as part of the member's compensation for
 26 purposes of determining contributions and service credits under the retirement system. Contributions made
 27 under 19-13-604, 19-13-605, and this section must be based on the total compensation received by the
 28 member from the employer and from workers' compensation during the period of disability.

29 (4) Each employer, pursuant to section 414(h)(2) of the federal Internal Revenue Code, as amended
 30 and applicable on July 1, 1987, shall pick up and pay the contributions that would be payable by the

1 member under subsection (2) for service rendered after June 30, 1987.

2 (5) The member's contributions picked up by the employer must be designated for all purposes of
3 the retirement system as the member's contributions, except for the determination of a tax upon a
4 distribution from the retirement system. These contributions must become part of the member's
5 accumulated contributions but must be accounted for separately from those previously accumulated.

6 (6) The member's contributions picked up by the employer must be payable from the same source
7 as is used to pay compensation to the member and must be included in the member's compensation as
8 defined in 19-13-104. The employer shall deduct from the member's compensation an amount equal to
9 the amount of the member's contributions picked up by the employer and remit the total of the
10 contributions to the board."

11

12 **Section 31.** Section 19-13-604, MCA, is amended to read:

13 **"19-13-604. State contribution.** The state shall make its contributions through the state auditor
14 from the premium taxes on the insurance risks enumerated in 19-18-512. These payments must be made
15 annually to the pension trust fund after the end of each fiscal year but no later than November 1 from the
16 gross premium taxes after deduction for cancellations and returned premiums. The division shall notify the
17 auditor of the annual compensation, excluding overtime, holiday payments, shift differential payments,
18 compensatory time payments, and payments in lieu of sick leave, paid to all active members during the
19 preceding year. The state's contribution is 23.27% of this total compensation ~~effective paid on and after~~
20 July 1, 1991, and ~~24.02%~~ 24.01% of the total compensation paid on and after July 1, 1995, AND
21 23.935% OF THE TOTAL COMPENSATION PAID ON AND AFTER JULY 1, 1997. As soon as practicable
22 after receipt of the state contribution, the division shall deposit it in the pension trust fund."

23

24 **Section 32.** Section 19-13-605, MCA, is amended to read:

25 **"19-13-605. Employer contribution.** Each employer shall make its contribution on behalf of
26 members through the city treasurer or other appropriate official from money available to the city for this
27 purpose. The employer's contribution is ~~13.02%~~ ~~14.04%~~ 13.02% of the total compensation paid to
28 members ON AND AFTER JULY 1, 1995, AND 13.095% OF THE TOTAL COMPENSATION PAID TO
29 MEMBERS ON AND AFTER JULY 1, 1997. All contributions are payable monthly to the division, which
30 shall, as soon as practicable after their receipt, deposit them in the pension trust fund."

1 **Section 33.** Section 19-13-704, MCA, is amended to read:

2 **"19-13-704. Amount of service retirement benefit.** (1) Except as provided in subsection (2) (3),
 3 the following retirement benefits apply:

4 (a) A member hired before July 1, 1981, who elects to retire after having reached both 20 years
 5 of membership service and age 50 must receive a service retirement benefit equal to the sum of:

6 (i) 50% of the member's last monthly compensation for years of service credit up to and including
 7 20 years; and

8 (ii) 1% of the member's last monthly compensation for each year of service credit after 20 years.

9 (b) A member hired before July 1, 1981, who elects to retire after having reached at least 10 years
 10 of membership service but prior to reaching age 50 as an active member must receive a service retirement
 11 benefit equal to 2% of the member's last monthly compensation for each year of service credit. Upon the
 12 retired member's death, the benefit must be ~~made paid~~ to the surviving spouse. If there is no surviving
 13 spouse or if the surviving spouse dies and if the member leaves one or more dependent children, the
 14 children are entitled to receive the allowance as long as they remain dependent children as defined in
 15 19-13-104.

16 (2) A member who was hired on or after July 1, 1981, ~~or who has elected to receive a guaranteed~~
 17 ~~annual benefit adjustment under [section 3], and~~ who retires with at least 10 years of membership service
 18 must receive a service retirement benefit equal to 2% of the member's final average compensation for each
 19 year of service credit.

20 (3) FOR MEMBERS HIRED BEFORE JULY 1, 1981, WHO HAVE ELECTED THE GUARANTEED
 21 ANNUAL BENEFIT ADJUSTMENT UNDER [SECTION 3], THE FOLLOWING RETIREMENT BENEFITS APPLY:

22 (A) A MEMBER WHO ELECTS TO RETIRE AFTER HAVING REACHED BOTH 20 YEARS OF
 23 MEMBERSHIP SERVICE AND AGE 50 MUST RECEIVE A SERVICE RETIREMENT BENEFIT EQUAL TO THE
 24 SUM OF:

25 (I) 50% OF THE MEMBER'S FINAL AVERAGE COMPENSATION FOR YEARS OF SERVICE CREDIT
 26 UP TO AND INCLUDING 20 YEARS; AND

27 (II) 1% OF THE MEMBER'S FINAL AVERAGE COMPENSATION FOR EACH YEAR OF SERVICE
 28 CREDIT AFTER 20 YEARS.

29 (B) A MEMBER WHO ELECTS TO RETIRE AFTER HAVING REACHED AT LEAST 10 YEARS OF
 30 MEMBERSHIP SERVICE BUT PRIOR TO REACHING AGE 50 AS AN ACTIVE MEMBER MUST RECEIVE A

1 SERVICE RETIREMENT BENEFIT EQUAL TO 2% OF THE MEMBER'S FINAL AVERAGE COMPENSATION
 2 FOR EACH YEAR OF SERVICE CREDIT. UPON THE RETIRED MEMBER'S DEATH, THE BENEFIT MUST BE
 3 PAID TO THE SURVIVING SPOUSE. IF THERE IS NO SURVIVING SPOUSE OR IF THE SURVIVING SPOUSE
 4 DIES AND IF THE MEMBER LEAVES ONE OR MORE DEPENDENT CHILDREN, THE CHILDREN ARE
 5 ENTITLED TO RECEIVE THE ALLOWANCE AS LONG AS THEY REMAIN DEPENDENT CHILDREN AS
 6 DEFINED IN 19-13-104.

7 (4) The Except as provided under [section 3], the maximum monthly benefit payable to any retiree
 8 under subsection (1) may not exceed 60% of the member's last monthly compensation. ~~The Except as~~
 9 ~~provided under [section 3], the~~ maximum monthly benefit payable to any retiree under subsection (2) OR
 10 (3) may not exceed 60% of the member's final average compensation."

11
 12 **Section 34.** Section 19-13-803, MCA, is amended to read:

13 **"19-13-803. Amount of disability retirement benefit.** (1) A Except as provided in subsection (3),
 14 a member hired before July 1, 1981, who becomes disabled:

15 (a) before completing 20 years of membership service must receive a disability retirement benefit
 16 equal to one-half the member's last monthly compensation;

17 (b) after completing 20 years or more of membership service must receive the disability retirement
 18 benefit provided in subsection (1)(a) increased at a rate of 1% of the member's last monthly compensation
 19 for each year of service credit in excess of 20, up to a maximum benefit equal to 60% of the member's
 20 last monthly compensation.

21 (2) A Except as provided in subsection (3), a member hired on or after July 1, 1981, who becomes
 22 disabled:

23 (a) before completing 25 years of membership service must receive a disability retirement benefit
 24 equal to one-half the member's last monthly compensation;

25 (b) after completing 25 years or more of membership service must receive the disability retirement
 26 benefit provided in subsection (2)(a) increased at a rate of 2% of the member's last monthly compensation
 27 for each year of service credit in excess of 25, up to a maximum benefit equal to 60% of the member's
 28 last monthly compensation.

29 (3) A member who was hired on or after July 1, 1995, or who has elected to receive a guaranteed
 30 annual benefit adjustment under [section 3] and who becomes disabled:

1 (a) before completing 25 years of membership service must receive a disability retirement benefit
 2 equal to one-half the member's final average compensation;

3 (b) after completing 25 years or more of membership service must receive the disability retirement
 4 benefit provided in subsection (3)(a), increased at a rate of 2% of the member's final average compensation
 5 for each year of service credit in excess of 25 years, up to a maximum benefit equal to 60% of the
 6 member's final average compensation, except as provided under [section 3].

7 (4) A member's disability retirement benefit must be paid first to the member during the member's
 8 lifetime and, upon the member's death, to the member's surviving spouse. If upon a member's death the
 9 member leaves no surviving spouse or upon the death of the surviving spouse, the member's benefit must
 10 be paid to the member's dependent children as long as they remain dependent children as defined in
 11 19-13-104."

12
 13 **Section 35.** Section 19-13-902, MCA, is amended to read:

14 **"19-13-902. Survivorship benefit.** (1) Except as provided in subsection ~~(2)~~ (3), the following
 15 survivorship benefits apply:

16 (a) Upon the death before retirement of an active member hired before July 1, 1981, the member's
 17 surviving spouse, if there is one, must receive a survivorship benefit equal to one-half the last monthly
 18 compensation received by the member. If the member leaves one or more dependent children, then, upon
 19 the member's death if the member leaves no surviving spouse or upon the death of the surviving spouse,
 20 the member's dependent children must collectively receive the same benefit that a surviving spouse would
 21 have received, as long as the children remain dependent children as defined in 19-13-104.

22 (b) If the deceased member completed over 20 years of membership service, the survivorship
 23 benefit provided in subsection (1)(a) must be increased at a rate of 1% of the last monthly compensation
 24 for each year in excess of 20, up to a maximum of 60% of the last monthly compensation received by the
 25 member, except as provided under [section 3].

26 (2) THE FOLLOWING SURVIVORSHIP BENEFITS APPLY TO MEMBERS HIRED BEFORE JULY 1,
 27 1981, WHO HAVE ELECTED THE GUARANTEED ANNUAL BENEFIT ADJUSTMENTS PROVIDED IN
 28 [SECTION 3]:

29 (A) UPON THE DEATH BEFORE RETIREMENT OF AN ACTIVE MEMBER, THE MEMBER'S
 30 SURVIVING SPOUSE, IF THERE IS ONE, MUST RECEIVE A SURVIVORSHIP BENEFIT EQUAL TO ONE-HALF

1 THE FINAL AVERAGE COMPENSATION RECEIVED BY THE MEMBER. IF THE MEMBER LEAVES ONE OR
 2 MORE DEPENDENT CHILDREN, THEN, UPON THE MEMBER'S DEATH IF THE MEMBER LEAVES NO
 3 SURVIVING SPOUSE OR UPON THE DEATH OF THE SURVIVING SPOUSE, THE MEMBER'S DEPENDENT
 4 CHILDREN MUST COLLECTIVELY RECEIVE THE SAME BENEFIT THAT A SURVIVING SPOUSE WOULD
 5 HAVE RECEIVED AS LONG AS THE CHILDREN REMAIN DEPENDENT CHILDREN AS DEFINED IN
 6 19-13-104.

7 (B) IF THE DECEASED MEMBER COMPLETED OVER 20 YEARS OF MEMBERSHIP SERVICE, THE
 8 SURVIVORSHIP BENEFIT PROVIDED IN SUBSECTION (1)(A) MUST BE INCREASED AT A RATE OF 2% OF
 9 THE FINAL AVERAGE COMPENSATION FOR EACH YEAR IN EXCESS OF 20 [, UP TO A MAXIMUM OF
 10 60% OF THE FINAL AVERAGE COMPENSATION RECEIVED BY THE MEMBER, EXCEPT AS PROVIDED
 11 UNDER [SECTION 3]].

12 (3) Upon the death before retirement of a member hired on or after July 1, 1981, ~~or of a member~~
 13 ~~who has elected to receive the guaranteed annual benefit adjustment provided under [section 3],~~ the
 14 member's surviving spouse, if there is one, must receive a survivorship benefit equal to one-half of the
 15 member's final average compensation. If the member leaves one or more dependent children, then, upon
 16 the member's death if the member leaves no surviving spouse or upon the death of the surviving spouse,
 17 the member's dependent children must collectively receive the same benefit that a surviving spouse would
 18 have received, as long as the children remain dependent children as defined in 19-13-104."

19
 20 **Section 36.** Section 19-20-101, MCA, is amended to read:

21 **"19-20-101. Definitions.** As used in this chapter, unless the context clearly indicates otherwise,
 22 the following definitions apply:

23 (1) "Accumulated contributions" means the sum of all the amounts deducted from the
 24 compensation of a member or paid by a member and credited to ~~his~~ the member's individual account in the
 25 annuity savings fund, together with interest. Regular interest ~~shall~~ must be computed and allowed to
 26 provide a benefit at the time of retirement.

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

30 (3) "Annuity" means the payments made to a beneficiary for life ~~which~~ that are derived from a

1 member's accumulated contributions.

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

5 (5) (a) "Average final compensation" means, EXCEPT AS PROVIDED IN [SECTION 7], the average
6 of the earned compensation of a member during the 3 consecutive years of full-time service ~~which that~~
7 yield the highest average and on which contributions have been made as required by 19-20-602.

8 (b) In determining a member's retirement allowance under 19-20-802 or 19-20-804, the amount
9 of each year's earned compensation that may be used in the calculation of average final compensation may
10 not exceed the member's earned compensation from the preceding year by more than 10%, except as
11 provided by rule by the retirement board.

12 (c) Earned compensation in excess of the amount specified in subsection (5)(b) is considered
13 termination pay as provided in subsection (5)(d).

14 (d) If the ~~earned compensation includes~~ MEMBER RECEIVES any termination pay, the member shall
15 select one of the following options:

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

20 (ii) use a yearly amount of termination pay added to each of the 3 consecutive years' salary used
21 in the calculation of the average final compensation, if the member has 4 or more years of service with the
22 employer from which the termination pay was received. The amount of compensation used in the
23 calculation of average final compensation must be divided by the total number of years of creditable service
24 to determine a yearly amount. The member and the employer ~~must~~ shall pay contributions on the
25 termination pay according to the rates provided for in 19-20-602~~(4)~~ and 19-20-605(1).

26 (iii) exclude the termination pay from the average final compensation. No contribution is required
27 of either the employer or member, and contributions made under 19-20-602 and 19-20-605 must be
28 refunded.

29 (e) For purposes of this subsection, termination pay includes any form of termination pay, ~~or~~ any
30 lump-sum payment for deferred compensation, sick leave, or accumulated vacation credit, or any other

1 payment for time not worked other than compensation received while on sick leave or authorized leave of
2 absence.

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

5 (7) "Creditable service" is that service defined by 19-20-401.

6 (8) "Earned compensation" means the ~~full compensation, pay, or salary actually paid to a member~~
7 ~~and reported to the retirement system, including amounts paid under a salary reduction agreement, a~~
8 ~~cafeteria plan, a tax sheltered annuity, or a deferred compensation program, and the value of any housing~~
9 ~~provided by the employer. The employer shall fix the value of any housing provided. The term does not~~
10 ~~include any other amounts paid in kind or fringe benefits not actually paid to a member~~ BASE CONTRACT
11 AMOUNT PAID OUT OF FUNDS CONTROLLED BY AN EMPLOYER AS DEFINED UNDER THIS CHAPTER.
12 THE BASE CONTRACT AMOUNT IS THE GROSS CONTRACT AMOUNT FOR THE ACADEMIC OR FISCAL
13 YEAR BEFORE ANY TAX-DEFERRED DEDUCTIONS ALLOWED UNDER THE INTERNAL REVENUE CODE
14 HAVE BEEN MADE AND INCLUDES ANY INCREASE OR AMOUNTS PAID BASED ON PLACEMENT ON THE
15 SALARY MATRIX FOR EXPERIENCE AND EDUCATION LEVEL. THE BASE CONTRACT AMOUNT DOES
16 NOT INCLUDE AMOUNTS PAID FOR EXTRA COMPENSATION, OVERTIME, SUMMER EMPLOYMENT,
17 RESEARCH, MAINTENANCE, ALLOWANCES, EXPENSES, OR BONUSES OR ANY PAYMENT FOR
18 ADDITIONAL DUTIES. The earned compensation is the ~~full compensation, pay, or salary~~ BASE CONTRACT
19 AMOUNT that would have been paid to a member for full-time service but ~~that~~ that was not paid to the member
20 because of a reduction in compensation, ~~pay, or salary~~ due to a temporary absence, provided that the
21 retirement system receives the contribution required by 19-20-413. The earned compensation of a member
22 who had less than 3 consecutive years of full-time service during the 5 years preceding ~~his~~ retirement is
23 the compensation, ~~pay, or salary~~ which he that the member would have earned had ~~his~~ the member's
24 part-time service been full-time service. The earned compensation of a member who is awarded a disability
25 retirement allowance prior to the completion of a full year is the compensation, ~~pay, or salary~~ which he that
26 the member would have received had ~~he~~ the member completed the full year, except that any termination
27 pay, as defined in subsection (5)(e), received by the member is limited to the amount actually paid and is
28 not the amount ~~he~~ the member would have earned had ~~he~~ the member completed the full year.

29 (9) "Employer" means the state of Montana, the trustees of a district, or any other agency or
30 subdivision of the state ~~which~~ that employs a person who is designated as a member of the retirement

1 system.

2 (10) "Full-time service" means service ~~which~~ that is full-time and ~~which~~ that extends over a normal
3 academic year of at least 9 months. With respect to those members employed by the office of the
4 superintendent of public instruction, any other state agency or institution, or the office of a county
5 superintendent, "full-time service" means service ~~which~~ that is full-time and ~~which~~ that totals at least 9
6 months in any ~~one~~ year.

7 (11) "Member" means a person who has an individual account in the annuity savings fund. An
8 active member is a person included under the provisions of 19-20-302. An inactive member is a person
9 included under the provisions of 19-20-303.

10 (12) "Part-time service" means service ~~which~~ that is less than full-time or ~~which~~ that totals less than
11 9 months in any ~~one~~ year. Part-time service ~~shall~~ must be credited in the proportion that the actual time
12 worked bears to full-time service.

13 (13) "Pension" means the payments made to a beneficiary for life ~~which~~ that are paid out of the
14 pension accumulation fund.

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

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

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

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

22 (18) "Retirement board" means the retirement system's governing board provided for in 2-15-1010.

23 (19) "Retirement system" means the teachers' retirement system of the state of Montana provided
24 for in 19-20-102.

25 (20) "Service" means the performance of ~~such~~ instructional duties or related activities ~~as~~ that would
26 entitle the person to active membership in the retirement system under the provisions of 19-20-302."
27

28 **Section 37.** Section 19-20-602, MCA, is amended to read:

29 "19-20-602. **Annuity savings fund -- member's contribution.** (1) The annuity savings fund is a
30 fund in which the contributions for the members to provide for their annuities ~~shall be~~ is accumulated in

1 individual accounts for each member. The normal contribution of each member is ~~7.044% of his~~ as a
2 percentage of the member's earned compensation is:

- 3 (a) ~~7.4%~~ 7.354% beginning July 1, 1995;
- 4 (b) ~~7.75%~~ 7.664% beginning July 1, 1996;
- 5 (c) ~~8.1%~~ 7.974% beginning July 1, 1997; and
- 6 (d) ~~8.45%~~ 8.284% beginning July 1, 1998.

7 (2) Contributions to and payments from the annuity savings fund ~~shall~~ must be made in the
8 following manner:

9 ~~(1)~~ (a) Each employer, pursuant to section 414(h)(2) of the federal Internal Revenue Code of 1954,
10 as amended and applicable on July 1, 1985, shall pick up and pay the contributions ~~which~~ that would be
11 payable by the member under this section for service rendered after June 30, 1985.

