

SENATE BILL NO. 357

INTRODUCED BY

*Van Valkenburg Lynch Beck*  
*Fayson Hertel*

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING ALL MEMBERS OF THE FIREFIGHTERS' UNIFIED RETIREMENT SYSTEM TO RECEIVE A REGULAR SERVICE RETIREMENT BENEFIT AFTER 20 YEARS OF SERVICE REGARDLESS OF AGE; INCREASING THE BENEFIT FOR EACH YEAR OF SERVICE AFTER 20 YEARS FOR MEMBERS HIRED BEFORE JULY 1, 1981; ELIMINATING THE MAXIMUM BENEFIT LIMITATION; RAISING CONTRIBUTIONS TO FUND THE BENEFITS; AMENDING SECTIONS 19-13-601, 19-13-604, 19-13-605, 19-13-701, 19-13-704, 19-13-803, 19-13-902, 19-13-1007, AND 19-13-1009, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

**Section 1.** Section 19-13-601, MCA, is amended to read:

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

(2) The member's contribution to the retirement system is ~~6%~~ 7.8% of the member's compensation.

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

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

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

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

10

11 **Section 2.** Section 19-13-604, MCA, is amended to read:

12 "**19-13-604. State contribution.** The state shall make its contributions through the state auditor  
 13 from the premium taxes on the insurance risks enumerated in 19-18-512. These payments must be made  
 14 annually to the pension trust fund after the end of each fiscal year but no later than November 1 from the  
 15 gross premium taxes after deduction for cancellations and returned premiums. The division shall notify the  
 16 auditor of the annual compensation, excluding overtime, holiday payments, shift differential payments,  
 17 compensatory time payments, and payments in lieu of sick leave, paid to all active members during the  
 18 preceding year. The state's contribution is ~~23.27%~~ 24.21% of this total compensation ~~effective July 1,~~  
 19 ~~1994~~. As soon as practicable after receipt of the state contribution, the division shall deposit it in the  
 20 pension trust fund."

21

22 **Section 3.** Section 19-13-605, MCA, is amended to read:

23 "**19-13-605. Employer contribution.** Each employer shall make its contribution on behalf of  
 24 members through the city treasurer or other appropriate official from money available to the city for this  
 25 purpose. The employer's contribution is ~~13.02%~~ 14.36% of the total compensation paid to members. All  
 26 contributions are payable monthly to the division, which shall, as soon as practicable after their receipt,  
 27 deposit them in the pension trust fund."

28

29 **Section 4.** Section 19-13-701, MCA, is amended to read:

30 "**19-13-701. Eligibility for service retirement -- commencement of benefit.** (1) A member who has

1 ~~reached age 50 and has~~ completed 10 years or more of membership service is eligible for service retirement  
 2 commencing on the first day of the month following the member's last day of service.

3 (2) A vested member who terminates service before the minimum retirement date and keeps the  
 4 member's accumulated contributions on deposit is eligible for service retirement commencing on the  
 5 member's minimum retirement date.

6 (3) A vested inactive member may file a written application with the board requesting that the  
 7 member's retirement benefit commence on the first day of the month following receipt of the application.  
 8 However, the retirement benefit for an inactive vested member must commence no later than the first day  
 9 of the month following the member's 55th birthday."

10

11 **Section 5.** Section 19-13-704, MCA, is amended to read:

12 **"19-13-704. Amount of service retirement benefit.** (1) (a) A member hired before July 1, 1981,  
 13 who elects to retire after having reached ~~both~~ 20 years of membership service ~~and age 50~~ must receive  
 14 a service retirement benefit equal to the sum of:

15 (i) 50% of the member's last monthly compensation for years of service credit up to and including  
 16 20 years; and

17 (ii) ~~1%~~ 2% of the member's last monthly compensation for each year of service credit after 20  
 18 years.

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

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

28 ~~(3) The maximum monthly benefit payable to any retiree under subsection (1) may not exceed 60%~~  
 29 ~~of the member's last monthly compensation. The maximum monthly benefit payable to any retiree under~~  
 30 ~~subsection (2) may not exceed 60% of the member's final average compensation."~~

1           **Section 6.** Section 19-13-803, MCA, is amended to read:

2           **"19-13-803. Amount of disability retirement benefit.** (1) A member hired before July 1, 1981, who  
3 becomes disabled:

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

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

10          (2) A member hired on or after July 1, 1981, who becomes disabled:

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

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

17          (3) A member's disability retirement benefit must be paid first to the member during the member's  
18 lifetime and, upon the member's death, to the member's surviving spouse. If upon a member's death the  
19 member leaves no surviving spouse or upon the death of the surviving spouse, the member's benefit must  
20 be paid to the member's dependent children as long as they remain dependent children as defined in  
21 19-13-104."