12 (b) The member's contributions picked up by the employer must be designated for all purposes of
13 the retirement system as the member's contributions, except for the determination of a tax upon a
14 distribution from the retirement system. These contributions must become part of the member's
15 accumulated contributions but must be accounted for separately from those previously accumulated.

16 (c) The member's contributions picked up by the employer must be payable from the same source
17 as is used to pay compensation to the member and must be included in the member's wages as defined
18 in 19-1-102 and ~~his~~ the member's earned compensation as used to define ~~his~~ the member's average final
19 compensation in 19-20-101. The employer shall deduct from the member's compensation an amount equal
20 to the amount of the member's contributions picked up by the employer and remit the total of the
21 contributions to the retirement board.

22 (d) The deductions ~~shall~~ must be made notwithstanding that the minimum compensation provided
23 by law for a member may be reduced ~~thereby~~ by the deductions. ~~Every~~ Each member is considered to
24 consent to the deductions prescribed by this section, and payment of salary or compensation less the
25 deductions is a complete discharge of all claims ~~whatsoever~~ for the services rendered by the member during
26 the period covered by the payment, except as to the benefits provided by the retirement system.

27 ~~(2)~~(3) In addition to the normal contributions and subject to the approval of the retirement board,
28 ~~any~~ a member may redeposit in the annuity savings fund, by a single payment or by an increased rate of
29 contribution, an amount equal to any accumulated contributions ~~which he~~ that the member has previously
30 withdrawn, plus interest in the amount the contributions would have earned had the contributions not been

1 withdrawn.

2 ~~(3)~~(4) The member's accumulated contributions of a member withdrawn by ~~him~~ the member or paid
3 to ~~his~~ the member's estate or ~~to his~~ designated beneficiary in event of ~~his~~ death ~~shall~~ must be paid from
4 the annuity savings fund. Upon ~~the retirement of a member~~, ~~his~~ the member's accumulated contributions
5 ~~shall~~ must be transferred from the annuity savings fund to the pension accumulation fund."

6

7 **Section 38.** Section 19-20-605, MCA, is amended to read:

8 **"19-20-605. Pension accumulation fund -- employer's contribution.** The pension accumulation fund
9 is the fund in which the reserves for payment of pensions and annuities must be accumulated and from
10 which pensions, annuities, and benefits must be paid to or on account of beneficiaries credited with prior
11 service. Contributions to and payments from the pension accumulation fund must be made as follows:

12 (1) ~~Each~~ EXCEPT AS PROVIDED IN [SECTION 6], EACH employer shall pay into the pension
13 accumulation fund an amount equal to ~~7.47%~~ the following percentage of the earned compensation of each
14 member employed during the whole or part of the preceding payroll period:

15 (a) ~~8.04%~~ 7.78% beginning July 1, 1995;

16 (b) ~~8.62%~~ 8.09% beginning July 1, 1996;

17 (c) ~~9.19%~~ 8.4% beginning July 1, 1997; and

18 (d) ~~9.76%~~ 8.71% beginning July 1, 1998.

19 (2) If the employer is a district or community college district, the trustees shall budget and pay for
20 the employer's contribution under the provisions of 20-9-501.

21 (3) If the employer is the superintendent of public instruction, a public institution of the state of
22 Montana, a unit of the Montana university system, or the Montana state school for the deaf and blind, the
23 legislature shall appropriate to the employer an adequate amount to allow the payment of the employer's
24 contribution.

25 (4) If the employer is a county, the county commissioners shall budget and pay for the employer's
26 contribution in the manner provided by law for the adoption of a county budget and for payments under
27 the budget.

28 (5) All interest and other earnings realized on the money of the retirement system ~~shall~~ must be
29 credited to the pension accumulation fund, and the amount required to allow regular interest on the annuity
30 savings fund ~~shall~~ must be transferred to that fund from the pension accumulation fund.

1 (6) All pensions, annuities, and benefits must be paid from the pension accumulation fund.

2 (7) The retirement board may, in its discretion, transfer from the pension accumulation fund an
3 amount necessary to cover expenses of administration."
4

5 **Section 39.** Section 25-1-201, MCA, is amended to read:

6 **"25-1-201. Fees of clerk of district court.** (1) The clerk of the district court shall collect the
7 following fees:

8 (a) at the commencement of each action or proceeding, except a petition for dissolution of
9 marriage, from the plaintiff or petitioner, \$80; for filing a complaint in intervention, from the intervenor,
10 \$80; for filing a petition for dissolution of marriage, a fee of \$120; and for filing a petition for legal
11 separation, a fee of \$120;

12 (b) from each defendant or respondent, on appearance, \$60;

13 (c) on the entry of judgment, from the prevailing party, \$45;

14 (d) for preparing copies of papers on file in the clerk's office, 50 cents per page for the first five
15 pages of each file, ~~per~~ for each request, and 25 cents ~~per~~ for each additional page;

16 (e) for each certificate, with seal, \$2;

17 (f) for each oath and jurat, with seal, \$1;

18 (g) for a search of court records, 50 cents for each year searched, not to exceed a total of \$25;

19 (h) for filing and docketing a transcript of judgment or transcript of the docket from all other courts,
20 the fee for entry of judgment provided for in subsection (1)(c);

21 (i) for issuing an execution or order of sale on a foreclosure of a lien, \$5;

22 (j) for transmission of records or files or transfer of a case to another court, \$5;

23 (k) for filing and entering papers received by transfer from other courts, \$10;

24 (l) for issuing a marriage license, \$30;

25 (m) on the filing of an application for informal, formal, or supervised probate or for the appointment
26 of a personal representative or the filing of a petition for the appointment of a guardian or conservator, from
27 the applicant or petitioner, \$70, which includes the fee for filing a will for probate;

28 (n) on the filing of the items required in 72-4-303 by a domiciliary foreign personal representative
29 of the estate of a nonresident decedent, \$55;

30 (o) for filing a declaration of marriage without solemnization, \$30;

1 (p) for filing a motion for substitution of a judge, \$100.

2 (2) Except as provided in subsections (3) through (8), 32% of all fees collected by the clerk of the
3 district court must be deposited in and credited to the district court fund. If no district court fund exists,
4 that portion of the fees must be deposited in the general fund for district court operations. The remaining
5 portion of the fees must be remitted to the state to be deposited ~~as provided in 19-5-404~~ IN THE STATE
6 GENERAL FUND.

7 (3) In the case of a fee collected for issuing a marriage license or filing a declaration of marriage
8 without solemnization, ~~\$14~~ \$23.60 must be deposited in and credited to the state general fund, and \$6.40
9 must be deposited in and credited to the county general fund, ~~and \$0.60 must be remitted to the state to~~
10 ~~be deposited as provided in 19-5-404.~~

11 (4) Of the fee for filing a petition for dissolution of marriage or legal separation, ~~\$40~~ \$75 must be
12 deposited in the state general fund, ~~\$35 must be remitted to the state to be deposited as provided in~~
13 ~~19-5-404~~, \$5 must be deposited in the children's trust fund account established by 41-3-702, and \$20
14 must be deposited in and credited to the district court fund. If no district court fund exists, the \$20 must
15 be deposited in the general fund for district court operations.

16 (5) (a) Before the percentages contained in subsection (2) are applied and the fees are deposited
17 in the district court fund or the county general fund or remitted to the state, the clerk of the district court
18 shall deduct from the following fees the amounts indicated:

19 (i) at the commencement of each action or proceeding and for filing a complaint in intervention as
20 provided in subsection (1)(a), \$35;

21 (ii) from each defendant or respondent, on appearance, as provided in subsection (1)(b), \$25;

22 (iii) on the entry of judgment as provided in subsection (1)(c), \$15; and

23 (iv) from the applicant or petitioner, on the filing of an application for probate or for the appointment
24 of a personal representative or on the filing of a petition for appointment of a guardian or conservator, as
25 provided in subsection (1)(m), \$15.

26 (b) The clerk of the district court shall deposit the money deducted in subsection (5)(a) in the
27 county general fund for district court operations unless the county has a district court fund. If the county
28 has a district court fund, the money must be deposited in that fund.

29 (6) The fee for filing a motion for substitution of a judge as provided in subsection (1)(p) must be
30 remitted to the state to be deposited ~~as provided in 19-5-404~~ in the state general fund.

1 (7) Fees collected under subsections (1)(d) through (1)(i) must be deposited in the district court
2 fund. If no district court fund exists, fees must be deposited in the general fund for district court
3 operations.

4 (8) The clerk of the district court shall remit to the credit of the state general fund \$20 of each fee
5 collected under the provisions of subsections (1)(a) through (1)(c), (1)(m), and (1)(n) to fund a portion of
6 judicial salaries."

7

8 **NEW SECTION. Section 40. Code commissioner instruction.** When [section 1] is codified in Title
9 19, chapter 20, the code commissioner shall substitute "retirement board" for "board".

10

11 **NEW SECTION. Section 41. Codification instruction.** (1) [Section 1] is intended to be codified
12 as an integral part of Title 19, chapters 3, 7, 8, and 20, and the provisions of Title 19, chapters 3, 7, 8,
13 and 20, apply to [section 1].

14 (2) [Section 2] is intended to be codified as an integral part of Title 19, chapter 5, and the
15 provisions of Title 19, chapter 5, apply to [section 2].

16 (3) [Section 3] is intended to be codified as an integral part of Title 19, chapters 6, 9, and 13, and
17 the provisions of Title 19, chapters 6, 9, and 13, apply to [section 3].

18 **(4) [SECTION 4] IS INTENDED TO BE CODIFIED AS AN INTEGRAL PART OF TITLE 19, CHAPTER**
19 **3, AND THE PROVISIONS OF TITLE 19, CHAPTER 3, APPLY TO [SECTION 4].**

20 **(5) [SECTION 5] IS INTENDED TO BE CODIFIED AS AN INTEGRAL PART OF TITLE 19, CHAPTER**
21 **7, AND THE PROVISIONS OF TITLE 19, CHAPTER 7, APPLY TO [SECTION 5].**

22 **(6) [SECTIONS 6 AND 7] ARE INTENDED TO BE CODIFIED AS AN INTEGRAL PART OF TITLE 19,**
23 **CHAPTER 20, AND THE PROVISIONS OF TITLE 19, CHAPTER 20, APPLY TO [SECTIONS 6 AND 7].**

24

25 **NEW SECTION. SECTION 42. COORDINATION INSTRUCTION. (1) IF HOUSE BILL NO. 205 IS**
26 **PASSED AND APPROVED AND IF IT AMENDS 19-20-101(8), THEN [SECTION 2(8) OF HOUSE BILL NO.**
27 **205], AMENDING 19-20-101, IS VOID AND [SECTION 36(8) OF THIS ACT], AMENDING 19-20-101, MUST**
28 **READ:**

29 **"(8) "EARNED COMPENSATION" MEANS, EXCEPT AS PROVIDED IN [SECTION 7 OF THIS ACT]**
30 **AND [SECTION 8 OF HOUSE BILL NO. 205], THE BASE CONTRACT AMOUNT PAID OUT OF FUNDS**

1 CONTROLLED BY AN EMPLOYER AS DEFINED UNDER THIS CHAPTER. THE BASE CONTRACT AMOUNT
 2 IS THE GROSS CONTRACT AMOUNT FOR THE ACADEMIC OR FISCAL YEAR BEFORE ANY
 3 TAX-DEFERRED DEDUCTIONS ALLOWED UNDER THE INTERNAL REVENUE CODE HAVE BEEN MADE AND
 4 INCLUDES ANY INCREASE OR AMOUNTS PAID BASED ON PLACEMENT ON THE SALARY MATRIX FOR
 5 EXPERIENCE AND EDUCATION LEVEL. THE BASE CONTRACT AMOUNT DOES NOT INCLUDE AMOUNTS
 6 PAID FOR EXTRA COMPENSATION, OVERTIME, SUMMER EMPLOYMENT, RESEARCH, MAINTENANCE,
 7 ALLOWANCES, EXPENSES, OR BONUSES OR ANY PAYMENT FOR ADDITIONAL DUTIES. THE EARNED
 8 COMPENSATION IS THE BASE CONTRACT AMOUNT THAT WOULD HAVE BEEN PAID TO A MEMBER FOR
 9 FULL-TIME SERVICE BUT THAT WAS NOT PAID TO THE MEMBER BECAUSE OF A REDUCTION IN
 10 COMPENSATION DUE TO A TEMPORARY ABSENCE, PROVIDED THAT THE RETIREMENT SYSTEM
 11 RECEIVES THE CONTRIBUTION REQUIRED BY 19-20-413. THE EARNED COMPENSATION OF A MEMBER
 12 WHO HAD LESS THAN 3 CONSECUTIVE YEARS OF FULL-TIME SERVICE DURING THE 5 YEARS
 13 PRECEDING RETIREMENT IS THE COMPENSATION THAT THE MEMBER WOULD HAVE EARNED HAD THE
 14 MEMBER'S PART-TIME SERVICE BEEN FULL-TIME SERVICE. THE EARNED COMPENSATION OF A MEMBER
 15 WHO IS AWARDED A DISABILITY RETIREMENT ALLOWANCE PRIOR TO THE COMPLETION OF A FULL
 16 YEAR IS THE COMPENSATION THAT THE MEMBER WOULD HAVE RECEIVED HAD THE MEMBER
 17 COMPLETED THE FULL YEAR, EXCEPT THAT ANY TERMINATION PAY, AS DEFINED IN SUBSECTION
 18 (5)(E), RECEIVED BY THE MEMBER IS LIMITED TO THE AMOUNT ACTUALLY PAID AND IS NOT THE
 19 AMOUNT THE MEMBER WOULD HAVE EARNED HAD THE MEMBER COMPLETED THE FULL YEAR."

20 (2) IF HOUSE BILL NO. 306 IS PASSED AND APPROVED AND IF IT AMENDS 19-7-403, THEN THE
 21 MEMBER'S CONTRIBUTION RATE PROVIDED FOR IN 19-7-403(1) MUST BE 8.365%.

22 (3) IF HOUSE BILL NO. 306 IS PASSED AND APPROVED AND IF IT AMENDS 19-7-404, THEN THE
 23 EMPLOYER'S CONTRIBUTION RATE PROVIDED FOR IN 19-7-404(1) MUST BE 8.755%.

24 (4) IF HOUSE BILL NO. 306 IS PASSED AND APPROVED AND IF IT AMENDS 19-7-503, THEN
 25 [SECTION 5 OF HOUSE BILL NO. 306], AMENDING 19-7-503, IS VOID AND [SECTION 23 OF THIS ACT],
 26 AMENDING 19-7-503, MUST READ:

27 **"19-7-503. Service retirement benefit.** (1) The amount of any service retirement benefit granted
 28 to a member ~~with 24 years or less of membership service~~ is 2.0834% of the member's final average salary
 29 for each year of service credit, ~~up to a maximum of 50% of final average salary.~~

30 ~~(2) The member's retirement benefit must be increased for any member who contributes after 24~~

1 ~~years of service credit by 1.35% of the member's final average salary for each year of service credit in~~
 2 ~~excess of 24 years, up to a maximum of 60% of the member's final average salary.~~

3 ~~(3)(2)~~ If a member dies after retirement and had not elected an optional retirement benefit provided
 4 for in 19-7-1001, the member's designated beneficiary must be paid the excess, if any, of the member's
 5 accumulated contributions at the time of retirement less payments made to the retired member."

6 (5) IF HOUSE BILL NO. 306 IS PASSED AND APPROVED AND IF IT PROVIDES A COORDINATION
 7 INSTRUCTION WITH [THIS ACT], THEN [SECTION 8] OF HOUSE BILL NO. 306, PROVIDING THE
 8 COORDINATION INSTRUCTION WITH [THIS ACT], IS VOID.

9 (5)(6) IF SENATE BILL NO. 83 IS PASSED AND APPROVED AND IF IT AMENDS 19-8-504, THEN
 10 [SECTION 23 OF SENATE BILL NO. 83], AMENDING 19-8-504, IS VOID AND [SECTION 25 OF THIS ACT],
 11 AMENDING 19-8-504 MUST READ:

12 "19-8-504. **State's contribution.** ~~(1) To fund the employer's portion of the normal cost of benefits~~
 13 ~~under this chapter, each~~ Each month, the state treasurer shall pay to the pension trust fund:

14 ~~(a) out of the department of fish, wildlife, and parks funds, a sum equal to 7.15%~~ 11.07% of all
 15 members' salaries; ~~and~~

16 ~~(b) out of the funds collected as fines and forfeited bonds under the provisions of 87-1-601(1)~~
 17 ~~through (5) or funds distributed under 3-10-601(4), an amount equal to 1% of all members' salaries.~~

18 ~~(2) In addition to the contributions provided in subsection (1), the state treasurer shall pay to the~~
 19 ~~pension trust fund the balance of the funds distributed to the fish and game account pursuant to 3-10-601~~
 20 ~~until the unfunded liability in the pension trust fund is fully paid and a verification statement to that effect~~
 21 ~~is given to the state treasurer by the board."~~

22 (6)(7) IF SENATE BILL NO. 221 IS PASSED AND APPROVED AND IF IT AMENDS 19-9-702, THEN
 23 [SECTION 2 OF SENATE BILL NO. 221], AMENDING 19-9-702, IS VOID AND [SECTION 27 OF THIS ACT],
 24 AMENDING 19-9-702, MUST READ:

25 "19-9-702. **State contribution.** The state of Montana shall make its contributions through the state
 26 auditor out of the premium tax on motor vehicle property and casualty insurance policies. The payments
 27 must be made annually after the end of each fiscal year but no later than November 1 from the gross
 28 premium tax after deduction for cancellations and returned premiums. The division shall notify the auditor
 29 by September 1 of each fiscal year of the annual compensation paid to all active members during the
 30 preceding fiscal year. The state's contribution is ~~15.66%~~ 17.95% 18.3% of compensation paid to members

1 on and after July 1, 1995, and ~~17.9%~~ 18.15% of compensation paid to members on and after July 1,
 2 1997."

3 ~~(7)~~(8) IF SENATE BILL NO. 357 IS PASSED AND APPROVED AND IF IT AMENDS 19-13-601(2),
 4 THEN [SECTION 1 OF SENATE BILL NO. 357], AMENDING 19-13-601(2) IS VOID AND [SECTION 30 OF
 5 THIS ACT], AMENDING 19-13-601(2), MUST READ:

6 "(2) The member's contribution to the retirement system as a percentage of the member's
 7 compensation is:

8 (a) ~~6%~~ 7.8% of the member's compensation for a firefighter who first became a member prior to
 9 July 1, 1995, and who has not elected to receive the guaranteed annual benefit adjustment under [section
 10 3]; or

11 (b) 9.46% for a firefighter who first became a member on or after July 1, 1995, or who has elected
 12 to receive a guaranteed annual benefit adjustment under [section 3]."

13 ~~(8)~~(9) IF SENATE BILL NO. 357 IS PASSED AND APPROVED AND IF IT AMENDS 19-13-604, THEN
 14 [SECTION 2 OF SENATE BILL NO. 357], AMENDING 19-13-604, IS VOID AND [SECTION 31 OF THIS
 15 ACT], AMENDING 19-13-604, MUST READ:

16 "19-13-604. **State contribution.** (1) The state shall make its contributions through the state auditor
 17 from the premium taxes on the insurance risks enumerated in 19-18-512. These payments must be made
 18 annually to the pension trust fund after the end of each fiscal year but no later than November 1 from the
 19 gross premium taxes after deduction for cancellations and returned premiums. The division shall notify the
 20 auditor of the annual compensation, excluding overtime, holiday payments, shift differential payments,
 21 compensatory time payments, and payments in lieu of sick leave, paid to all active members during the
 22 preceding year.

23 (2) The state's contribution is:

24 (a) 23.27% of ~~this~~ total compensation ~~effective~~ paid on and after July 1, 1991;

25 (b) 25.01% of total compensation paid on and after July 1, 1995; and

26 (c) 24.935% of total compensation paid on and after July 1, 1997.

27 (3) As soon as practicable after receipt of the state contribution, the division shall deposit it in the
 28 pension trust fund."

29 ~~(9)~~(10) IF SENATE BILL NO. 357 IS PASSED AND APPROVED AND IF IT AMENDS 19-13-605,
 30 THEN [SECTION 3 OF SENATE BILL NO. 357], AMENDING 19-13-605, IS VOID AND [SECTION 32 OF THIS

1 ACT], AMENDING 19-13-605, MUST READ:

2 "19-13-605. **Employer contribution.** (1) Each employer shall make its contribution on behalf of
3 members through the city treasurer or other appropriate official from money available to the city for this
4 purpose.

5 (2) The employer's contribution is:

6 (a) ~~13.02%~~ 14.42% of the total compensation paid to members on and after July 1, 1995; and

7 (b) 14.495% of the total compensation paid to members on and after July 1, 1997.

8 (3) All contributions are payable monthly to the division, which shall, as soon as practicable after
9 their receipt, deposit them in the pension trust fund."

10 ~~(10)(11) IF SENATE BILL NO. 357 IS PASSED AND APPROVED AND IF IT AMENDS 19-13-704,~~
11 ~~THEN [SECTION 5 OF SENATE BILL NO. 357], AMENDING 19-13-704, IS VOID AND [SECTION 33 OF THIS~~
12 ~~ACT], AMENDING 19-13-704, MUST READ:~~

13 "19-13-704. **Amount of service retirement benefit.** (1) Except as provided in subsection (3), the
14 following retirement benefits apply:

15 (a) A member hired before July 1, 1981, who elects to retire after having reached both 20 years
16 of membership service ~~and age 50~~ must receive a service retirement benefit equal to the sum of:

17 (i) 50% of the member's last monthly compensation for years of service credit up to and including
18 20 years; and

19 (ii) ~~4%~~ 2% of the member's last monthly compensation for each year of service credit after 20
20 years.

21 (b) A member hired before July 1, 1981, who elects to retire after having reached at least 10 years
22 but less than 20 years of membership service ~~but prior to reaching age 50~~ as an active member must
23 receive a service retirement benefit equal to 2% of the member's last monthly compensation for each year
24 of service credit. Upon the retired member's death, the benefit must be ~~made~~ paid to the surviving spouse.
25 If there is no surviving spouse or if the surviving spouse dies and if the member leaves one or more
26 dependent children, the children are entitled to receive the allowance as long as they remain dependent
27 children as defined in 19-13-104.

28 (2) A member who was hired on or after July 1, 1981, who retires with at least 10 years of
29 membership service must receive a service retirement benefit equal to 2% of the member's final average
30 compensation for each year of service credit.

1 (3) ~~The maximum monthly benefit payable to any retiree under subsection (1) may not exceed 60%~~
 2 ~~of the member's last monthly compensation. The maximum monthly benefit payable to any retiree under~~
 3 ~~subsection (2) may not exceed 60% of the member's final average compensation.~~ For members hired before
 4 July 1, 1981, who have elected the guaranteed annual benefit adjustment under [section 3], the following
 5 retirement benefits apply:

6 (a) A member who elects to retire after having reached 20 years of membership service must
 7 receive a service retirement benefit equal to the sum of:

8 (i) 50% of the member's final average compensation for years of service credit up to and including
 9 20 years; and

10 (ii) 2% of the member's final average compensation for each year of service credit after 20 years.

11 (b) A member who elects to retire after having reached at least 10 years but less than 20 years
 12 of membership service as an active member must receive a service retirement benefit equal to 2% of the
 13 member's final average compensation for each year of service credit. Upon the retired member's death,
 14 the benefit must be paid to the surviving spouse. If there is no surviving spouse or if the surviving spouse
 15 dies and if the member leaves one or more dependent children, the children are entitled to receive the
 16 allowance as long as they remain dependent children as defined in 19-13-104."

17 ~~(11)(12)~~ IF SENATE BILL NO. 357 IS PASSED AND APPROVED AND IF IT AMENDS 19-13-803,
 18 THEN [SECTION 6 OF SENATE BILL NO. 357], AMENDING 19-13-803 IS VOID AND [SECTION 34 OF THIS
 19 ACT], AMENDING 19-13-803, MUST READ:

20 "**19-13-803. Amount of disability retirement benefit.** (1) A Except as provided in subsection (3),
 21 a member hired before July 1, 1981, who becomes disabled:

22 (a) before completing 20 years of membership service must receive a disability retirement benefit
 23 equal to one-half the member's last monthly compensation;

24 (b) after completing 20 years or more of membership service must receive the disability retirement
 25 benefit provided in subsection (1)(a) increased at a rate of 4% 2% of the member's last monthly
 26 compensation for each year of service credit in excess of 20, up to a maximum benefit equal to 60% of
 27 the member's last monthly compensation.

28 (2) A Except as provided in subsection (3), a member hired on or after July 1, 1981, who becomes
 29 disabled:

30 (a) before completing 25 years of membership service must receive a disability retirement benefit

1 equal to one-half the member's last monthly compensation;

2 (b) after completing 25 years or more of membership service must receive the disability retirement
3 benefit provided in subsection (2)(a) increased at a rate of 2% of the member's last monthly compensation
4 for each year of service credit in excess of 25, ~~up to a maximum benefit equal to 60% of the member's~~
5 ~~last monthly compensation.~~

6 (3) A member who was hired on or after July 1, 1995, or who has elected to receive a guaranteed
7 annual benefit adjustment under [section 3] and who becomes disabled:

8 (a) before completing 25 years of membership service must receive a disability retirement benefit
9 equal to one-half the member's final average compensation;

10 (b) after completing 25 years or more of membership service must receive the disability retirement
11 benefit provided in subsection (3)(a), increased at a rate of 2% of the member's final average compensation
12 for each year of service credit in excess of 25 years.

13 (4) A member's disability retirement benefit must be paid first to the member during the member's
14 lifetime and, upon the member's death, to the member's surviving spouse. If upon a member's death the
15 member leaves no surviving spouse or upon the death of the surviving spouse, the member's benefit must
16 be paid to the member's dependent children as long as they remain dependent children as defined in
17 19-13-104."

18 ~~(12)(13) IF SENATE BILL NO. 357 IS PASSED AND APPROVED AND IF IT AMENDS 19-13-902,~~
19 ~~THEN [SECTION 7 OF SENATE BILL NO. 357], AMENDING 19-13-902, IS VOID AND [SECTION 35 OF THIS~~
20 ~~ACT], AMENDING 19-13-902, MUST READ:~~

21 **"19-13-902. Survivorship benefit. (1) Except as provided in subsection (2), the following**
22 **survivorship benefits apply to members hired before July 1, 1981:**

23 (a) Upon the death before retirement of an active member ~~hired before July 1, 1981~~, the member's
24 surviving spouse, if there is one, must receive a survivorship benefit equal to one-half the last monthly
25 compensation received by the member. If the member leaves one or more dependent children, then, upon
26 the member's death if the member leaves no surviving spouse or upon the death of the surviving spouse,
27 the member's dependent children must collectively receive the same benefit that a surviving spouse would
28 have received, as long as the children remain dependent children as defined in 19-13-104.

29 (b) If the deceased member completed over 20 years of membership service, the survivorship
30 benefit provided in subsection (1)(a) must be increased at a rate of ~~4%~~ 2% of the last monthly

1 compensation for each year in excess of 20, ~~up to a maximum of 60% of the last monthly compensation~~
2 ~~received by the member.~~

3 (2) The following survivorship benefits apply to members hired before July 1, 1981, who have
4 elected the guaranteed annual benefit adjustments provided under [section 3]:

5 (a) Upon the death before retirement of a ~~an active~~ member ~~hired on or after July 1, 1981,~~ the
6 member's surviving spouse, if there is one, must receive a survivorship benefit equal to one-half of the
7 member's final average compensation. If the member leaves one or more dependent children, then, upon
8 the member's death if the member leaves no surviving spouse or upon the death of the surviving spouse,
9 the member's dependent children must collectively receive the same benefit that a surviving spouse would
10 have received, as long as the children remain dependent children as defined in 19-13-104.

11 (b) If the deceased member completed over 20 years of membership service, the survivorship
12 benefit provided in subsection (1)(a) must be increased at a rate of 2% of the final average compensation
13 for each year in excess of 20 years.

14 (3) Upon the death before retirement of a member hired on or after July 1, 1981, the member's
15 surviving spouse, if there is one, must receive a survivorship benefit equal to one-half the last monthly
16 compensation received by the member. If the member leaves one or more dependent children, then, upon
17 the member's death if the member leaves no surviving spouse or upon the death of the surviving spouse,
18 the member's dependent children must collectively receive the same benefit that a surviving spouse would
19 have received as long as the children remain dependent children as defined in 19-13-104."

20
21 NEW SECTION. Section 43. Effective date. [This act] is effective July 1, 1995.

22 -END-

1 HOUSE BILL NO. 268

2 INTRODUCED BY AHNER, SIMPKINS, EWER, HARPER, QUILICI, LYNCH, PIPINICH, MCGEE, GALVIN,
3 SOFT, L. SMITH, SWANSON, MASOLO, GRADY, BERGMAN, BECK, HIBBARD, HARDING, FORRESTER,
4 DENNY, BRAINARD, KITZENBERG, WILSON, VAN VALKENBURG, HAYNE, HALLIGAN, WATERMAN,
5 BARTLETT, HARRINGTON, MENAHAN, CAREY, TUSS, MOLNAR

6 BY REQUEST OF THE GOVERNOR
7

8 A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING A GUARANTEED MINIMUM AND MAXIMUM
9 ANNUAL POSTRETIREMENT BENEFIT ADJUSTMENT FOR CERTAIN RETIREES IN EACH OF THE
10 STATEWIDE PUBLIC EMPLOYEE RETIREMENT SYSTEMS; ESTABLISHING THE GUARANTEED
11 ADJUSTMENT AS AN ALTERNATIVE TO CERTAIN EXISTING BENEFITS; INCREASING CONTRIBUTION
12 RATES AND MODIFYING CERTAIN BENEFITS IN EACH SYSTEM TO FUND THE GUARANTEED ANNUAL
13 BENEFIT ADJUSTMENTS; REQUIRING THAT MEMBERS OF THE PUBLIC EMPLOYEES' AND HIGHWAY
14 PATROL OFFICERS' RETIREMENT SYSTEMS PAY THE FULL COST OF PURCHASING CERTAIN SERVICE
15 CREDITS; PROVIDING THAT MEMBERS OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM WHO
16 BECAME MEMBERS ON OR AFTER JULY 1, 1989, MAY PURCHASE ADDITIONAL SERVICE FOR THE

THERE ARE NO CHANGES IN THIS BILL AND IT WILL
NOT BE REPRINTED. PLEASE REFER TO SECOND
READING COPY (YELLOW) FOR COMPLETE TEXT.

SENATE STANDING COMMITTEE REPORT

Page 1 of 7
April 4, 1995

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration HB 268 (third reading copy -- blue), respectfully report that HB 268 be amended as follows and as so amended be concurred in.

Signed: 
Senator Gary Aklestad, Chair

That such amendments read:

1. Title, line 25.

Following: "SYSTEM"

Insert: "AND ALLOWING AN EXCEPTION FOR UNIVERSITY SYSTEM
EMPLOYEES"

2. Title, line 29.

Following: "PROVIDING"

Strike: "AN"

3. Title, line 30.

Strike: "DATE"

Insert: "DATES"

4. Page 3, line 2.

Following: "EMPLOYMENT"

Insert: "and other extra-duty service"

5. Page 3, line 4.

Following: "VESTED"

Insert: ", nonuniversity system"

6. Page 3, line 6.


Following: line 5

Insert: "and extra duty"

7. Page 3.

Following: line 8

Insert: "Because of the unique characteristics of summer employment under the university system, it is the intent of the legislature that the university system continue to report compensation received for the summer session and that summer earnings included in the calculation of the member's average final compensation be limited to the average percentage of base compensation reported over the member's career and that the teachers' retirement board adopt rules governing summer compensation reported."


Amd. Coord.
Sec. of Senate


Senator Carrying Bill

HB 268

SENATE

8. Page 6, line 2.

Strike: "0.3%"

Insert: "0.28%"

9. Page 6, line 4.

Strike: "0.25%"

Insert: "0.23%"

10. Page 6, line 10.

Strike: "0.1%"

Insert: "0.07%"

11. Page 6, line 12.

Strike: "0.05%"

Insert: "0.025%"

12. Page 6, line 19.

Strike: "0.015%"

Insert: "0.025%"

13. Page 6, line 20.

Strike: "0.325%"

Insert: "0.365%"

14. Page 6, line 21.

Strike: "0.6%"

Insert: "0.676%"

15. Page 6, line 22.

Strike: "0.9%"

Insert: "1.0%"

16. Page 6, line 26.

Following: "SUMMER"

Insert: " and extra-duty"

17. Page 6, line 27.

Following: "1995,"

Insert: "whose primary employer is not the university system,"

18. Page 6, line 28.

Following: "SESSION"

Insert: "and extra-duty"

19. Page 6, line 29.

Following: "FOR"

Insert: "all or a portion of"

Following: "1995"

Insert: ", "

20. Page 7, lines 1 and 2.

Following: "SUMMER" in two places

Insert: "and extra-duty"

21. Page 7, line 5.

Following: "YEAR"

Insert: "and that extra-duty compensation does not exceed the amounts allowed under 19-20-101(5)(b) had the member retired on July 1, 1995"

22. Page 7, lines 8, 12, 14, 19, 21, and 29.

Following: "SUMMER"

Insert: "and extra-duty"

23. Page 7.

Following: line 30.

Insert: "NEW SECTION. Section 8. Summer compensation benefit for university system employees. (1) Members employed by the university system under both an academic year and a summer session contract shall contribute, as required by 19-20-602, to the retirement system on the compensation received under both contracts. Summer session compensation reported each month during the summer session may not exceed one-ninth of the member's academic year contract. Summer session compensation must be identified or reported separately on the employer's regular monthly report.

(2) If a member has summer compensation reported during the period determined to be the member's highest 3 consecutive years, the board shall determine the amount of summer compensation that may be used in the calculation of average final compensation by:

(a) calculating the percentage of the member's base contract amount reported as summer compensation each fiscal year and determining the average percentage reported as summer compensation since July 1, 1990; and

(b) multiplying the average percentage since July 1, 1990, by the base contract amount that is included in the calculation of average final compensation."

Renumber: subsequent sections

24. Page 8, line 6.

Page 8, line 29.

Strike: "7%"

Insert: "6.98%"

25. Page 11, line 29.

Page 12, line 9.
Strike: "31.68%"
Insert: "29.39%"

26. Page 15, line 24.
Strike: "7.77%"
Insert: "7.74%"

27. Page 17, line 29.
Strike: "16.21%"
Insert: "15.76%"

28. Page 17, line 30.
Strike: "16.06%"
Insert: "15.71%"

29. Page 18, line 7.
Strike: "14.51%"
Insert: "14.41%"

30. Page 18, line 20 and line 26.
Strike: "12.25%"
Insert: "11.5%"

31. Page 18, line 23.
Strike: "9.55%"
Insert: "8.8%"

32. Page 18, line 24.
Strike: "10.75%"
Insert: "10%"

33. Page 20, line 20.
Strike: "24.01%"
Insert: "23.84%"

34. Page 20, line 21.
Strike: "23.935%"
Insert: "23.715%"

35. Page 25, line 5.
Strike: "SECTION"
Insert: "sections"
Following: "7"
Insert: "and 8"

36. Page 26, line 16.
Strike: "COMPENSATION"

Insert: "duty"

37. Page 27, line 2.

Following: "(10)"

Insert: "Extra-duty compensation" means any compensation in addition to amounts paid based on placement for experience and education level on the applicable salary matrix and in addition to the amount paid for the member's primary position.

(11)"

Renumber: subsequent subsections

38. Page 27, line 17.

Strike: "(20)"

Insert: "(21)"

39. Page 28, line 3.

Strike: "7.354%"

Insert: "7.374%"

40. Page 28, line 4.

Strike: "7.664%"

Insert: "7.704%"

41. Page 28, line 5.

Strike: "7.974%"

Insert: "8.034%"

42. Page 28, line 6.

Strike: "8.284%"

Insert: "8.374%"

43. Page 29, line 15.

Strike: "7.78%"

Insert: "7.80%"

44. Page 29, line 16.

Strike: "8.09%"

Insert: "8.13%"

45. Page 29, line 17.

Strike: "8.4%"

Insert: "8.46%"

46. Page 29, line 18.

Strike: "8.71%"
Insert: "8.8%"

47. Page 32, lines 22 and 23.
Strike: "AND 7"
Insert: "through 8"

48. Page 32, line 27.
Strike: "36(8)"
Insert: "37(8)"

49. Page 33, line 23.
Following: "BE"
Strike: "8.755%"
Insert: "8.752% "

50. Page 33, line 25.
Strike: "23"
Insert: "24"

51. Page 34, line 10.
Strike: "25"
Insert: "26"

52. Page 34, line 23.
Strike: "27"
Insert: "28"

53. Page 35, line 4.
Strike: "30"
Insert: "31"

54. Page 35, line 14.
Strike: "31"
Insert: "32"

55. Page 35, line 25.
Strike: "25.01%"
Insert: "24.84%"

56. Page 35, line 26.
Strike: "24.935%"
Insert: "24.715%"

57. Page 35, line 30.
Strike: "32"

Insert: "33"

58. Page 36, line 11.

Strike: "33"

Insert: "34"

59. Page 37, line 18.

Strike: "34"

Insert: "35"

60. Page 38, line 19.

Strike: "35"

Insert: "36"

61. Page 39, line 21.

Strike: "**date**"

Insert: "**dates**"

Strike: "[This act]"

Insert: "(1) Except as provided in subsection (2), [this act]"

Following: line 21

Insert: "(2) [Sections 11 through 13] are effective July 1, 1996."