22

23           **Section 7.** Section 19-13-902, MCA, is amended to read:

24           **"19-13-902. Survivorship benefit.** (1) (a) Upon the death before retirement of an active member  
25 hired before July 1, 1981, the member's surviving spouse, if there is one, must receive a survivorship  
26 benefit equal to one-half the last monthly compensation received by the member. If the member leaves one  
27 or more dependent children, then, upon the member's death if the member leaves no surviving spouse or  
28 upon the death of the surviving spouse, the member's dependent children must collectively receive the  
29 same benefit that a surviving spouse would have received, as long as the children remain dependent  
30 children as defined in 19-13-104.

1 (b) If the deceased member completed over 20 years of membership service, the survivorship  
2 benefit provided in subsection (1)(a) must be increased at a rate of ~~4%~~ 2% of the last monthly  
3 compensation for each year in excess of 20, ~~up to a maximum of 60% of the last monthly compensation~~  
4 ~~received by the member.~~

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

11  
12 **Section 8.** Section 19-13-1007, MCA, is amended to read:

13 **"19-13-1007. Benefit adjustment.** (1) For a member retiring on or after July 1, 1973, who was  
14 hired before July 1, 1981, or the member's surviving spouse or dependent children, the service retirement  
15 benefit provided in 19-13-704(1)(a), the disability retirement benefit provided in 19-13-803(1), and the  
16 survivorship benefit provided in 19-13-902(1) may not be less than one-half the monthly compensation paid  
17 to a newly confirmed, active firefighter of a city that last employed the member as a firefighter, as provided  
18 each year in the budget of that city.

19 (2) For a member hired on or after July 1, 1981, or the member's surviving spouse or dependent  
20 children, the disability retirement benefit provided in 19-13-803(2) and the survivorship benefit provided  
21 in 19-13-902(2) may not be less than one-half the monthly compensation paid to a newly confirmed, active  
22 firefighter of a city that last employed the member as a firefighter, as provided each year in the budget of  
23 that city.

24 (3) If after a member retires, the city that last employed the member no longer employs a full-paid  
25 firefighter, the member's or survivor's benefit under subsections (1) and (2) must be adjusted on the basis  
26 of the average monthly compensation paid to all newly confirmed full-paid firefighters, as provided each  
27 year in the budgets of those cities that participate in the retirement system and employ a full-paid  
28 firefighter.

29 (4) If the employment of a vested member hired before July 1, 1981, is involuntarily discontinued  
30 ~~before the member reaches age 60~~ because of the termination of employment of all full-paid firefighters in

1 the city that employed the member, the member's service retirement benefit provided in 19-13-704(1)(b)  
2 and the member's spouse's or dependent child's survivorship benefit provided in 19-13-902(1) may not  
3 be less than:

4 (a) if the member has earned 20 years or more of membership service, one-half the average  
5 monthly compensation paid to all newly confirmed, full-paid firefighters, as provided each year in the  
6 budgets of those cities that participate in the retirement system and employ a full-paid firefighter; or

7 (b) if the member has earned more than 10 but less than 20 years of membership service, 2% of  
8 the average monthly compensation paid to all newly confirmed, full-paid firefighters, as provided each year  
9 in the budgets of those cities that participate in the retirement system and employ a full-paid firefighter,  
10 for each year of the member's service."  
11

12 **Section 9.** Section 19-13-1009, MCA, is amended to read:

13 **"19-13-1009. Supplement to retirement benefits for persons hired on or after July 1, 1981.** (1)  
14 The division shall pay a supplemental benefit from the account provided for in 19-13-615 to each member  
15 hired on or after July 1, 1981, who has ~~both~~ earned 25 years of membership service ~~and reached age 60~~  
16 as an active firefighter or to the member's surviving spouse or dependent children. Except as provided in  
17 subsection (2), the supplemental benefit, when added to the service retirement benefit, must equal one-half  
18 the regular monthly compensation paid to a newly confirmed full-paid active firefighter of the city that last  
19 employed the member as a firefighter as provided each year in the budget of that city. If after a member  
20 retires, the city that last employed the member no longer employs a full-paid firefighter, the member's  
21 supplemental benefit must be calculated on the basis of the average monthly compensation paid to all  
22 newly confirmed full-paid firefighters, as provided each year in the budgets of those cities that participate  
23 in the retirement system and employ a full-paid firefighter.