-END-

1 HOUSE BILL NO. 268

2 INTRODUCED BY AHNER, SIMPKINS, EWER, HARPER, QUILICI, LYNCH, PIPINICH, MCGEE, GALVIN,
3 SOFT, L. SMITH, SWANSON, MASOLO, GRADY, BERGMAN, BECK, HIBBARD, HARDING, FORRESTER,
4 DENNY, BRAINARD, KITZENBERG, WILSON, VAN VALKENBURG, HAYNE, HALLIGAN, WATERMAN,
5 BARTLETT, HARRINGTON, MENAHAN, CAREY, TUSS, MOLNAR

6 BY REQUEST OF THE GOVERNOR

7
8 A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING A GUARANTEED MINIMUM AND MAXIMUM
9 ANNUAL POSTRETIREMENT BENEFIT ADJUSTMENT FOR CERTAIN RETIREES IN EACH OF THE
10 STATEWIDE PUBLIC EMPLOYEE RETIREMENT SYSTEMS; ESTABLISHING THE GUARANTEED
11 ADJUSTMENT AS AN ALTERNATIVE TO CERTAIN EXISTING BENEFITS; INCREASING CONTRIBUTION
12 RATES AND MODIFYING CERTAIN BENEFITS IN EACH SYSTEM TO FUND THE GUARANTEED ANNUAL
13 BENEFIT ADJUSTMENTS; REQUIRING THAT MEMBERS OF THE PUBLIC EMPLOYEES' AND HIGHWAY
14 PATROL OFFICERS' RETIREMENT SYSTEMS PAY THE FULL COST OF PURCHASING CERTAIN SERVICE
15 CREDITS; PROVIDING THAT MEMBERS OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM WHO
16 BECAME MEMBERS ON OR AFTER JULY 1, 1989, MAY PURCHASE ADDITIONAL SERVICE FOR THE
17 PURPOSE OF CALCULATING RETIREMENT BENEFITS; REDEFINING THE AVERAGE SALARY USED WHEN
18 CALCULATING CERTAIN RETIREMENT BENEFITS UNDER THE JUDGES' RETIREMENT SYSTEM;
19 INCREASING THE STATE CONTRIBUTION TO THE JUDGES' RETIREMENT SYSTEM; PROVIDING THAT
20 CERTAIN DISTRICT COURT FEES USED TO FUND THE JUDGES' RETIREMENT SYSTEM BE PAID TO THE
21 GENERAL FUND; ADJUSTING CERTAIN DEATH BENEFITS PAID UNDER THE JUDGES', GAME WARDENS',
22 AND FIREFIGHTERS' UNIFIED RETIREMENT SYSTEMS; PROVIDING THAT THE DISABILITY BENEFIT OF
23 MEMBERS OF THE FIREFIGHTERS' UNIFIED RETIREMENT SYSTEM ELECTING TO RECEIVE THE
24 GUARANTEED BENEFIT ADJUSTMENT BE CALCULATED BASED ON AN AVERAGE 36-MONTH SALARY;
25 CHANGING THE DEFINITION OF EARNED COMPENSATION IN THE TEACHERS' RETIREMENT SYSTEM
26 AND ALLOWING AN EXCEPTION FOR UNIVERSITY SYSTEM EMPLOYEES; AMENDING SECTIONS
27 19-3-315, 19-3-316, 19-3-503, 19-3-512, 19-3-513, 19-5-101, 19-5-404, 19-5-502, 19-5-601, 19-5-802,
28 19-6-402, 19-6-404, 19-6-801, 19-7-403, 19-7-404, 19-7-503, 19-8-502, 19-8-504, 19-8-1002,
29 19-9-702, 19-9-703, 19-9-710, 19-13-601, 19-13-604, 19-13-605, 19-13-704, 19-13-803, 19-13-902,
30 19-20-101, 19-20-602, 19-20-605, AND 25-1-201, MCA; AND PROVIDING AN EFFECTIVE DATE DATES."

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STATEMENT OF INTENT

A statement of intent is required for this bill because [sections 1, 2, and 3] give the public employees' retirement board and the teachers' retirement board authority to adopt rules to implement the provisions of the bill.

It is the intent of the legislature to guarantee a minimum level of annual benefit increases for retired members and their contingent annuitants or survivors under each of the statewide public employee retirement systems. The legislature also intends to fund this guaranteed annual benefit adjustment (GABA) in the most cost-effective manner possible.

Therefore, the GABA provided for in this bill is intended to provide both a "floor" and a "ceiling" so that, when it is combined with any other postretirement benefit adjustments available now or in the future, a benefit recipient will receive a total yearly benefit increase of at least ~~2%~~ 1.5% but no more than the rate of inflation in the previous fiscal year, which will be based on the percentage change in the consumer price index as compiled by the U.S. department of labor for urban wage earners and workers.

Because the GABA is intended to address the erosion of retirement benefits caused by inflation and to do so in the most cost-effective manner possible, it is also the intent of the legislature that the guaranteed annual ~~2%~~ 1.5% minimum adjustment not begin until after the original benefit has been paid for at least 36 months.

Because it is most cost-effective to reduce current unfunded liabilities as well as to avoid future unfunded liabilities and to fund new benefits as they accrue, the bill provides that the GABA be substituted for other benefits in cases in which the GABA is as valuable or more valuable to the members. The resultant actuarial savings will reduce the additional funding required for the GABA. In each retirement system, new members hired after [the effective date of this act] will automatically be covered by the GABA provided for in this bill. In the highway patrol officers', municipal police officers', firefighters' unified, and judges' retirement systems, in which the substitution of the GABA in place of other benefits is not a clear benefit enhancement for all current members, it is the intent of the legislature that the members be provided with a thorough analysis of the benefits to be substituted so that members may individually and irrevocably elect whether to be covered under the provisions of this bill. However, it is not the intent of the legislature that the retirement boards or their administrative staff be required to recommend a specific or best choice to individual members.

THE LEGISLATURE FINDS THAT IT IS MOST COST-EFFECTIVE TO HELP FUND THE GABA UNDER

1 THE TEACHERS' RETIREMENT SYSTEM WITH A REDEFINITION OF EARNED COMPENSATION. BECAUSE
 2 SEVERAL CURRENT MEMBERS HAVE CONTRIBUTED ON SUMMER EMPLOYMENT AND OTHER
 3 EXTRA-DUTY SERVICE, WHICH WILL NOT BE INCLUDED IN THE NEW DEFINITION OF EARNED
 4 COMPENSATION, THE LEGISLATURE INTENDS THAT VESTED, NONUNIVERSITY SYSTEM MEMBERS OF
 5 THE TEACHERS' RETIREMENT SYSTEM BE GIVEN A LIMITED OPTION TO INCLUDE IN THE CALCULATION
 6 OF FUTURE BENEFITS THE ACTUARIAL VALUE OF SUMMER COMPENSATION AND EXTRA DUTY THAT
 7 HAS BEEN REPORTED FOR THE 3 FISCAL YEARS PRIOR TO [THE EFFECTIVE DATE OF THIS ACT]. THE
 8 LEGISLATURE FURTHER INTENDS THAT THE MEMBER OR THE MEMBER'S EMPLOYER, OR BOTH, PAY
 9 THE ACTUARIAL COST OF ANY ADDITIONAL BENEFIT ENHANCEMENT. BECAUSE OF THE UNIQUE
 10 CHARACTERISTICS OF SUMMER EMPLOYMENT UNDER THE UNIVERSITY SYSTEM, IT IS THE INTENT
 11 OF THE LEGISLATURE THAT THE UNIVERSITY SYSTEM CONTINUE TO REPORT COMPENSATION
 12 RECEIVED FOR THE SUMMER SESSION AND THAT SUMMER EARNINGS INCLUDED IN THE
 13 CALCULATION OF THE MEMBER'S AVERAGE FINAL COMPENSATION BE LIMITED TO THE AVERAGE
 14 PERCENTAGE OF BASE COMPENSATION REPORTED OVER THE MEMBER'S CAREER AND THAT THE
 15 TEACHERS' RETIREMENT BOARD ADOPT RULES GOVERNING SUMMER COMPENSATION REPORTED.

16

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

18

19 NEW SECTION. Section 1. Guaranteed annual benefit adjustment. (1) Except as provided in
 20 subsections (2) and (3), on January 1, 1996, and on January 1 of each following year, the permanent
 21 monthly benefit payable to each recipient who is eligible under subsection (4) must be increased to an
 22 amount that is ~~2%~~ 1.5% more than the permanent monthly benefit payable during the preceding January.
 23 Subject to the provisions of subsections (2) and (3), if any other adjustments made since the preceding
 24 January have increased an eligible recipient's benefit by less than a ~~2%~~ 1.5% annualized increase, the
 25 eligible recipient's benefit must be adjusted by an amount that, when added to any other adjustments made
 26 during the preceding year, will provide a total annualized increase of ~~2%~~ 1.5% in benefits paid since the
 27 preceding January.

28 (2) In a case in which an eligible recipient is a contingent annuitant receiving an optional benefit
 29 upon the death of the original payee that occurred since the preceding January, the new recipient's monthly
 30 benefit must be increased to ~~2%~~ 1.5% more than the amount that the contingent annuitant would have

1 received had the contingent annuitant received a benefit during the preceding January.

2 (3) The combined total annual adjustment payable to an individual benefit recipient under this
3 chapter is limited to the total percentage increase for the previous fiscal year in the average consumer price
4 index for urban wage earners and workers, compiled by the bureau of labor statistics, United States
5 department of labor, or its successor agency, or to the ~~2%~~ 1.5% provided for in subsection (1), whichever
6 is greater.

7 (4) A benefit recipient is eligible for and must receive the minimum annual benefit adjustment
8 provided for in this section if:

9 (a) the benefit's initiation date is at least 36 months prior to January 1 of the year in which the
10 adjustment is to be made; and

11 (b) the benefit recipient is not an active member of a public retirement system covered by this title.

12 (5) The board shall adopt rules to administer the provisions of this section.

13

14 **NEW SECTION. Section 2. Guaranteed annual benefit adjustment.** (1) Except as provided in
15 subsections (2) and (3), on January 1, 1996, and on January 1 of each following year, the permanent
16 monthly benefit payable to each recipient who is eligible under subsection (4) must be increased to an
17 amount that is at least ~~2%~~ 1.5% more than the permanent monthly benefit payable during the preceding
18 January. Subject to the provisions of subsections (2) and (3), if any other adjustments made since the
19 preceding January have increased an eligible recipient's benefit by less than a ~~2%~~ 1.5% annualized
20 increase, the eligible recipient's benefit must be adjusted by an amount that, when added to any other
21 adjustments made during the preceding year, will provide a total annualized increase of ~~2%~~ 1.5% in
22 benefits paid since the preceding January.

23 (2) In a case in which an eligible recipient is a contingent annuitant receiving an optional benefit
24 upon the death of the original payee that occurred since the preceding January, the new recipient's monthly
25 benefit must be increased to ~~2%~~ 1.5% more than the amount that the contingent annuitant would have
26 received had the contingent annuitant received a benefit during the preceding January.

27 (3) The combined total annual adjustment payable to an individual benefit recipient under this
28 chapter is limited to the total percentage increase for the previous fiscal year in the average consumer price
29 index for urban wage earners and workers, compiled by the bureau of labor statistics, United States
30 department of labor, or its successor agency, or to the ~~2%~~ 1.5% provided for in subsection (1), whichever

1 is greater.

2 (4) A benefit recipient is eligible for and must receive the minimum annual benefit adjustment
3 provided for in this section if:

4 (a) the benefit's initiation date is at least 36 months prior to January 1 of the year in which the
5 adjustment is to be made;

6 (b) the benefit recipient is not an active member of a public retirement system covered by this title;
7 and

8 (c) the member or benefit recipient either:

9 (i) first became an active member on or after July 1, 1995; or

10 (ii) filed a voluntary, irrevocable election to be covered under this section. The election must be
11 filed with the board prior to January 1, 1996.

12 (5) The board shall adopt rules to administer the provisions of this section.

13

14 **NEW SECTION. Section 3. Guaranteed annual benefit adjustment.** (1) Except as provided in
15 subsection (2), on January 1, 1996, and on January 1 of each following year, the permanent monthly
16 benefit payable to each recipient who is eligible under subsection (3) must be increased to an amount that
17 is ~~2%~~ 1.5% more than the permanent monthly benefit payable during the preceding January. Subject to
18 the provisions of subsection (2), if any other adjustments made since the preceding January have increased
19 an eligible recipient's benefit by less than a ~~2%~~ 1.5% annualized increase, the eligible recipient's benefit
20 must be adjusted by an amount that, when added to the other adjustments made during the preceding year,
21 will provide a total annualized increase of ~~2%~~ 1.5% in benefits paid since the preceding January.

22 (2) The combined total annual adjustment payable under this chapter is limited to the total
23 percentage increase for the previous fiscal year in the average consumer price index for urban wage earners
24 and workers, compiled by the bureau of labor statistics, United States department of labor, or its successor
25 agency, or to the ~~2%~~ 1.5% provided for in subsection (1), whichever is greater.

26 (3) A benefit recipient is eligible for and must receive the minimum annual benefit adjustment
27 provided for in this section if:

28 (a) the benefit's initiation date is at least 36 months prior to January 1 of the year in which the
29 adjustment is to be made;

30 (b) the benefit recipient is not an active member of a public retirement system covered by this title;

1 and

2 (c) the member or other benefit recipient either:

3 (i) first became an active member on or after July 1, 1995; or

4 (ii) filed a voluntary, irrevocable election to be covered under this section. The election must be
5 filed with the board prior to January 1, 1996, and will require an active member to pay an increased
6 contribution rate from July 1, 1995, forward.

7 (4) The board shall adopt rules to administer the provisions of this section.

8

9 NEW SECTION. SECTION 4. STATE CONTRIBUTIONS. THE STATE SHALL CONTRIBUTE
10 MONTHLY TO THE PENSION TRUST FUND A SUM EQUAL TO ~~0.3%~~ 0.28% OF THE COMPENSATION OF
11 MEMBERS EMPLOYED BY LOCAL GOVERNMENTS AND SCHOOL DISTRICTS ON AND AFTER JULY 1,
12 1995, AND A SUM EQUAL TO ~~0.25%~~ 0.23% OF THE COMPENSATION OF MEMBERS EMPLOYED BY
13 LOCAL GOVERNMENTS AND SCHOOL DISTRICTS ON AND AFTER JULY 1, 1997. LOCAL GOVERNMENT
14 AND SCHOOL DISTRICT EMPLOYER CONTRIBUTIONS MUST BE THE TOTAL EMPLOYER CONTRIBUTION
15 RATE MINUS THE STATE CONTRIBUTION RATE.

16

17 NEW SECTION. SECTION 5. STATE CONTRIBUTIONS. THE STATE SHALL CONTRIBUTE
18 MONTHLY TO THE PENSION TRUST FUND A SUM EQUAL TO ~~0.1%~~ 0.07% OF THE COMPENSATION OF
19 MEMBERS EMPLOYED BY COUNTY SHERIFFS' DEPARTMENTS ON AND AFTER JULY 1, 1995, AND A
20 SUM EQUAL TO ~~0.05%~~ 0.025% OF THE COMPENSATION OF MEMBERS EMPLOYED BY COUNTY
21 SHERIFFS' DEPARTMENTS ON AND AFTER JULY 1, 1997. COUNTY EMPLOYER CONTRIBUTIONS MUST
22 BE THE TOTAL EMPLOYER CONTRIBUTION RATE MINUS THE STATE CONTRIBUTION RATE.

23

24 NEW SECTION. SECTION 6. STATE CONTRIBUTIONS. (1) THE STATE SHALL CONTRIBUTE
25 MONTHLY TO THE PENSION TRUST FUND SUMS EQUAL TO THE FOLLOWING PORTION OF THE
26 COMPENSATION OF MEMBERS EMPLOYED BY SCHOOL DISTRICTS:

27 (A) ~~0.015%~~ 0.025% ON AND AFTER JULY 1, 1995;

28 (B) ~~0.325%~~ 0.365% ON AND AFTER JULY 1, 1996;

29 (C) ~~0.6%~~ 0.676% ON AND AFTER JULY 1, 1997; AND

30 (D) ~~0.9%~~ 1.0% ON AND AFTER JULY 1, 1998.

1 (2) SCHOOL DISTRICT CONTRIBUTIONS MUST BE THE TOTAL EMPLOYER CONTRIBUTION RATE
 2 MINUS THE STATE CONTRIBUTION RATE.

3
 4 NEW SECTION. SECTION 7. SUMMER AND EXTRA-DUTY COMPENSATION BENEFIT
 5 ADJUSTMENT FOR CERTAIN MEMBERS -- ANNUITY ACCOUNT OPTION. (1) A VESTED MEMBER AS OF
 6 JULY 1, 1995, WHOSE PRIMARY EMPLOYER IS NOT THE UNIVERSITY SYSTEM, WHO IS EMPLOYED
 7 UNDER AN ACADEMIC YEAR CONTRACT WITH SUMMER SESSION AND EXTRA-DUTY COMPENSATION
 8 REPORTED TO THE RETIREMENT SYSTEM FOR ALL OR A PORTION OF FISCAL YEARS 1993, 1994, OR
 9 AND 1995, AND WHO RETIRES ON OR BEFORE JULY 1, 2003, MAY ELECT TO INCLUDE IN THE
 10 CALCULATION OF BENEFITS THE ACTUARIAL VALUE, AS OF JULY 1, 1995, OF THE REPORTED
 11 SUMMER AND EXTRA-DUTY COMPENSATION REPORTED FOR FISCAL YEARS 1993, 1994, AND 1995
 12 OR TO HAVE THE 3 YEARS OF SUMMER AND EXTRA-DUTY COMPENSATION INCLUDED IN THE
 13 CALCULATION OF AVERAGE FINAL COMPENSATION PROVIDED THAT:

14 (A) EARNINGS FOR EACH MONTH DURING THE SUMMER SESSION DO NOT EXCEED ONE-NINTH
 15 OF THE MEMBER'S BASE CONTRACT FOR THE ACADEMIC YEAR AND THAT EXTRA-DUTY
 16 COMPENSATION DOES NOT EXCEED THE AMOUNTS ALLOWED UNDER 19-20-101(5)(B) HAD THE
 17 MEMBER RETIRED ON JULY 1, 1995; AND

18 (B) THE MEMBER OR THE MEMBER'S EMPLOYER AS WELL AS THE MEMBER CONTRIBUTES TO
 19 THE SYSTEM THE ACTUARIAL COST OF ANY BENEFIT ENHANCEMENT IN ADDITION TO THE ACTUARIAL
 20 VALUE OF THE SUMMER AND EXTRA-DUTY COMPENSATION AS OF JULY 1, 1995.

21 (2) A MEMBER WHO RETIRES AFTER JULY 1, 2003, BUT ON OR BEFORE JULY 1, 2004, AND
 22 WHO MEETS THE REQUIREMENTS OF SUBSECTIONS (1)(A) AND (1)(B) MAY ELECT TO INCLUDE
 23 TWO-THIRDS OF THE AMOUNT AVAILABLE UNDER SUBSECTION (1) IN THE MEMBER'S CALCULATION
 24 OF BENEFITS TWO-THIRDS OF THE ACTUARIAL VALUE OF THE SUMMER AND EXTRA-DUTY
 25 COMPENSATION AVAILABLE UNDER THE PROVISIONS OF SUBSECTION (1) OR MAY ELECT TO INCLUDE
 26 IN THE MEMBER'S AVERAGE FINAL COMPENSATION TWO-THIRDS OF THE SUMMER AND EXTRA-DUTY
 27 COMPENSATION AVAILABLE UNDER THE PROVISIONS OF SUBSECTION (1).

28 (3) A MEMBER WHO RETIRES AFTER JULY 1, 2004, BUT ON OR BEFORE JULY 1, 2005, AND
 29 WHO MEETS THE REQUIREMENTS OF SUBSECTIONS (1)(A) AND (1)(B) MAY INCLUDE ONE-THIRD OF
 30 THE AMOUNT AVAILABLE UNDER SUBSECTION (1) MAY ELECT TO INCLUDE IN THE MEMBER'S

1 CALCULATION OF BENEFITS ONE-THIRD OF THE ACTUARIAL VALUE OF THE SUMMER AND
 2 EXTRA-DUTY COMPENSATION AVAILABLE UNDER THE PROVISIONS OF SUBSECTION (1) OR MAY ELECT
 3 TO INCLUDE IN THE MEMBER'S AVERAGE FINAL COMPENSATION ONE-THIRD OF THE SUMMER AND
 4 EXTRA-DUTY COMPENSATION AVAILABLE UNDER THE PROVISIONS OF SUBSECTION (1).

5 (4) AN EMPLOYER MAY NEGOTIATE TO PAY UP TO ONE-HALF OF THE ACTUARIAL COST OF
 6 THE ENHANCED BENEFIT PROVIDED FOR UNDER SUBSECTIONS (1) THROUGH (3). THE EMPLOYER
 7 SHALL ESTABLISH A POLICY FOR THE PAYMENT OF THE ACTUARIAL COST UNDER SUBSECTIONS (1)
 8 THROUGH (3) AND SHALL APPLY THE POLICY INDISCRIMINATELY FOR ALL EMPLOYEES.

9 (5) AN EMPLOYER MAY CONTRIBUTE, EXCEPT AS LIMITED BY THE INTERNAL REVENUE CODE,
 10 TO AN ANNUITY ACCOUNT ON BEHALF OF AN EMPLOYEE A PERCENTAGE OF THE EMPLOYEE'S
 11 SUMMER AND EXTRA-DUTY COMPENSATION THAT IS EQUIVALENT TO THE EMPLOYER'S
 12 CONTRIBUTION RATE UNDER 19-20-605.

13
 14 NEW SECTION. SECTION 8. SUMMER COMPENSATION BENEFIT FOR UNIVERSITY SYSTEM
 15 EMPLOYEES. (1) MEMBERS EMPLOYED BY THE UNIVERSITY SYSTEM UNDER BOTH AN ACADEMIC
 16 YEAR AND A SUMMER SESSION CONTRACT SHALL CONTRIBUTE, AS REQUIRED BY 19-20-602, TO THE
 17 RETIREMENT SYSTEM ON THE COMPENSATION RECEIVED UNDER BOTH CONTRACTS. SUMMER
 18 SESSION COMPENSATION REPORTED EACH MONTH DURING THE SUMMER SESSION MAY NOT EXCEED
 19 ONE-NINTH OF THE MEMBER'S ACADEMIC YEAR CONTRACT. SUMMER SESSION COMPENSATION
 20 MUST BE IDENTIFIED OR REPORTED SEPARATELY ON THE EMPLOYER'S REGULAR MONTHLY REPORT.

21 (2) IF A MEMBER HAS SUMMER COMPENSATION REPORTED DURING THE PERIOD DETERMINED
 22 TO BE THE MEMBER'S HIGHEST 3 CONSECUTIVE YEARS, THE BOARD SHALL DETERMINE THE AMOUNT
 23 OF SUMMER COMPENSATION THAT MAY BE USED IN THE CALCULATION OF AVERAGE FINAL
 24 COMPENSATION BY:

25 (A) CALCULATING THE PERCENTAGE OF THE MEMBER'S BASE CONTRACT AMOUNT REPORTED
 26 AS SUMMER COMPENSATION EACH FISCAL YEAR AND DETERMINING THE AVERAGE PERCENTAGE
 27 REPORTED AS SUMMER COMPENSATION SINCE JULY 1, 1990; AND

28 (B) MULTIPLYING THE AVERAGE PERCENTAGE SINCE JULY 1, 1990, BY THE BASE CONTRACT
 29 AMOUNT THAT IS INCLUDED IN THE CALCULATION OF AVERAGE FINAL COMPENSATION.

30

1 **Section 9.** Section 19-3-315, MCA, is amended to read:

2 "**19-3-315. Member's contribution to be deducted.** (1) ~~On and after Beginning July 1, 1993~~ 1995,
3 the regular contribution of each member is ~~6.70%~~ ~~6.935%~~ 6.8% of the member's compensation. Each
4 member's contribution as a percentage of the member's compensation will increase to:

5 (a) 7.17% 6.9% beginning July 1, 1996; AND

6 (b) 7.405% 7% 6.98% beginning July 1, 1997; and

7 (c) 7.64% beginning July 1, 1998.

8 (2) Payment of salaries or wages less the contribution is full and complete discharge and
9 acquittance of all claims and demands for the service rendered by members during the period covered by
10 the payment, except their claims to the benefits to which they may be entitled under the provisions of this
11 chapter.

12 (3) Each employer, pursuant to section 414(h)(2) of the federal Internal Revenue Code of 1954,
13 as amended and applicable on July 1, 1985, shall pick up and pay the contributions that would be payable
14 by the member under subsection (1) for service rendered after June 30, 1985.

15 (4) The member's contributions picked up by the employer must be designated for all purposes of
16 the retirement system as the member's contributions, except for the determination of a tax upon a
17 distribution from the retirement system. These contributions must become part of the member's
18 accumulated contributions but must be accounted for separately from those previously accumulated.

19 (5) The member's contributions picked up by the employer must be payable from the same source
20 as is used to pay compensation to the member and must be included in the member's wages, as defined
21 in 19-1-102, and compensation. The employer shall deduct from the member's compensation an amount
22 equal to the amount of the member's contributions picked up by the employer and remit the total of the
23 contributions to the board."

24
25 **Section 10.** Section 19-3-316, MCA, is amended to read:

26 "**19-3-316. Employer contribution rates.** Each employer shall contribute to the cost of benefits
27 under the system. ~~On and after July 1, 1993, the~~ The EXCEPT AS PROVIDED IN [SECTION 4], THE
28 amount of the employer contributions is ~~6.70%~~ as a percentage of each employer's covered payroll is:

29 (1) 7.2% 7% 6.98% beginning July 1, 1995;

30 (2) 7.45% beginning July 1, 1996; and

1 ~~(3) 7.7% beginning July 1, 1997."~~

2
3 **Section 11.** Section 19-3-503, MCA, is amended to read:

4 **"19-3-503. Election to qualify military service.** (1) (a) A member with 10 years or more of service
5 credits may, at any time prior to retirement, make a written election with the board to purchase service
6 credits for all or any portion of the member's active service in the armed forces of the United States,
7 including the first special service force or the American merchant marine in oceangoing service during the
8 period of armed conflict, December 7, 1941, to August 15, 1945, up to a maximum of 5 years, if the
9 member is not otherwise eligible to receive service credit for this same service pursuant to 19-2-705.

10 (b) To qualify this service, the member shall contribute to the pension trust fund the amount
11 ~~determined by the board to be due based on the member's compensation and regular contribution rate as~~
12 ~~of the member's 11th year and as many succeeding years as are required to qualify this service, with~~
13 ~~regular interest from the date the member becomes eligible for this benefit to the date the member~~
14 ~~contributes~~ actuarial cost of the service credit based on the most recent actuarial valuation of the system.
15 The member may not purchase more of this service credit than the member has service credits in excess
16 of 10 years.

17 (2) If a member has retired from active duty in the armed forces of the United States, including the
18 first special service force or the American merchant marine in oceangoing service during the period of
19 armed conflict, December 7, 1941, to August 15, 1945, with a military service retirement benefit, the
20 member may not qualify the member's military service under subsection (1). However, a member who is
21 serving or has served in the military reserves with the expectation of receiving a military service pension
22 may qualify the member's active military service under subsection (1) if the member's active duty in the
23 armed forces of the United States, including the first special service force or the American merchant marine
24 in oceangoing service during the armed conflict, December 7, 1941, to August 15, 1945, is not more than
25 25% of the total sum of all years of military service including reserve and active duty time."

26
27 **Section 12.** Section 19-3-512, MCA, is amended to read:

28 **"19-3-512. Qualification of service from other public retirement systems.** (1) A member with 5
29 or more years of membership service in the public employees' retirement system may qualify:

30 (a) public service employment covered under a public retirement system other than a system

1 provided for in Title 19 for which the member received a refund of the member's membership contribution;
2 and

3 (b) public service employment that occurred before the public employer adopted a public retirement
4 system.

5 (2) A member may not qualify more than 5 years of service under this section. To qualify this
6 service, a member shall:

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

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

10 ~~(i) the member's compensation in the sixth year of service covered under the public employees'~~
11 ~~retirement system; and~~

12 ~~(ii) the most recent actuarial valuation of the system.~~

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

15 (4) Service qualified under this section may not be:

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

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

18 (5) Service qualified under this section may not be used in calculating a member's retirement
19 benefit unless the member's last 5 years of service credit were earned under the public employees'
20 retirement system. If a member's qualified service may not be used in calculating the member's retirement
21 benefit, the member may choose to receive a refund of the accumulated contributions made to qualify the
22 service."
23

24 **Section 13.** Section 19-3-513, MCA, is amended to read:

25 **"19-3-513. Election to purchase additional service.** (1) At any time before retirement, ~~a person~~
26 ~~who became~~ a member of the retirement system ~~before July 1, 1989,~~ and who has 5 years or more of
27 membership service may make a written election with the board to purchase additional service credit for
28 the purpose of calculating the member's retirement benefit. Except as provided in subsection (3), the
29 member may purchase 1 year of additional service credit for each 5 years of membership service that the
30 member has qualified under the retirement system, up to a maximum of 5 years of additional service.

1 (2) For each year of service credit purchased under this section, a member shall contribute to the
 2 pension trust fund ~~an amount equal to the member's compensation for the 12 month period immediately~~
 3 ~~preceding the date the member elects to purchase the service multiplied by the combined employee and~~
 4 ~~employer contribution rates contained in 19-3-315 and 19-3-316~~ the actuarial cost of the service credit
 5 based on the most recent actuarial valuation of the system. Contributions may be made in a lump-sum
 6 payment or by making additional contributions in installments as agreed upon by the member and the board.

7 (3) (a) Except as provided in subsection (3)(b), after January 1, 1990, a member may elect to
 8 qualify a combined total of 5 years of service under 19-3-503, 19-3-512, or this section.

9 (b) A member who has purchased service under 19-3-503 or 19-3-512 on or before January 1,
 10 1990, and who elects to purchase service under this section ~~shall~~ must receive credit for the full months
 11 of service purchased on or before January 1, 1990.

12 (4) Service purchased under this section is not membership service and may not be used to qualify
 13 a member for service retirement."
 14

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

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

18 (1) "Compensation" means remuneration as defined in 2-16-404, 3-5-211, and 3-7-222 paid to
 19 a member.

20 (2) "Current salary" means the current compensation for the office retired from.

21 (3) "Final average salary" means the average of the member's highest monthly compensation
 22 during any 36 consecutive months of membership service in the retirement system.

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

24 ~~(4)(5)~~ "Retired judge" means any judge or justice in receipt of a retirement benefit under this
 25 chapter."
 26

27 **Section 15.** Section 19-5-404, MCA, is amended to read:

28 "**19-5-404. Contributions by state.** (1) The state of Montana shall contribute monthly to the
 29 pension trust fund a sum equal to ~~6%~~ ~~28.77%~~ ~~31.68%~~ 29.39% of the compensation of each member.

30 ~~In addition, the clerk of each district court shall transmit 68% of certain filing fees as required under~~

1 ~~25-1-201(2) and that portion of the fee for filing a petition for dissolution of marriage and a motion for~~
 2 ~~substitution of a judge specified in 25-1-201(4) and (6) to the state, which shall first deposit in the pension~~
 3 ~~trust fund an amount equal to 34.71% of the total compensation paid to district judges and supreme court~~
 4 ~~justices who are covered by the judges' retirement system and then deposit the balance in the state general~~
 5 ~~fund. The clerk of the supreme court shall pay one fourth of the fees collected under 3-2-403 to the~~
 6 ~~division to be credited to the pension trust fund.~~

7 (2) The state of Montana shall contribute monthly from the renewable resource grant and loan
 8 program account in the state special revenue fund to the judges' pension trust fund an amount equal to
 9 ~~34.71%~~ 28.77% ~~31.68%~~ 29.39% of the compensation paid to the chief water court judge."

10
 11 **Section 16.** Section 19-5-502, MCA, is amended to read:

12 "19-5-502. **Service retirement benefit.** Upon retirement from service, a member must receive a
 13 service retirement benefit equal to:

14 (1) 3 1/3% per year of the member's current salary for the first 15 years of credited service and
 15 1.785% per year for each year of credited service after 15 years for a person who became a member prior
 16 to July 1, 1995, and who has not elected to receive a guaranteed annual benefit adjustment under [section
 17 2];

18 (2) 3 1/3% per year of the member's final average salary for the first 15 years of credited service
 19 and 1.785% per year for each year of credited service after 15 years for a person who:

- 20 (a) first became a member on or after July 1, 1995; or
- 21 (b) has elected to receive a guaranteed annual benefit adjustment under [section 2]."

22
 23 **Section 17.** Section 19-5-601, MCA, is amended to read:

24 "19-5-601. **Disability retirement benefit.** In case of the disability of a member, a disability
 25 retirement benefit must be granted the member in an amount actuarially equivalent to the service retirement
 26 benefit standing to the member's credit at the time of the member's disability retirement. If the disability
 27 is a direct result of any service to the Montana judiciary in the line of duty, ~~the member must receive a~~
 28 benefit equal to member's disability benefit must be no less than:

29 (1) one-half of the member's final current salary or the benefit provided in 19-5-502, whichever
 30 is greater for a person who first became a member prior to July 1, 1995, and who has elected not to

1 receive the guaranteed annual benefit adjustment under [section 2]; or

2 (2) one-half of the member's final average salary for a person who first became a member on or
 3 after July 1, 1995, or who has elected to receive the guaranteed annual benefit adjustment under [section
 4 2]."

5
 6 **Section 18.** Section 19-5-802, MCA, is amended to read:

7 **"19-5-802. Payments in case of death from other causes.** (1) If a retired member who became
 8 a member prior to July 1, 1995, and who chose a regular retirement benefit dies before receiving payments
 9 equal to the present value of the member's retirement benefit as it was at the time of the member's
 10 retirement, the balance must be paid to the member's designated beneficiary in a lump sum. At the
 11 designated beneficiary's request, the lump sum may be paid as an actuarially equivalent annuity that will
 12 not be subject to increases for any purpose.

13 (2) Upon the death of a retiree who chose a regular retirement benefit and who either became a
 14 member on or after July 1, 1995, or elected to receive the guaranteed annual benefit adjustment under
 15 [section 2], the member's designated beneficiary must be paid the unpaid balance of the retiree's benefit.
 16 The benefit must be calculated by subtracting the total benefits paid to the member during the member's
 17 lifetime from the member's total amount of contributions and interest on account as that amount was on
 18 the day the member retired.

19 (3) If a member dies before reaching retirement age, the member's designated beneficiary is entitled
 20 to a monthly survivorship benefit that is the actuarial equivalent of the options as provided in 19-5-503."

21
 22 **Section 19.** Section 19-6-402, MCA, is amended to read:

23 **"19-6-402. Member's contribution.** (1) (a) Each Except as provided in subsection (1)(b), a person
 24 who became a member prior to July 1, 1995, shall contribute into the pension trust fund a sum equal to
 25 9% of the member's monthly compensation, which must be deposited to the member's credit in the
 26 pension trust fund.

27 (b) A person who became a member on or after July 1, 1995, or who has elected to receive a
 28 guaranteed annual benefit adjustment under [section 3] shall contribute to the pension trust fund, from July
 29 1, 1995, forward, a sum equal to ~~9.1%~~ 9.08% of the member's monthly compensation.

30 (2) Each employer, pursuant to section 414(h)(2) of the federal Internal Revenue Code of 1954,

1 as amended and applicable on July 1, 1985, shall pick up and pay the contributions that would be payable
2 by the member under subsection (1) for service rendered after June 30, 1985.

3 (3) The member's contributions picked up by the employer must be designated for all purposes of
4 the retirement system as the member's contributions, except for the determination of a tax upon a
5 distribution from the retirement system. These contributions must become part of the member's
6 accumulated contributions but must be accounted for separately from those previously accumulated.

7 (4) The member's contributions picked up by the employer must be payable from the same source
8 as is used to pay compensation to the member and must be included in the member's wages as defined
9 in 19-1-102 and compensation as used to define the member's final average salary in 19-6-101. The
10 employer shall deduct from the member's compensation an amount equal to the amount of the member's
11 contributions picked up by the employer and remit the total of the contributions to the board."
12

13 **Section 20.** Section 19-6-404, MCA, is amended to read:

14 **"19-6-404. State's contribution.** The state of Montana shall annually contribute to the pension
15 trust fund an amount equal to ~~36.28%~~ ~~36.39%~~ 36.36% of the total compensation paid to the members
16 from the following sources:

17 (1) an amount equal to ~~26.10%~~ ~~26.21%~~ 26.18% of the total compensation of the members is
18 payable from the same source that is used to pay compensation to the members; and

19 (2) an amount equal to 10.18% of the total compensation of the members is payable from a portion
20 of the fees from driver's licenses and duplicate driver's licenses as provided in 61-5-121."
21

22 **Section 21.** Section 19-6-801, MCA, is amended to read:

23 **"19-6-801. Election to qualify military service.** (1) A member with 15 years or more of service
24 credit with the Montana highway patrol may, at any time prior to retirement, make a written election with
25 the division to qualify all or any portion of the member's active service in the armed forces of the United
26 States for the purpose of calculating retirement benefits, up to a maximum of 5 years, if the member is not
27 otherwise eligible to receive service credit for this same service pursuant to 19-2-705.

28 (2) To qualify this service the member shall contribute to the account the ~~amount determined by~~
29 ~~the division to be due based on the member's compensation and regular contribution rate as of the~~
30 ~~member's 16th year and as many succeeding years as are required to qualify this service, with interest from~~

1 ~~the date the member becomes eligible for this benefit to the date the member contributes~~ actuarial cost of
 2 the service credit based on the most recent actuarial valuation of the system. The member may not qualify
 3 more of this service than the member has service with the Montana highway patrol in excess of 15 years."
 4

5 **Section 22.** Section 19-7-403, MCA, is amended to read:

6 **"19-7-403. Members' contributions deducted.** (1) Every member shall contribute into the pension
 7 trust fund ~~7%~~ ~~7.62%~~ 7.38% of the member's monthly compensation, which must be deposited to the
 8 member's credit in the pension trust fund.

9 (2) Each employer, pursuant to section 414(h)(2) of the federal Internal Revenue Code of 1954,
 10 as amended and applicable on July 1, 1985, shall pick up and pay the contributions that would be payable
 11 by the member under subsection (1) for service rendered after June 30, 1985.

12 (3) The member's contributions picked up by the employer must be designated for all purposes of
 13 the retirement system as the member's contributions, except for the determination of a tax upon a
 14 distribution from the retirement system. These contributions must become part of the member's
 15 accumulated contributions but must be accounted for separately from those previously accumulated.

16 (4) The member's contributions picked up by the employer must be payable from the same source
 17 as is used to pay compensation to the member and must be included in the member's wages as defined
 18 in 19-1-102 and salary as used to define the member's final average salary in 19-7-101. The employer
 19 shall deduct from the member's compensation an amount equal to the amount of the member's
 20 contributions picked up by the employer and remit the total of the contributions to the board."
 21

22 **Section 23.** Section 19-7-404, MCA, is amended to read:

23 **"19-7-404. Employer contributions.** (1) ~~The~~ EXCEPT AS PROVIDED IN [SECTION 5], THE
 24 employer shall pay monthly ~~7.67%~~ ~~8.29%~~ ~~7.77%~~ 7.74% of each member's gross compensation into the
 25 pension trust fund created by this chapter.

26 (2) If the required contribution to the retirement system exceeds the funds available to a county
 27 from general revenue sources, a county may budget, levy, and collect annually a special tax on the
 28 assessable property within the county that is sufficient to raise the amount of revenue needed to meet the
 29 county's obligation. This tax may be in addition to the annual rate of taxation allowed by law to be levied
 30 by the county."

1 **Section 24.** Section 19-7-503, MCA, is amended to read:

2 **"19-7-503. Service retirement benefit.** (1) The amount of any service retirement benefit granted
3 to a member with 24 years or less of membership service is 2.0834% of the member's final average salary
4 for each year of service credit, up to a maximum of 50% of the member's final average salary, except as
5 provided under [section 1].