24 (2) If the amount available to the account is insufficient to fully fund the supplemental benefit  
25 provided for in subsection (1), the supplemental benefit for each eligible member or survivor must be  
26 reduced by an equal percentage so that the amount contained in the account is not exceeded."  
27

28 **NEW SECTION. Section 10. Coordination instruction.** If House Bill No. 268 is passed and  
29 approved and if it provides for a 2% guaranteed annual benefit adjustment and total postretirement benefit  
30 adjustment cap equal to the total annual percentage change in the consumer price index, then:

- 1 (1) the member's contribution in [section 1 of this act], amending 19-13-601, must be 7.88%;
- 2 (2) the state's contribution in [section 2 of this act], amending 19-13-604, must be 24.45%; and
- 3 (3) the employer's contribution in [section 3 of this act], amending 19-13-605, must be 14.44%.

4

5 **NEW SECTION. Section 11. Effective date.** [This act] is effective July 1, 1995.

6 -END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for SB0357, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act allowing all members of the firefighters' unified retirement system to receive a regular service retirement benefit after 20 years of service regardless of age; increasing the benefit for each year of service after 20 years for members hired before July 1, 1981; eliminating the maximum benefit limitation; raising contributions to fund the benefits.

ASSUMPTIONS:

1. The actuarial cost of funding future benefits and amortizing new unfunded liabilities over 30 years is 4.08% of total compensation of active FURS members. This funding is provided by increasing contribution rates for members by 1.8%; employers by 1.34%; and from the state by an additional .94% of compensation.
2. Increased dedication of revenues from the insurance premium tax reduces revenues to the state general fund and STIP earnings.
3. Benefit increases will occur for those persons retiring on or after July 1, 1995. There are currently 120 members who could retire earlier or with increased benefits under this proposal. Assume 40 retirements each year of the next biennium with an average retirement date of January 1; average service of 24.5 years, and an average salary of \$34,588/year in FY96 and \$35,453 in FY97. The average retiree will receive an annual increase of \$1,675 in FY96 and \$1,717 in FY97.
4. On June 30, 1994, there were 412 active members of the FURS, with a total annual payroll of \$12,232,143. The average salary of FURS members was \$29,690. Over the past 5 years, the average FURS member's salary has increased by an average annual rate of 4.9%; assume average salaries will increase by 2.5% each year in the future. FURS Payroll: \$12,851,395 in FY96 and \$13,172,680 in FY97.

FISCAL IMPACT:

<u>Expenditures:</u>	<u>FY 1996</u>	<u>FY 1997</u>
FURS Benefit Payments	\$33,500	\$101,340

Revenues:

Firefighters' Unified Pension Fund Contributions:

State Contributions	\$120,803	\$123,823
Employer Contributions	172,209	176,514
Employee Contributions	231,325	237,108
Investment Income	<u>19,633</u>	<u>60,962</u>
TOTAL FURS Revenues	\$543,970	\$598,407


Net Impact on General Fund Balance:

General Fund (cost) (01)	(\$124,427)	(\$127,538)
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EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

14 cities participating in FURS will pay increased contributions of \$172,209 in FY96 and \$176,514 in FY97.

(continued)

 2-16-95  
 DAVE LEWIS, BUDGET DIRECTOR      DATE  
 Office of Budget and Program Planning

 2-18-95  
 FRED VAN VALKENBURG, PRIMARY SPONSOR DATE

Fiscal Note for SB0357, as introduced

**SB 357**



LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

State, employer, and employee contribution increases contained in SB357 are projected to be actuarially sufficient to fund increased benefits over a 30 year period.

TECHNICAL NOTES:

SB357 must be coordinated with other legislation regarding FURS (HB268 and SB363). The combined impact of two or more of these three bills would be significantly different than the individual impacts added together.