6 (2) The member's retirement benefit must be increased for any member who contributes after 24
7 years of service credit by 1.35% of the member's final average salary for each year of service credit in
8 excess of 24 years, up to a maximum of 60% of the member's final average salary, except as provided
9 under [section 1].

10 (3) If a member dies after retirement and had not elected an optional retirement benefit provided
11 for in 19-7-1001, the member's designated beneficiary must be paid the excess, if any, of the member's
12 accumulated contributions at the time of retirement less payments made to the retired member."

13

14 **Section 25.** Section 19-8-502, MCA, is amended to read:

15 **"19-8-502. Member's contribution.** (1) ~~Every~~ Each member is required to contribute into the
16 pension trust fund a sum equal to ~~7.9%~~ ~~8.5%~~ 8.2% of the member's monthly compensation, which sum
17 must be deposited to the member's credit in the pension trust fund.

18 (2) Each employer, pursuant to section 414(h)(2) of the federal Internal Revenue Code of 1954,
19 as amended and applicable on July 1, 1985, shall pick up and pay the contributions that would be payable
20 by the member under subsection (1) for service rendered after June 30, 1985.

21 (3) The member's contributions picked up by the employer must be designated for all purposes of
22 the retirement system as the member's contributions, except for the determination of a tax upon a
23 distribution from the retirement system. These contributions must become part of the member's
24 accumulated contributions but must be accounted for separately from those previously accumulated.

25 (4) The member's contributions picked up by the employer must be payable from the same source
26 as is used to pay compensation to the member and must be included in the member's wages as defined
27 in 19-1-102 and the member's compensation as used to define the member's final average salary in
28 19-8-101. The employer shall deduct from the member's compensation an amount equal to the amount
29 of the member's contributions picked up by the employer and remit the total of the contributions to the
30 board."

1 **Section 26.** Section 19-8-504, MCA, is amended to read:

2 **"19-8-504. State's contribution.** ~~(1) To fund the employer's portion of the normal cost of benefits~~
3 ~~under this chapter, each~~ Each month, the state treasurer shall pay to the pension trust fund:

4 ~~(a)(1)~~ out of the department of fish, wildlife, and parks funds, a sum equal to 7.15% of all
5 members' salaries; and

6 ~~(b)(2)~~ out of the funds collected as fines and forfeited bonds under the provisions of 87-1-601(1)
7 through (5) or funds distributed under 3-10-601(4), an amount equal to ~~4% 5.69%~~ 3.92% of all members'
8 salaries.

9 ~~(2) In addition to the contributions provided in subsection (1), the state treasurer shall pay to the~~
10 ~~pension trust fund the balance of the funds distributed to the fish and game account pursuant to 3-10-601~~
11 ~~until the unfunded liability in the pension trust fund is fully paid and a verification statement to that effect~~
12 ~~is given to the state treasurer by the board."~~

13
14 **Section 27.** Section 19-8-1002, MCA, is amended to read:

15 **"19-8-1002. Postretirement death payments.** If a ~~retired~~ member who retired on or after July 1,
16 1995, and who has not chosen an optional retirement benefit under 19-8-801 dies before receiving an
17 amount equal to the ~~present value of the member's service retirement benefit under 19-8-603~~ member's
18 total amount of contributions and interest on account as ~~it~~ that amount was at the time of the member's
19 retirement, the balance must be paid to the member's designated beneficiary in a lump-sum payment. At
20 ~~the option of the designated beneficiary, the lump sum payment may be annuitized and paid over the~~
21 ~~beneficiary's lifetime; however, the payment is not a benefit subject to increases."~~

22
23 **Section 28.** Section 19-9-702, MCA, is amended to read:

24 **"19-9-702. State contribution.** The state of Montana shall make its contributions through the state
25 auditor out of the premium tax on motor vehicle property and casualty insurance policies. The payments
26 must be made annually after the end of each fiscal year but no later than November 1 from the gross
27 premium tax after deduction for cancellations and returned premiums. The division shall notify the auditor
28 by September 1 of each fiscal year of the annual compensation paid to all active members during the
29 preceding fiscal year. The state's contribution is ~~15.66% 16.41% 15.86% 16.21%~~ 15.76% of
30 compensation paid to members ON AND AFTER JULY 1, 1995, AND 15.81% 16.06% 15.71% OF

1 COMPENSATION PAID TO MEMBERS ON AND AFTER JULY 1, 1997."

2

3 **Section 29.** Section 19-9-703, MCA, is amended to read:

4 **"19-9-703. Employer contribution.** Each employer shall make its contribution through the city
5 treasurer or other appropriate official out of money available to the city for that purpose. The employer's
6 contribution, which must be paid monthly to the division, is ~~14.36%~~ ~~16.58%~~ 14.36% of the compensation
7 paid to all active members ON AND AFTER JULY 1, 1995, AND 14.41% 14.51% 14.41% OF THE
8 COMPENSATION PAID TO ALL ACTIVE MEMBERS ON AND AFTER JULY 1, 1997."

9

10 **Section 30.** Section 19-9-710, MCA, is amended to read:

11 **"19-9-710. Member contributions.** (1) ~~The~~ Except as specified in subsection (2), the regular
12 contribution as a percentage of compensation of each active member first employed by an employer as a
13 police officer:

14 (a) on or before June 30, 1975, is 7.8% of the member's compensation. In the case of a member
15 first employed by an employer as a police officer;

16 (b) after June 30, 1975, the contribution but before July 1, 1979, is 9% of the member's
17 compensation. In the case of a member first employed by an employer as a police officer;

18 (c) after June 30, 1979, the contribution but before July 1, 1995, is 10.5% of the member's
19 compensation; and

20 (d) after June 30, 1995, is ~~12.65%~~ ~~11.75%~~ ~~12.25%~~ 11.5%.

21 (2) A member who has elected to receive the guaranteed annual benefit adjustment provided for
22 in [section 3] shall pay the following contribution rates as a percentage of compensation:

23 (a) ~~9.95%~~ ~~9.05%~~ ~~9.55%~~ 8.8% if first hired as a police officer on or before June 30, 1975;

24 (b) ~~11.15%~~ ~~10.25%~~ ~~10.75%~~ 10% if first hired as a police officer after June 30, 1975 but before
25 July 1, 1979; and

26 (c) ~~12.65%~~ ~~11.75%~~ ~~12.25%~~ 11.5% if first hired as a police officer after June 30, 1979.

27 (3) Each employer, pursuant to section 414(h)(2) of the federal Internal Revenue Code of 1954,
28 as amended and applicable on July 1, 1985, shall pick up and pay the contributions that would be payable
29 by the member under ~~subsection~~ subsections (1) and (2) for service rendered after June 30, 1985.

30 ~~(3)~~(4) The member's contributions picked up by the employer must be designated for all purposes

1 of the retirement system as the member's contributions, except for the determination of a tax upon a
 2 distribution from the retirement system. These contributions must become part of the member's
 3 accumulated contributions but must be accounted for separately from those previously accumulated.

4 ~~(4)~~(5) The member's contributions picked up by the employer must be payable from the same
 5 source as is used to pay compensation to the member and must be included in the member's wages as
 6 defined in 19-1-102 and in the member's compensation as defined in 19-9-104. The employer shall deduct
 7 from the member's compensation an amount equal to the amount of the member's contributions picked up
 8 by the employer and remit the total of the contributions to the board."

9
 10 **Section 31.** Section 19-13-601, MCA, is amended to read:

11 **"19-13-601. Deduction remitted to firemen's association -- member's contributions.** (1) Each
 12 employer shall retain from the compensation of each active member a sum equal to 1% of the member's
 13 compensation for services as a firefighter and shall remit this amount on a monthly basis to the Montana
 14 state firemen's association for the payment of premiums on a group life and accidental death and
 15 dismemberment insurance policy for members and to defray expenses incurred by the association when
 16 representing members of the retirement system.

17 (2) ~~The~~ Each member's contribution to the retirement system is as a percentage of the member's
 18 compensation must be:

19 (a) 6% of the member's compensation for a firefighter who first became a member prior to July
 20 1, 1995, and who has not elected to receive the guaranteed annual benefit adjustment under [section 3];
 21 or

22 (b) after July 1, 1995, ~~7.8%~~ 7.6% for a firefighter who first became a member on or after July
 23 1, 1995, or who has elected to receive a guaranteed annual benefit adjustment under [section 3].

24 (3) If a member receives compensation under the provisions of the Workers' Compensation Act,
 25 Title 39, chapter 71, the amount received must be included as part of the member's compensation for
 26 purposes of determining contributions and service credits under the retirement system. Contributions made
 27 under 19-13-604, 19-13-605, and this section must be based on the total compensation received by the
 28 member from the employer and from workers' compensation during the period of disability.

29 (4) Each employer, pursuant to section 414(h)(2) of the federal Internal Revenue Code, as amended
 30 and applicable on July 1, 1987, shall pick up and pay the contributions that would be payable by the

1 member under subsection (2) for service rendered after June 30, 1987.

2 (5) The member's contributions picked up by the employer must be designated for all purposes of
3 the retirement system as the member's contributions, except for the determination of a tax upon a
4 distribution from the retirement system. These contributions must become part of the member's
5 accumulated contributions but must be accounted for separately from those previously accumulated.

6 (6) The member's contributions picked up by the employer must be payable from the same source
7 as is used to pay compensation to the member and must be included in the member's compensation as
8 defined in 19-13-104. The employer shall deduct from the member's compensation an amount equal to
9 the amount of the member's contributions picked up by the employer and remit the total of the
10 contributions to the board."

11

12 **Section 32.** Section 19-13-604, MCA, is amended to read:

13 **"19-13-604. State contribution.** The state shall make its contributions through the state auditor
14 from the premium taxes on the insurance risks enumerated in 19-18-512. These payments must be made
15 annually to the pension trust fund after the end of each fiscal year but no later than November 1 from the
16 gross premium taxes after deduction for cancellations and returned premiums. The division shall notify the
17 auditor of the annual compensation, excluding overtime, holiday payments, shift differential payments,
18 compensatory time payments, and payments in lieu of sick leave, paid to all active members during the
19 preceding year. The state's contribution is 23.27% of this total compensation ~~effective~~ paid on and after
20 July 1, 1991, and 24.02% 24.01% 23.84% of the total compensation paid on and after July 1, 1995,
21 AND 23.935% 23.715% OF THE TOTAL COMPENSATION PAID ON AND AFTER JULY 1, 1997. As soon
22 as practicable after receipt of the state contribution, the division shall deposit it in the pension trust fund."

23

24 **Section 33.** Section 19-13-605, MCA, is amended to read:

25 **"19-13-605. Employer contribution.** Each employer shall make its contribution on behalf of
26 members through the city treasurer or other appropriate official from money available to the city for this
27 purpose. The employer's contribution is ~~13.02%~~ 14.04% 13.02% of the total compensation paid to
28 members ON AND AFTER JULY 1, 1995, AND 13.095% OF THE TOTAL COMPENSATION PAID TO
29 MEMBERS ON AND AFTER JULY 1, 1997. All contributions are payable monthly to the division, which
30 shall, as soon as practicable after their receipt, deposit them in the pension trust fund."

1 **Section 34.** Section 19-13-704, MCA, is amended to read:

2 **"19-13-704. Amount of service retirement benefit.** (1) Except as provided in subsection (2) (3),
3 the following retirement benefits apply:

4 (a) A member hired before July 1, 1981, who elects to retire after having reached both 20 years
5 of membership service and age 50 must receive a service retirement benefit equal to the sum of:

6 (i) 50% of the member's last monthly compensation for years of service credit up to and including
7 20 years; and

8 (ii) 1% of the member's last monthly compensation for each year of service credit after 20 years.

9 (b) A member hired before July 1, 1981, who elects to retire after having reached at least 10 years
10 of membership service but prior to reaching age 50 as an active member must receive a service retirement
11 benefit equal to 2% of the member's last monthly compensation for each year of service credit. Upon the
12 retired member's death, the benefit must be ~~made paid~~ to the surviving spouse. If there is no surviving
13 spouse or if the surviving spouse dies and if the member leaves one or more dependent children, the
14 children are entitled to receive the allowance as long as they remain dependent children as defined in
15 19-13-104.

16 (2) A member who was hired on or after July 1, 1981, ~~or who has elected to receive a guaranteed~~
17 ~~annual benefit adjustment under [section 3], and~~ who retires with at least 10 years of membership service
18 must receive a service retirement benefit equal to 2% of the member's final average compensation for each
19 year of service credit.

20 (3) FOR MEMBERS HIRED BEFORE JULY 1, 1981, WHO HAVE ELECTED THE GUARANTEED
21 ANNUAL BENEFIT ADJUSTMENT UNDER [SECTION 3], THE FOLLOWING RETIREMENT BENEFITS APPLY:

22 (A) A MEMBER WHO ELECTS TO RETIRE AFTER HAVING REACHED BOTH 20 YEARS OF
23 MEMBERSHIP SERVICE AND AGE 50 MUST RECEIVE A SERVICE RETIREMENT BENEFIT EQUAL TO THE
24 SUM OF:

25 (I) 50% OF THE MEMBER'S FINAL AVERAGE COMPENSATION FOR YEARS OF SERVICE CREDIT
26 UP TO AND INCLUDING 20 YEARS; AND

27 (II) 1% OF THE MEMBER'S FINAL AVERAGE COMPENSATION FOR EACH YEAR OF SERVICE
28 CREDIT AFTER 20 YEARS.

29 (B) A MEMBER WHO ELECTS TO RETIRE AFTER HAVING REACHED AT LEAST 10 YEARS OF
30 MEMBERSHIP SERVICE BUT PRIOR TO REACHING AGE 50 AS AN ACTIVE MEMBER MUST RECEIVE A

1 SERVICE RETIREMENT BENEFIT EQUAL TO 2% OF THE MEMBER'S FINAL AVERAGE COMPENSATION
 2 FOR EACH YEAR OF SERVICE CREDIT. UPON THE RETIRED MEMBER'S DEATH, THE BENEFIT MUST BE
 3 PAID TO THE SURVIVING SPOUSE. IF THERE IS NO SURVIVING SPOUSE OR IF THE SURVIVING SPOUSE
 4 DIES AND IF THE MEMBER LEAVES ONE OR MORE DEPENDENT CHILDREN, THE CHILDREN ARE
 5 ENTITLED TO RECEIVE THE ALLOWANCE AS LONG AS THEY REMAIN DEPENDENT CHILDREN AS
 6 DEFINED IN 19-13-104.

7 ~~(4) The~~ Except as provided under [section 3], the maximum monthly benefit payable to any retiree
 8 under subsection (1) may not exceed 60% of the member's last monthly compensation. ~~The~~ Except as
 9 provided under [section 3], the maximum monthly benefit payable to any retiree under subsection (2) OR
 10 (3) may not exceed 60% of the member's final average compensation."

11

12 **Section 35.** Section 19-13-803, MCA, is amended to read:

13 **"19-13-803. Amount of disability retirement benefit.** (1) ~~A~~ Except as provided in subsection (3),
 14 a member hired before July 1, 1981, who becomes disabled:

15 (a) before completing 20 years of membership service must receive a disability retirement benefit
 16 equal to one-half the member's last monthly compensation;

17 (b) after completing 20 years or more of membership service must receive the disability retirement
 18 benefit provided in subsection (1)(a) increased at a rate of 1% of the member's last monthly compensation
 19 for each year of service credit in excess of 20, up to a maximum benefit equal to 60% of the member's
 20 last monthly compensation.

21 (2) ~~A~~ Except as provided in subsection (3), a member hired on or after July 1, 1981, who becomes
 22 disabled:

23 (a) before completing 25 years of membership service must receive a disability retirement benefit
 24 equal to one-half the member's last monthly compensation;

25 (b) after completing 25 years or more of membership service must receive the disability retirement
 26 benefit provided in subsection (2)(a) increased at a rate of 2% of the member's last monthly compensation
 27 for each year of service credit in excess of 25, up to a maximum benefit equal to 60% of the member's
 28 last monthly compensation.

29 (3) A member who was hired on or after July 1, 1995, or who has elected to receive a guaranteed
 30 annual benefit adjustment under [section 3] and who becomes disabled:

1 (a) before completing 25 years of membership service must receive a disability retirement benefit
2 equal to one-half the member's final average compensation;

3 (b) after completing 25 years or more of membership service must receive the disability retirement
4 benefit provided in subsection (3)(a), increased at a rate of 2% of the member's final average compensation
5 for each year of service credit in excess of 25 years, up to a maximum benefit equal to 60% of the
6 member's final average compensation, except as provided under [section 3].

7 (4) A member's disability retirement benefit must be paid first to the member during the member's
8 lifetime and, upon the member's death, to the member's surviving spouse. If upon a member's death the
9 member leaves no surviving spouse or upon the death of the surviving spouse, the member's benefit must
10 be paid to the member's dependent children as long as they remain dependent children as defined in
11 19-13-104."

12
13 **Section 36.** Section 19-13-902, MCA, is amended to read:

14 "19-13-902. Survivorship benefit. (1) Except as provided in subsection ~~(2)~~ (3), the following
15 survivorship benefits apply:

16 (a) Upon the death before retirement of an active member hired before July 1, 1981, the member's
17 surviving spouse, if there is one, must receive a survivorship benefit equal to one-half the last monthly
18 compensation received by the member. If the member leaves one or more dependent children, then, upon
19 the member's death if the member leaves no surviving spouse or upon the death of the surviving spouse,
20 the member's dependent children must collectively receive the same benefit that a surviving spouse would
21 have received, as long as the children remain dependent children as defined in 19-13-104.

22 (b) If the deceased member completed over 20 years of membership service, the survivorship
23 benefit provided in subsection (1)(a) must be increased at a rate of 1% of the last monthly compensation
24 for each year in excess of 20, up to a maximum of 60% of the last monthly compensation received by the
25 member, except as provided under [section 3].

26 (2) THE FOLLOWING SURVIVORSHIP BENEFITS APPLY TO MEMBERS HIRED BEFORE JULY 1,
27 1981, WHO HAVE ELECTED THE GUARANTEED ANNUAL BENEFIT ADJUSTMENTS PROVIDED IN
28 [SECTION 3]:

29 (A) UPON THE DEATH BEFORE RETIREMENT OF AN ACTIVE MEMBER, THE MEMBER'S
30 SURVIVING SPOUSE, IF THERE IS ONE, MUST RECEIVE A SURVIVORSHIP BENEFIT EQUAL TO ONE-HALF

1 THE FINAL AVERAGE COMPENSATION RECEIVED BY THE MEMBER. IF THE MEMBER LEAVES ONE OR
 2 MORE DEPENDENT CHILDREN, THEN, UPON THE MEMBER'S DEATH IF THE MEMBER LEAVES NO
 3 SURVIVING SPOUSE OR UPON THE DEATH OF THE SURVIVING SPOUSE, THE MEMBER'S DEPENDENT
 4 CHILDREN MUST COLLECTIVELY RECEIVE THE SAME BENEFIT THAT A SURVIVING SPOUSE WOULD
 5 HAVE RECEIVED AS LONG AS THE CHILDREN REMAIN DEPENDENT CHILDREN AS DEFINED IN
 6 19-13-104.