SENATE BILL NO. 357

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2 INTRODUCED BY

*Van Valkenburg Lynch Beck*  
*Frazier Hertel*

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4 A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING ALL MEMBERS OF THE FIREFIGHTERS' UNIFIED  
5 RETIREMENT SYSTEM TO RECEIVE A REGULAR SERVICE RETIREMENT BENEFIT AFTER 20 YEARS OF  
6 SERVICE REGARDLESS OF AGE; INCREASING THE BENEFIT FOR EACH YEAR OF SERVICE AFTER 20  
7 YEARS FOR MEMBERS HIRED BEFORE JULY 1, 1981; ELIMINATING THE MAXIMUM BENEFIT LIMITATION;  
8 RAISING CONTRIBUTIONS TO FUND THE BENEFITS; AMENDING SECTIONS 19-13-601, 19-13-604,  
9 19-13-605, 19-13-701, 19-13-704, 19-13-803, 19-13-902, 19-13-1007, AND 19-13-1009, MCA; AND  
10 PROVIDING AN EFFECTIVE DATE."  
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12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
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14 **Section 1.** Section 19-13-601, MCA, is amended to read:

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

21 (2) The member's contribution to the retirement system is ~~6%~~ 7.8% of the member's  
22 compensation.

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

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

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

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

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 11 **Section 2.** Section 19-13-604, MCA, is amended to read:

12 "**19-13-604. State contribution.** The state shall make its contributions through the state auditor  
 13 from the premium taxes on the insurance risks enumerated in 19-18-512. These payments must be made  
 14 annually to the pension trust fund after the end of each fiscal year but no later than November 1 from the  
 15 gross premium taxes after deduction for cancellations and returned premiums. The division shall notify the  
 16 auditor of the annual compensation, excluding overtime, holiday payments, shift differential payments,  
 17 compensatory time payments, and payments in lieu of sick leave, paid to all active members during the  
 18 preceding year. The state's contribution is ~~23.27%~~ 24.21% of this total compensation ~~effective July 1,~~  
 19 ~~1994~~. As soon as practicable after receipt of the state contribution, the division shall deposit it in the  
 20 pension trust fund."

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 22 **Section 3.** Section 19-13-605, MCA, is amended to read:

23 "**19-13-605. Employer contribution.** Each employer shall make its contribution on behalf of  
 24 members through the city treasurer or other appropriate official from money available to the city for this  
 25 purpose. The employer's contribution is ~~13.02%~~ 14.36% of the total compensation paid to members. All  
 26 contributions are payable monthly to the division, which shall, as soon as practicable after their receipt,  
 27 deposit them in the pension trust fund."

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 29 **Section 4.** Section 19-13-701, MCA, is amended to read:

30 "**19-13-701. Eligibility for service retirement -- commencement of benefit.** (1) A member who has

1 ~~reached age 50 and has~~ completed 10 years or more of membership service is eligible for service retirement  
2 commencing on the first day of the month following the member's last day of service.

3 (2) A vested member who terminates service before the minimum retirement date and keeps the  
4 member's accumulated contributions on deposit is eligible for service retirement commencing on the  
5 member's minimum retirement date.

6 (3) A vested inactive member may file a written application with the board requesting that the  
7 member's retirement benefit commence on the first day of the month following receipt of the application.  
8 However, the retirement benefit for an inactive vested member must commence no later than the first day  
9 of the month following the member's 55th birthday."

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11 **Section 5.** Section 19-13-704, MCA, is amended to read:

12 **"19-13-704. Amount of service retirement benefit.** (1) (a) A member hired before July 1, 1981,  
13 who elects to retire after having reached ~~both~~ 20 years of membership service ~~and age 50~~ must receive  
14 a service retirement benefit equal to the sum of:

15 (i) 50% of the member's last monthly compensation for years of service credit up to and including  
16 20 years; and

17 (ii) ~~1%~~ 2% of the member's last monthly compensation for each year of service credit after 20  
18 years.

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

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

28 ~~(3) The maximum monthly benefit payable to any retiree under subsection (1) may not exceed 60%~~  
29 ~~of the member's last monthly compensation. The maximum monthly benefit payable to any retiree under~~  
30 ~~subsection (2) may not exceed 60% of the member's final average compensation."~~

1           **Section 6.** Section 19-13-803, MCA, is amended to read:

2           **"19-13-803. Amount of disability retirement benefit.** (1) A member hired before July 1, 1981, who  
3 becomes disabled:

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

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

10           (2) A member hired on or after July 1, 1981, who becomes disabled:

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

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

17           (3) A member's disability retirement benefit must be paid first to the member during the member's  
18 lifetime and, upon the member's death, to the member's surviving spouse. If upon a member's death the  
19 member leaves no surviving spouse or upon the death of the surviving spouse, the member's benefit must  
20 be paid to the member's dependent children as long as they remain dependent children as defined in  
21 19-13-104."

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23           **Section 7.** Section 19-13-902, MCA, is amended to read:

24           **"19-13-902. Survivorship benefit.** (1) (a) Upon the death before retirement of an active member  
25 hired before July 1, 1981, the member's surviving spouse, if there is one, must receive a survivorship  
26 benefit equal to one-half the last monthly compensation received by the member. If the member leaves one  
27 or more dependent children, then, upon the member's death if the member leaves no surviving spouse or  
28 upon the death of the surviving spouse, the member's dependent children must collectively receive the  
29 same benefit that a surviving spouse would have received, as long as the children remain dependent  
30 children as defined in 19-13-104.

1 (b) If the deceased member completed over 20 years of membership service, the survivorship  
2 benefit provided in subsection (1)(a) must be increased at a rate of ~~1%~~ 2% of the last monthly  
3 compensation for each year in excess of 20, ~~up to a maximum of 60% of the last monthly compensation~~  
4 ~~received by the member.~~

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6 surviving spouse, if there is one, must receive a survivorship benefit equal to one-half of the member's final  
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9 dependent children must collectively receive the same benefit that a surviving spouse would have received,  
10 as long as the children remain dependent children as defined in 19-13-104."

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12 **Section 8.** Section 19-13-1007, MCA, is amended to read:

13 **"19-13-1007. Benefit adjustment.** (1) For a member retiring on or after July 1, 1973, who was  
14 hired before July 1, 1981, or the member's surviving spouse or dependent children, the service retirement  
15 benefit provided in 19-13-704(1)(a), the disability retirement benefit provided in 19-13-803(1), and the  
16 survivorship benefit provided in 19-13-902(1) may not be less than one-half the monthly compensation paid  
17 to a newly confirmed, active firefighter of a city that last employed the member as a firefighter, as provided  
18 each year in the budget of that city.

19 (2) For a member hired on or after July 1, 1981, or the member's surviving spouse or dependent  
20 children, the disability retirement benefit provided in 19-13-803(2) and the survivorship benefit provided  
21 in 19-13-902(2) may not be less than one-half the monthly compensation paid to a newly confirmed, active  
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23 that city.

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26 of the average monthly compensation paid to all newly confirmed full-paid firefighters, as provided each  
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 2 and the member's spouse's or dependent child's survivorship benefit provided in 19-13-902(1) may not  
 3 be less than:

4 (a) if the member has earned 20 years or more of membership service, one-half the average  
 5 monthly compensation paid to all newly confirmed, full-paid firefighters, as provided each year in the  
 6 budgets of those cities that participate in the retirement system and employ a full-paid firefighter; or

7 (b) if the member has earned more than 10 but less than 20 years of membership service, 2% of  
 8 the average monthly compensation paid to all newly confirmed, full-paid firefighters, as provided each year  
 9 in the budgets of those cities that participate in the retirement system and employ a full-paid firefighter,  
 10 for each year of the member's service."  
 11

12 **Section 9.** Section 19-13-1009, MCA, is amended to read:

13 **"19-13-1009. Supplement to retirement benefits for persons hired on or after July 1, 1981. (1)**  
 14 The division shall pay a supplemental benefit from the account provided for in 19-13-615 to each member  
 15 hired on or after July 1, 1981, who has ~~both~~ earned 25 years of membership service ~~and reached age 50~~  
 16 as an active firefighter or to the member's surviving spouse or dependent children. Except as provided in  
 17 subsection (2), the supplemental benefit, when added to the service retirement benefit, must equal one-half  
 18 the regular monthly compensation paid to a newly confirmed full-paid active firefighter of the city that last  
 19 employed the member as a firefighter as provided each year in the budget of that city. If after a member  
 20 retires, the city that last employed the member no longer employs a full-paid firefighter, the member's  
 21 supplemental benefit must be calculated on the basis of the average monthly compensation paid to all  
 22 newly confirmed full-paid firefighters, as provided each year in the budgets of those cities that participate  
 23 in the retirement system and employ a full-paid firefighter.