7 (B) IF THE DECEASED MEMBER COMPLETED OVER 20 YEARS OF MEMBERSHIP SERVICE, THE
 8 SURVIVORSHIP BENEFIT PROVIDED IN SUBSECTION (1)(A) MUST BE INCREASED AT A RATE OF 2% OF
 9 THE FINAL AVERAGE COMPENSATION FOR EACH YEAR IN EXCESS OF 20 [, UP TO A MAXIMUM OF
 10 60% OF THE FINAL AVERAGE COMPENSATION RECEIVED BY THE MEMBER, EXCEPT AS PROVIDED
 11 UNDER [SECTION 3]].

12 (3) Upon the death before retirement of a member hired on or after July 1, 1981, ~~or of a member~~
 13 ~~who has elected to receive the guaranteed annual benefit adjustment provided under [section 3],~~ the
 14 member's surviving spouse, if there is one, must receive a survivorship benefit equal to one-half of the
 15 member's final average compensation. If the member leaves one or more dependent children, then, upon
 16 the member's death if the member leaves no surviving spouse or upon the death of the surviving spouse,
 17 the member's dependent children must collectively receive the same benefit that a surviving spouse would
 18 have received, as long as the children remain dependent children as defined in 19-13-104."

19

20 **Section 37.** Section 19-20-101, MCA, is amended to read:

21 **"19-20-101. Definitions.** As used in this chapter, unless the context clearly indicates otherwise,
 22 the following definitions apply:

23 (1) "Accumulated contributions" means the sum of all the amounts deducted from the
 24 compensation of a member or paid by a member and credited to ~~his~~ the member's individual account in the
 25 annuity savings fund, together with interest. Regular interest ~~shall~~ must be computed and allowed to
 26 provide a benefit at the time of retirement.

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

30 (3) "Annuity" means the payments made to a beneficiary for life ~~which~~ that are derived from a

1 member's accumulated contributions.

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

5 (5) (a) "Average final compensation" means, EXCEPT AS PROVIDED IN [SECTION SECTIONS 7
6 AND 8], the average of the earned compensation of a member during the 3 consecutive years of full-time
7 service ~~which~~ that yield the highest average and on which contributions have been made as required by
8 19-20-602.

9 (b) In determining a member's retirement allowance under 19-20-802 or 19-20-804, the amount
10 of each year's earned compensation that may be used in the calculation of average final compensation may
11 not exceed the member's earned compensation from the preceding year by more than 10%, except as
12 provided by rule by the retirement board.

13 (c) Earned compensation in excess of the amount specified in subsection (5)(b) is considered
14 termination pay as provided in subsection (5)(d).

15 (d) If the ~~earned compensation includes~~ MEMBER RECEIVES any termination pay, the member shall
16 select one of the following options:

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

21 (ii) use a yearly amount of termination pay added to each of the 3 consecutive years' salary used
22 in the calculation of the average final compensation, if the member has 4 or more years of service with the
23 employer from which the termination pay was received. The amount of compensation used in the
24 calculation of average final compensation must be divided by the total number of years of creditable service
25 to determine a yearly amount. The member and the employer ~~must~~ shall pay contributions on the
26 termination pay according to the rates provided for in 19-20-602(4) and 19-20-605(1).

27 (iii) exclude the termination pay from the average final compensation. No contribution is required
28 of either the employer or member, and contributions made under 19-20-602 and 19-20-605 must be
29 refunded.

30 (e) For purposes of this subsection, termination pay includes any form of termination pay, ~~or~~ any

1 lump-sum payment for deferred compensation, sick leave, or accumulated vacation credit, or any other
 2 payment for time not worked other than compensation received while on sick leave or authorized leave of
 3 absence.

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

6 (7) "Creditable service" is that service defined by 19-20-401.

7 (8) "Earned compensation" means the ~~full compensation, pay, or salary actually paid to a member~~
 8 ~~and reported to the retirement system, including amounts paid under a salary reduction agreement, a~~
 9 ~~cafeteria plan, a tax sheltered annuity, or a deferred compensation program, and the value of any housing~~
 10 ~~provided by the employer. The employer shall fix the value of any housing provided. The term does not~~
 11 ~~include any other amounts paid in kind or fringe benefits not actually paid to a member~~ BASE CONTRACT
 12 AMOUNT PAID OUT OF FUNDS CONTROLLED BY AN EMPLOYER AS DEFINED UNDER THIS CHAPTER.
 13 THE BASE CONTRACT AMOUNT IS THE GROSS CONTRACT AMOUNT FOR THE ACADEMIC OR FISCAL
 14 YEAR BEFORE ANY TAX-DEFERRED DEDUCTIONS ALLOWED UNDER THE INTERNAL REVENUE CODE
 15 HAVE BEEN MADE AND INCLUDES ANY INCREASE OR AMOUNTS PAID BASED ON PLACEMENT ON THE
 16 SALARY MATRIX FOR EXPERIENCE AND EDUCATION LEVEL. THE BASE CONTRACT AMOUNT DOES
 17 NOT INCLUDE AMOUNTS PAID FOR EXTRA COMPENSATION DUTY, OVERTIME, SUMMER EMPLOYMENT,
 18 RESEARCH, MAINTENANCE, ALLOWANCES, EXPENSES, OR BONUSES OR ANY PAYMENT FOR
 19 ADDITIONAL DUTIES. The earned compensation is the ~~full compensation, pay, or salary~~ BASE CONTRACT
 20 AMOUNT that would have been paid to a member for full-time service but ~~that~~ was not paid to the member
 21 because of a reduction in compensation, ~~pay, or salary~~ due to a temporary absence, provided that the
 22 retirement system receives the contribution required by 19-20-413. The earned compensation of a member
 23 who had less than 3 consecutive years of full-time service during the 5 years preceding his retirement is
 24 the compensation, ~~pay, or salary which he~~ that the member would have earned had his ~~his~~ the member's
 25 part-time service been full-time service. The earned compensation of a member who is awarded a disability
 26 retirement allowance prior to the completion of a full year is the compensation, ~~pay, or salary which he~~ that
 27 the member would have received had ~~he~~ the member completed the full year, except that any termination
 28 pay, as defined in subsection (5)(e), received by the member is limited to the amount actually paid and is
 29 not the amount ~~he~~ the member would have earned had ~~he~~ the member completed the full year.

30 (9) "Employer" means the state of Montana, the trustees of a district, or any other agency or

1 subdivision of the state ~~which~~ that employs a person who is designated as a member of the retirement
2 system.

3 (10) "EXTRA-DUTY COMPENSATION" MEANS ANY COMPENSATION IN ADDITION TO AMOUNTS
4 PAID BASED ON PLACEMENT FOR EXPERIENCE AND EDUCATION LEVEL ON THE APPLICABLE SALARY
5 MATRIX AND IN ADDITION TO THE AMOUNT PAID FOR THE MEMBER'S PRIMARY POSITION.

6 (11) "Full-time service" means service ~~which~~ that is full-time and ~~which~~ that extends over a normal
7 academic year of at least 9 months. With respect to those members employed by the office of the
8 superintendent of public instruction, any other state agency or institution, or the office of a county
9 superintendent, "full-time service" means service ~~which~~ that is full-time and ~~which~~ that totals at least 9
10 months in any ~~one~~ year.

11 ~~(11)~~(12) "Member" means a person who has an individual account in the annuity savings fund. An
12 active member is a person included under the provisions of 19-20-302. An inactive member is a person
13 included under the provisions of 19-20-303.

14 ~~(12)~~(13) "Part-time service" means service ~~which~~ that is less than full-time or ~~which~~ that totals less
15 than 9 months in any ~~one~~ year. Part-time service ~~shall~~ must be credited in the proportion that the actual
16 time worked bears to full-time service.

17 ~~(13)~~(14) "Pension" means the payments made to a beneficiary for life ~~which~~ that are paid out of
18 the pension accumulation fund.

19 ~~(14)~~(15) "Pension reserve" means the present value of all payments to be made on account of a
20 pension computed, with regular interest, on the basis of the mortality tables adopted by the retirement
21 board.

22 ~~(15)~~(16) "Prior service" means employment of the same nature as service defined in subsection ~~(20)~~
23 ~~(21)~~ of this section but rendered before September 1, 1937.

24 ~~(16)~~(17) "Regular interest" means interest at 4% ~~per annum~~ a year compounded annually or at such
25 other rate as may be set by the retirement board in accordance with 19-20-501(2).

26 ~~(17)~~(18) "Retirement allowance" means the annuity plus the pension.

27 ~~(18)~~(19) "Retirement board" means the retirement system's governing board provided for in
28 2-15-1010.

29 ~~(19)~~(20) "Retirement system" means the teachers' retirement system of the state of Montana
30 provided for in 19-20-102.

1 ~~(20)~~(21) "Service" means the performance of ~~such~~ instructional duties or related activities ~~as that~~
2 would entitle the person to active membership in the retirement system under the provisions of 19-20-302."

3
4 **Section 38.** Section 19-20-602, MCA, is amended to read:

5 "**19-20-602. Annuity savings fund -- member's contribution.** (1) The annuity savings fund is a
6 fund in which the contributions for the members to provide for their annuities ~~shall be~~ is accumulated in
7 individual accounts for each member. The normal contribution of each member ~~is 7.044% of his~~ as a
8 percentage of the member's earned compensation is:

9 (a) 7.4% 7.354% 7.374% beginning July 1, 1995;

10 (b) 7.75% 7.664% 7.704% beginning July 1, 1996;

11 (c) 8.1% 7.974% 8.034% beginning July 1, 1997; and

12 (d) 8.45% 8.284% 8.374% beginning July 1, 1998.

13 (2) Contributions to and payments from the annuity savings fund ~~shall~~ must be made in the
14 following manner:

15 ~~(1)~~ (a) Each employer, pursuant to section 414(h)(2) of the federal Internal Revenue Code of 1954,
16 as amended and applicable on July 1, 1985, shall pick up and pay the contributions ~~which~~ that would be
17 payable by the member under this section for service rendered after June 30, 1985.

18 (b) The member's contributions picked up by the employer must be designated for all purposes of
19 the retirement system as the member's contributions, except for the determination of a tax upon a
20 distribution from the retirement system. These contributions must become part of the member's
21 accumulated contributions but must be accounted for separately from those previously accumulated.

22 (c) The member's contributions picked up by the employer must be payable from the same source
23 as is used to pay compensation to the member and must be included in the member's wages as defined
24 in 19-1-102 and ~~his~~ the member's earned compensation as used to define ~~his~~ the member's average final
25 compensation in 19-20-101. The employer shall deduct from the member's compensation an amount equal
26 to the amount of the member's contributions picked up by the employer and remit the total of the
27 contributions to the retirement board.

28 (d) The deductions ~~shall~~ must be made notwithstanding that the minimum compensation provided
29 by law for a member may be reduced ~~thereby~~ by the deductions. ~~Every~~ Each member is considered to
30 consent to the deductions prescribed by this section, and payment of salary or compensation less the

1 deductions is a complete discharge of all claims ~~whatsoever~~ for the services rendered by the member during
 2 the period covered by the payment, except as to the benefits provided by the retirement system.

3 ~~(2)~~(3) In addition to the normal contributions and subject to the approval of the retirement board,
 4 ~~any a~~ member may redeposit in the annuity savings fund, by a single payment or by an increased rate of
 5 contribution, an amount equal to any accumulated contributions ~~which he~~ that the member has previously
 6 withdrawn, plus interest in the amount the contributions would have earned had the contributions not been
 7 withdrawn.

8 ~~(3)~~(4) The member's accumulated contributions ~~of a member~~ withdrawn by ~~him~~ the member or paid
 9 to ~~his~~ the member's estate or ~~to his~~ designated beneficiary in event of ~~his~~ death ~~shall~~ must be paid from
 10 the annuity savings fund. Upon ~~the~~ retirement ~~of a member~~, ~~his~~ the member's accumulated contributions
 11 ~~shall~~ must be transferred from the annuity savings fund to the pension accumulation fund."

12
 13 **Section 39.** Section 19-20-605, MCA, is amended to read:

14 **"19-20-605. Pension accumulation fund -- employer's contribution.** The pension accumulation fund
 15 is the fund in which the reserves for payment of pensions and annuities must be accumulated and from
 16 which pensions, annuities, and benefits must be paid to or on account of beneficiaries credited with prior
 17 service. Contributions to and payments from the pension accumulation fund must be made as follows:

18 (1) ~~Each~~ EXCEPT AS PROVIDED IN [SECTION 6], EACH employer shall pay into the pension
 19 accumulation fund an amount equal to ~~7.47%~~ the following percentage of the earned compensation of each
 20 member employed during the whole or part of the preceding payroll period:

21 (a) 8.04% 7.78% 7.80% beginning July 1, 1995;

22 (b) 8.62% 8.09% 8.13% beginning July 1, 1996;

23 (c) 9.19% 8.4% 8.46% beginning July 1, 1997; and

24 (d) 9.76% 8.71% 8.8% beginning July 1, 1998.

25 (2) If the employer is a district or community college district, the trustees shall budget and pay for
 26 the employer's contribution under the provisions of 20-9-501.

27 (3) If the employer is the superintendent of public instruction, a public institution of the state of
 28 Montana, a unit of the Montana university system, or the Montana state school for the deaf and blind, the
 29 legislature shall appropriate to the employer an adequate amount to allow the payment of the employer's
 30 contribution.

1 (4) If the employer is a county, the county commissioners shall budget and pay for the employer's
 2 contribution in the manner provided by law for the adoption of a county budget and for payments under
 3 the budget.

4 (5) All interest and other earnings realized on the money of the retirement system ~~shall~~ must be
 5 credited to the pension accumulation fund, and the amount required to allow regular interest on the annuity
 6 savings fund ~~shall~~ must be transferred to that fund from the pension accumulation fund.

7 (6) All pensions, annuities, and benefits must be paid from the pension accumulation fund.

8 (7) The retirement board may, in its discretion, transfer from the pension accumulation fund an
 9 amount necessary to cover expenses of administration."
 10

11 **Section 40.** Section 25-1-201, MCA, is amended to read:

12 **"25-1-201. Fees of clerk of district court.** (1) The clerk of the district court shall collect the
 13 following fees:

14 (a) at the commencement of each action or proceeding, except a petition for dissolution of
 15 marriage, from the plaintiff or petitioner, \$80; for filing a complaint in intervention, from the intervenor,
 16 \$80; for filing a petition for dissolution of marriage, a fee of \$120; and for filing a petition for legal
 17 separation, a fee of \$120;

18 (b) from each defendant or respondent, on appearance, \$60;

19 (c) on the entry of judgment, from the prevailing party, \$45;

20 (d) for preparing copies of papers on file in the clerk's office, 50 cents per page for the first five
 21 pages of each file, ~~per~~ for each request, and 25 cents ~~per~~ for each additional page;

22 (e) for each certificate, with seal, \$2;

23 (f) for each oath and jurat, with seal, \$1;

24 (g) for a search of court records, 50 cents for each year searched, not to exceed a total of \$25;

25 (h) for filing and docketing a transcript of judgment or transcript of the docket from all other courts,
 26 the fee for entry of judgment provided for in subsection (1)(c);

27 (i) for issuing an execution or order of sale on a foreclosure of a lien, \$5;

28 (j) for transmission of records or files or transfer of a case to another court, \$5;

29 (k) for filing and entering papers received by transfer from other courts, \$10;

30 (l) for issuing a marriage license, \$30;

1 (m) on the filing of an application for informal, formal, or supervised probate or for the appointment
 2 of a personal representative or the filing of a petition for the appointment of a guardian or conservator, from
 3 the applicant or petitioner, \$70, which includes the fee for filing a will for probate;

4 (n) on the filing of the items required in 72-4-303 by a domiciliary foreign personal representative
 5 of the estate of a nonresident decedent, \$55;

6 (o) for filing a declaration of marriage without solemnization, \$30;

7 (p) for filing a motion for substitution of a judge, \$100.

8 (2) Except as provided in subsections (3) through (8), 32% of all fees collected by the clerk of the
 9 district court must be deposited in and credited to the district court fund. If no district court fund exists,
 10 that portion of the fees must be deposited in the general fund for district court operations. The remaining
 11 portion of the fees must be remitted to the state to be deposited ~~as provided in 19-5-404~~ IN THE STATE
 12 GENERAL FUND.

13 (3) In the case of a fee collected for issuing a marriage license or filing a declaration of marriage
 14 without solemnization, ~~\$14~~ \$23.60 must be deposited in and credited to the state general fund, and \$6.40
 15 must be deposited in and credited to the county general fund, ~~and \$9.60 must be remitted to the state to~~
 16 ~~be deposited as provided in 19-5-404.~~

17 (4) Of the fee for filing a petition for dissolution of marriage or legal separation, ~~\$40~~ \$75 must be
 18 deposited in the state general fund, ~~\$35 must be remitted to the state to be deposited as provided in~~
 19 ~~19-5-404~~, \$5 must be deposited in the children's trust fund account established by 41-3-702, and \$20
 20 must be deposited in and credited to the district court fund. If no district court fund exists, the \$20 must
 21 be deposited in the general fund for district court operations.

22 (5) (a) Before the percentages contained in subsection (2) are applied and the fees are deposited
 23 in the district court fund or the county general fund or remitted to the state, the clerk of the district court
 24 shall deduct from the following fees the amounts indicated:

25 (i) at the commencement of each action or proceeding and for filing a complaint in intervention as
 26 provided in subsection (1)(a), \$35;

27 (ii) from each defendant or respondent, on appearance, as provided in subsection (1)(b), \$25;

28 (iii) on the entry of judgment as provided in subsection (1)(c), \$15; and

29 (iv) from the applicant or petitioner, on the filing of an application for probate or for the appointment
 30 of a personal representative or on the filing of a petition for appointment of a guardian or conservator, as

1 provided in subsection (1)(m), \$15.

2 (b) The clerk of the district court shall deposit the money deducted in subsection (5)(a) in the
3 county general fund for district court operations unless the county has a district court fund. If the county
4 has a district court fund, the money must be deposited in that fund.

5 (6) The fee for filing a motion for substitution of a judge as provided in subsection (1)(p) must be
6 remitted to the state to be deposited ~~as provided in 19-5-404~~ in the state general fund.

7 (7) Fees collected under subsections (1)(d) through (1)(i) must be deposited in the district court
8 fund. If no district court fund exists, fees must be deposited in the general fund for district court
9 operations.

10 (8) The clerk of the district court shall remit to the credit of the state general fund \$20 of each fee
11 collected under the provisions of subsections (1)(a) through (1)(c), (1)(m), and (1)(n) to fund a portion of
12 judicial salaries."

13
14 **NEW SECTION. Section 41. Code commissioner instruction.** When [section 1] is codified in Title
15 19, chapter 20, the code commissioner shall substitute "retirement board" for "board".

16
17 **NEW SECTION. Section 42. Codification instruction.** (1) [Section 1] is intended to be codified
18 as an integral part of Title 19, chapters 3, 7, 8, and 20, and the provisions of Title 19, chapters 3, 7, 8,
19 and 20, apply to [section 1].

20 (2) [Section 2] is intended to be codified as an integral part of Title 19, chapter 5, and the
21 provisions of Title 19, chapter 5, apply to [section 2].

22 (3) [Section 3] is intended to be codified as an integral part of Title 19, chapters 6, 9, and 13, and
23 the provisions of Title 19, chapters 6, 9, and 13, apply to [section 3].

24 **(4) [SECTION 4] IS INTENDED TO BE CODIFIED AS AN INTEGRAL PART OF TITLE 19, CHAPTER**
25 **3, AND THE PROVISIONS OF TITLE 19, CHAPTER 3, APPLY TO [SECTION 4].**

26 **(5) [SECTION 5] IS INTENDED TO BE CODIFIED AS AN INTEGRAL PART OF TITLE 19, CHAPTER**
27 **7, AND THE PROVISIONS OF TITLE 19, CHAPTER 7, APPLY TO [SECTION 5].**

28 **(6) [SECTIONS 6 AND 7 THROUGH 8] ARE INTENDED TO BE CODIFIED AS AN INTEGRAL PART**
29 **OF TITLE 19, CHAPTER 20, AND THE PROVISIONS OF TITLE 19, CHAPTER 20, APPLY TO [SECTIONS**
30 **6 AND 7 THROUGH 8].**

1 NEW SECTION. SECTION 43. COORDINATION INSTRUCTION. (1) IF HOUSE BILL NO. 205 IS
 2 PASSED AND APPROVED AND IF IT AMENDS 19-20-101(8), THEN [SECTION 2(8) OF HOUSE BILL NO.
 3 205], AMENDING 19-20-101, IS VOID AND [SECTION ~~36(8)~~ 37(8) OF THIS ACT], AMENDING 19-20-101,
 4 MUST READ:

5 "(8) "EARNED COMPENSATION" MEANS, EXCEPT AS PROVIDED IN [SECTION 7 OF THIS ACT]
 6 AND [SECTION 8 OF HOUSE BILL NO. 205], THE BASE CONTRACT AMOUNT PAID OUT OF FUNDS
 7 CONTROLLED BY AN EMPLOYER AS DEFINED UNDER THIS CHAPTER. THE BASE CONTRACT AMOUNT
 8 IS THE GROSS CONTRACT AMOUNT FOR THE ACADEMIC OR FISCAL YEAR BEFORE ANY
 9 TAX-DEFERRED DEDUCTIONS ALLOWED UNDER THE INTERNAL REVENUE CODE HAVE BEEN MADE AND
 10 INCLUDES ANY INCREASE OR AMOUNTS PAID BASED ON PLACEMENT ON THE SALARY MATRIX FOR
 11 EXPERIENCE AND EDUCATION LEVEL. THE BASE CONTRACT AMOUNT DOES NOT INCLUDE AMOUNTS
 12 PAID FOR EXTRA COMPENSATION, OVERTIME, SUMMER EMPLOYMENT, RESEARCH, MAINTENANCE,
 13 ALLOWANCES, EXPENSES, OR BONUSES OR ANY PAYMENT FOR ADDITIONAL DUTIES. THE EARNED
 14 COMPENSATION IS THE BASE CONTRACT AMOUNT THAT WOULD HAVE BEEN PAID TO A MEMBER FOR
 15 FULL-TIME SERVICE BUT THAT WAS NOT PAID TO THE MEMBER BECAUSE OF A REDUCTION IN
 16 COMPENSATION DUE TO A TEMPORARY ABSENCE, PROVIDED THAT THE RETIREMENT SYSTEM
 17 RECEIVES THE CONTRIBUTION REQUIRED BY 19-20-413. THE EARNED COMPENSATION OF A MEMBER
 18 WHO HAD LESS THAN 3 CONSECUTIVE YEARS OF FULL-TIME SERVICE DURING THE 5 YEARS
 19 PRECEDING RETIREMENT IS THE COMPENSATION THAT THE MEMBER WOULD HAVE EARNED HAD THE
 20 MEMBER'S PART-TIME SERVICE BEEN FULL-TIME SERVICE. THE EARNED COMPENSATION OF A MEMBER
 21 WHO IS AWARDED A DISABILITY RETIREMENT ALLOWANCE PRIOR TO THE COMPLETION OF A FULL
 22 YEAR IS THE COMPENSATION THAT THE MEMBER WOULD HAVE RECEIVED HAD THE MEMBER
 23 COMPLETED THE FULL YEAR, EXCEPT THAT ANY TERMINATION PAY, AS DEFINED IN SUBSECTION
 24 (5)(E), RECEIVED BY THE MEMBER IS LIMITED TO THE AMOUNT ACTUALLY PAID AND IS NOT THE
 25 AMOUNT THE MEMBER WOULD HAVE EARNED HAD THE MEMBER COMPLETED THE FULL YEAR."

26 (2) IF HOUSE BILL NO. 306 IS PASSED AND APPROVED AND IF IT AMENDS 19-7-403, THEN THE
 27 MEMBER'S CONTRIBUTION RATE PROVIDED FOR IN 19-7-403(1) MUST BE 8.365%.

28 (3) IF HOUSE BILL NO. 306 IS PASSED AND APPROVED AND IF IT AMENDS 19-7-404, THEN THE
 29 EMPLOYER'S CONTRIBUTION RATE PROVIDED FOR IN 19-7-404(1) MUST BE ~~8.755%~~ 8.752%.

30 (4) IF HOUSE BILL NO. 306 IS PASSED AND APPROVED AND IF IT AMENDS 19-7-503, THEN

1 [SECTION 5 OF HOUSE BILL NO. 306], AMENDING 19-7-503, IS VOID AND [SECTION 23 24 OF THIS
 2 ACT], AMENDING 19-7-503, MUST READ:

3 "19-7-503. **Service retirement benefit.** (1) The amount of any service retirement benefit granted
 4 to a member ~~with 24 years or less of membership service~~ is 2.0834% of the member's final average salary
 5 for each year of service credit, ~~up to a maximum of 50% of final average salary.~~

6 ~~(2) The member's retirement benefit must be increased for any member who contributes after 24~~
 7 ~~years of service credit by 1.35% of the member's final average salary for each year of service credit in~~
 8 ~~excess of 24 years, up to a maximum of 60% of the member's final average salary.~~

9 ~~(3)(2)~~ If a member dies after retirement and had not elected an optional retirement benefit provided
 10 for in 19-7-1001, the member's designated beneficiary must be paid the excess, if any, of the member's
 11 accumulated contributions at the time of retirement less payments made to the retired member."

12 (5) IF HOUSE BILL NO. 306 IS PASSED AND APPROVED AND IF IT PROVIDES A COORDINATION
 13 INSTRUCTION WITH [THIS ACT], THEN [SECTION 8] OF HOUSE BILL NO. 306, PROVIDING THE
 14 COORDINATION INSTRUCTION WITH [THIS ACT], IS VOID.

15 ~~(5)(6)~~ IF SENATE BILL NO. 83 IS PASSED AND APPROVED AND IF IT AMENDS 19-8-504, THEN
 16 [SECTION 23 OF SENATE BILL NO. 83], AMENDING 19-8-504, IS VOID AND [SECTION 25 26 OF THIS
 17 ACT], AMENDING 19-8-504 MUST READ:

18 "19-8-504. **State's contribution.** ~~(1) To fund the employer's portion of the normal cost of benefits~~
 19 ~~under this chapter, each~~ Each month, the state treasurer shall pay to the pension trust fund:

20 ~~(a) out of the department of fish, wildlife, and parks funds, a sum equal to 7.15% 11.07% of all~~
 21 ~~members' salaries; and~~

22 ~~(b) out of the funds collected as fines and forfeited bonds under the provisions of 87-1-601(1)~~
 23 ~~through (5) or funds distributed under 3-10-601(4), an amount equal to 1% of all members' salaries.~~

24 ~~(2) In addition to the contributions provided in subsection (1), the state treasurer shall pay to the~~
 25 ~~pension trust fund the balance of the funds distributed to the fish and game account pursuant to 3-10-601~~
 26 ~~until the unfunded liability in the pension trust fund is fully paid and a verification statement to that effect~~
 27 ~~is given to the state treasurer by the board."~~

28 ~~(6)(7)~~ IF SENATE BILL NO. 221 IS PASSED AND APPROVED AND IF IT AMENDS 19-9-702, THEN
 29 [SECTION 2 OF SENATE BILL NO. 221], AMENDING 19-9-702, IS VOID AND [SECTION 27 28 OF THIS
 30 ACT], AMENDING 19-9-702, MUST READ:

1 **"19-9-702. State contribution.** The state of Montana shall make its contributions through the state
 2 auditor out of the premium tax on motor vehicle property and casualty insurance policies. The payments
 3 must be made annually after the end of each fiscal year but no later than November 1 from the gross
 4 premium tax after deduction for cancellations and returned premiums. The division shall notify the auditor
 5 by September 1 of each fiscal year of the annual compensation paid to all active members during the
 6 preceding fiscal year. The state's contribution is ~~15.66%~~ ~~17.95%~~ 18.3% of compensation paid to
 7 members on and after July 1, 1995, and ~~17.9%~~ 18.15% of compensation paid to members on and after
 8 July 1, 1997."

9 ~~(7)(8)~~ IF SENATE BILL NO. 357 IS PASSED AND APPROVED AND IF IT AMENDS 19-13-601(2),
 10 THEN [SECTION 1 OF SENATE BILL NO. 357], AMENDING 19-13-601(2) IS VOID AND [SECTION 30 31
 11 OF THIS ACT], AMENDING 19-13-601(2), MUST READ:

12 "(2) The member's contribution to the retirement system as a percentage of the member's
 13 compensation is:

14 (a) ~~6%~~ 7.8% of the member's compensation for a firefighter who first became a member prior to
 15 July 1, 1995, and who has not elected to receive the guaranteed annual benefit adjustment under [section
 16 3]; or

17 (b) 9.46% for a firefighter who first became a member on or after July 1, 1995, or who has elected
 18 to receive a guaranteed annual benefit adjustment under [section 3]."

19 ~~(8)(9)~~ IF SENATE BILL NO. 357 IS PASSED AND APPROVED AND IF IT AMENDS 19-13-604, THEN
 20 [SECTION 2 OF SENATE BILL NO. 357], AMENDING 19-13-604, IS VOID AND [SECTION 31 32 OF THIS
 21 ACT], AMENDING 19-13-604, MUST READ:

22 **"19-13-604. State contribution.** (1) The state shall make its contributions through the state
 23 auditor from the premium taxes on the insurance risks enumerated in 19-18-512. These payments must
 24 be made annually to the pension trust fund after the end of each fiscal year but no later than November
 25 1 from the gross premium taxes after deduction for cancellations and returned premiums. The division shall
 26 notify the auditor of the annual compensation, excluding overtime, holiday payments, shift differential
 27 payments, compensatory time payments, and payments in lieu of sick leave, paid to all active members
 28 during the preceding year.

29 (2) The state's contribution is:

30 (a) 23.27% of ~~this~~ total compensation ~~effective~~ paid on and after July 1, 1991;

1 (b) ~~25.01%~~ 24.84% of total compensation paid on and after July 1, 1995; and

2 (c) ~~24.935%~~ 24.715% of total compensation paid on and after July 1, 1997.

3 (3) As soon as practicable after receipt of the state contribution, the division shall deposit it in the
4 pension trust fund."

5 ~~(9)(10) IF SENATE BILL NO. 357 IS PASSED AND APPROVED AND IF IT AMENDS 19-13-605,~~
6 ~~THEN [SECTION 3 OF SENATE BILL NO. 357], AMENDING 19-13-605, IS VOID AND [SECTION ~~32~~ 33 OF~~
7 ~~THIS ACT], AMENDING 19-13-605, MUST READ:~~

8 "19-13-605. **Employer contribution.** (1) Each employer shall make its contribution on behalf of
9 members through the city treasurer or other appropriate official from money available to the city for this
10 purpose.

11 (2) The employer's contribution is:

12 (a) ~~13.02%~~ 14.42% of the total compensation paid to members on and after July 1, 1995; and

13 (b) 14.495% of the total compensation paid to members on and after July 1, 1997.

14 (3) All contributions are payable monthly to the division, which shall, as soon as practicable after
15 their receipt, deposit them in the pension trust fund."

16 ~~(10)(11) IF SENATE BILL NO. 357 IS PASSED AND APPROVED AND IF IT AMENDS 19-13-704,~~
17 ~~THEN [SECTION 5 OF SENATE BILL NO. 357], AMENDING 19-13-704, IS VOID AND [SECTION ~~33~~ 34 OF~~
18 ~~THIS ACT], AMENDING 19-13-704, MUST READ:~~

19 "19-13-704. **Amount of service retirement benefit.** (1) Except as provided in subsection (3), the
20 following retirement benefits apply:

21 (a) A member hired before July 1, 1981, who elects to retire after having reached both 20 years
22 of membership service ~~and age 50~~ must receive a service retirement benefit equal to the sum of:

23 (i) 50% of the member's last monthly compensation for years of service credit up to and including
24 20 years; and

25 (ii) ~~1%~~ 2% of the member's last monthly compensation for each year of service credit after 20
26 years.

27 (b) A member hired before July 1, 1981, who elects to retire after having reached at least 10 years
28 but less than 20 years of membership service ~~but prior to reaching age 50~~ as an active member must
29 receive a service retirement benefit equal to 2% of the member's last monthly compensation for each year
30 of service credit. Upon the retired member's death, the benefit must be ~~made~~ paid to the surviving spouse.

1 If there is no surviving spouse or if the surviving spouse dies and if the member leaves one or more
 2 dependent children, the children are entitled to receive the allowance as long as they remain dependent
 3 children as defined in 19-13-104.

4 (2) A member who was hired on or after July 1, 1981, who retires with at least 10 years of
 5 membership service must receive a service retirement benefit equal to 2% of the member's final average
 6 compensation for each year of service credit.

7 ~~(3) The maximum monthly benefit payable to any retiree under subsection (1) may not exceed 60%~~
 8 ~~of the member's last monthly compensation. The maximum monthly benefit payable to any retiree under~~
 9 ~~subsection (2) may not exceed 60% of the member's final average compensation~~ For members hired before
 10 July 1, 1981, who have elected the guaranteed annual benefit adjustment under [section 3], the following
 11 retirement benefits apply:

12 (a) A member who elects to retire after having reached 20 years of membership service must
 13 receive a service retirement benefit equal to the sum of:

14 (i) 50% of the member's final average compensation for years of service credit up to and including
 15 20 years; and

16 (ii) 2% of the member's final average compensation for each year of service credit after 20 years.

17 (b) A member who elects to retire after having reached at least 10 years but less than 20 years
 18 of membership service as an active member must receive a service retirement benefit equal to 2% of the
 19 member's final average compensation for each year of service credit. Upon the retired member's death,
 20 the benefit must be paid to the surviving spouse. If there is no surviving spouse or if the surviving spouse
 21 dies and if the member leaves one or more dependent children, the children are entitled to receive the
 22 allowance as long as they remain dependent children as defined in 19-13-104."

23 ~~(11)~~ (12) IF SENATE BILL NO. 357 IS PASSED AND APPROVED AND IF IT AMENDS 19-13-803,
 24 THEN [SECTION 6 OF SENATE BILL NO. 357], AMENDING 19-13-803 IS VOID AND [SECTION 34 35 OF
 25 THIS ACT], AMENDING 19-13-803, MUST READ:

26 **"19-13-803. Amount of disability retirement benefit. (1) A** Except as provided in subsection (3),
 27 a member hired before July 1, 1981, who becomes disabled:

28 (a) before completing 20 years of membership service must receive a disability retirement benefit
 29 equal to one-half the member's last monthly compensation;

30 (b) after completing 20 years or more of membership service must receive the disability retirement

1 benefit provided in subsection (1)(a) increased at a rate of ~~4%~~ 2% of the member's last monthly
2 compensation for each year of service credit in excess of 20, ~~up to a maximum benefit equal to 60% of~~
3 ~~the member's last monthly compensation.~~

4 (2) A Except as provided in subsection (3), a member hired on or after July 1, 1981, who becomes
5 disabled:

6 (a) before completing 25 years of membership service must receive a disability retirement benefit
7 equal to one-half the member's last monthly compensation;

8 (b) after completing 25 years or more of membership service must receive the disability retirement
9 benefit provided in subsection (2)(a) increased at a rate of 2% of the member's last monthly compensation
10 for each year of service credit in excess of 25, ~~up to a maximum benefit equal to 60% of the member's~~
11 ~~last monthly compensation.~~

12 (3) A member who was hired on or after July 1, 1995, or who has elected to receive a guaranteed
13 annual benefit adjustment under [section 3] and who becomes disabled:

14 (a) before completing 25 years of membership service must receive a disability retirement benefit
15 equal to one-half the member's final average compensation;

16 (b) after completing 25 years or more of membership service must receive the disability retirement
17 benefit provided in subsection (3)(a), increased at a rate of 2% of the member's final average compensation
18 for each year of service credit in excess of 25 years.

19 (4) A member's disability retirement benefit must be paid first to the member during the member's
20 lifetime and, upon the member's death, to the member's surviving spouse. If upon a member's death the
21 member leaves no surviving spouse or upon the death of the surviving spouse, the member's benefit must
22 be paid to the member's dependent children as long as they remain dependent children as defined in
23 19-13-104."

24 ~~(12)~~ (13) IF SENATE BILL NO. 357 IS PASSED AND APPROVED AND IF IT AMENDS 19-13-902,
25 THEN [SECTION 7 OF SENATE BILL NO. 357], AMENDING 19-13-902, IS VOID AND [SECTION 35 36 OF
26 THIS ACT], AMENDING 19-13-902, MUST READ:

27 "19-13-902. Survivorship benefit. (1) Except as provided in subsection (2), the following
28 survivorship benefits apply to members hired before July 1, 1981:

29 (a) Upon the death before retirement of an active member ~~hired before July 1, 1981~~, the member's
30 surviving spouse, if there is one, must receive a survivorship benefit equal to one-half the last monthly

1 compensation received by the member. If the member leaves one or more dependent children, then, upon
 2 the member's death if the member leaves no surviving spouse or upon the death of the surviving spouse,
 3 the member's dependent children must collectively receive the same benefit that a surviving spouse would
 4 have received, as long as the children remain dependent children as defined in 19-13-104.

5 (b) If the deceased member completed over 20 years of membership service, the survivorship
 6 benefit provided in subsection (1)(a) must be increased at a rate of ~~4%~~ 2% of the last monthly
 7 compensation for each year in excess of 20, ~~up to a maximum of 60% of the last monthly compensation~~
 8 ~~received by the member.~~

9 (2) The following survivorship benefits apply to members hired before July 1, 1981, who have
 10 elected the guaranteed annual benefit adjustments provided under [section 3]:

11 (a) Upon the death before retirement of a ~~an active~~ member hired on or after July 1, 1981, the
 12 member's surviving spouse, if there is one, must receive a survivorship benefit equal to one-half of the
 13 member's final average compensation. If the member leaves one or more dependent children, then, upon
 14 the member's death if the member leaves no surviving spouse or upon the death of the surviving spouse,
 15 the member's dependent children must collectively receive the same benefit that a surviving spouse would
 16 have received, as long as the children remain dependent children as defined in 19-13-104.

17 (b) If the deceased member completed over 20 years of membership service, the survivorship
 18 benefit provided in subsection (1)(a) must be increased at a rate of 2% of the final average compensation
 19 for each year in excess of 20 years.

20 (3) Upon the death before retirement of a member hired on or after July 1, 1981, the member's
 21 surviving spouse, if there is one, must receive a survivorship benefit equal to one-half the last monthly
 22 compensation received by the member. If the member leaves one or more dependent children, then, upon
 23 the member's death if the member leaves no surviving spouse or upon the death of the surviving spouse,
 24 the member's dependent children must collectively receive the same benefit that a surviving spouse would
 25 have received as long as the children remain dependent children as defined in 19-13-104."

26
 27 **NEW SECTION. Section 44. Effective date DATES. ~~{This act}~~ (1) EXCEPT AS PROVIDED IN**
 28 **SUBSECTION (2), [THIS ACT] is effective July 1, 1995.**

29 **(2) [SECTIONS 11 THROUGH 13] ARE EFFECTIVE JULY 1, 1996.**

30 -END-