24 (2) If the amount available to the account is insufficient to fully fund the supplemental benefit  
 25 provided for in subsection (1), the supplemental benefit for each eligible member or survivor must be  
 26 reduced by an equal percentage so that the amount contained in the account is not exceeded."  
 27

28 **NEW SECTION. Section 10. Coordination instruction.** If House Bill No. 268 is passed and  
 29 approved and if it provides for a 2% guaranteed annual benefit adjustment and total postretirement benefit  
 30 adjustment cap equal to the total annual percentage change in the consumer price index, then:

- 1           (1) the member's contribution in [section 1 of this act], amending 19-13-601, must be 7.88%;
- 2           (2) the state's contribution in [section 2 of this act], amending 19-13-604, must be 24.45%; and
- 3           (3) the employer's contribution in [section 3 of this act], amending 19-13-605, must be 14.44%.

4  
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6

**NEW SECTION. Section 11. Effective date.** [This act] is effective July 1, 1995.

-END-



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SENATE BILL NO. 357

INTRODUCED BY Van Valkenburg Lynch Beck  
Hayden Hertel

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING ALL MEMBERS OF THE FIREFIGHTERS' UNIFIED RETIREMENT SYSTEM TO RECEIVE A REGULAR SERVICE RETIREMENT BENEFIT AFTER 20 YEARS OF SERVICE REGARDLESS OF AGE; INCREASING THE BENEFIT FOR EACH YEAR OF SERVICE AFTER 20 YEARS FOR MEMBERS HIRED BEFORE JULY 1, 1981; ELIMINATING THE MAXIMUM BENEFIT LIMITATION; RAISING CONTRIBUTIONS TO FUND THE BENEFITS; AMENDING SECTIONS 19-13-601, 19-13-604, 19-13-605, 19-13-701, 19-13-704, 19-13-803, 19-13-902, 19-13-1007, AND 19-13-1009, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

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





## HOUSE STANDING COMMITTEE REPORT

March 9, 1995

Page 1 of 1

Mr. Speaker: We, the committee on State Administration report that Senate Bill 357 (third reading copy -- blue) be concurred in as amended.

Signed: *Dick Simpkins*  
Dick Simpkins, Chair

And, that such amendments read:

Carried by: Rep. Harper

1. Page 3, line 1.  
Strike: "10"  
Insert: "20"
2. Page 3, line 19.  
After: "years"  
Insert: "but less than 20 years"
3. Page 6, line 15.  
Strike: "25"  
Insert: "20"
4. Page 6, line 28 through Page 7, line 3.  
Strike: section 10 in its entirety  
Renumber: subsequent section

-END-

SB 357

Committee Vote:  
Yes 12, No 5.

HOUSE



# HOUSE COMMITTEE OF THE WHOLE AMENDMENT

Senate Bill 357  
Representative Simpkins

April 5, 1995 1:10 pm  
Page 1 of 1

Mr. Chairman: I move to amend Senate Bill 357 (third reading copy -- blue).

Signed: *Dick Simpkins*  
Representative Simpkins

And, that such amendments to Senate Bill 357 read as follows:

AMEND HOUSE COMMITTEE ON STATE ADMINISTRATION COMMITTEE REPORT  
DATED MARCH 9, 1995, AS FOLLOWS:

Strip Amendments 1 through 4 in their entirety.

-END-

SB 357

HOUSE

AC \_\_

781309CW.Hbk

ADOPT

90-9

REJECT

## 1 SENATE BILL NO. 357

2 INTRODUCED BY VAN VALKENBURG, LYNCH, BECK, HARPER, HERTEL

3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING ALL MEMBERS OF THE FIREFIGHTERS' UNIFIED  
5 RETIREMENT SYSTEM TO RECEIVE A REGULAR SERVICE RETIREMENT BENEFIT AFTER 20 YEARS OF  
6 SERVICE REGARDLESS OF AGE; INCREASING THE BENEFIT FOR EACH YEAR OF SERVICE AFTER 20  
7 YEARS FORMEMBERS HIRED BEFORE JULY 1, 1981; ELIMINATING THE MAXIMUM BENEFIT LIMITATION;  
8 RAISING CONTRIBUTIONS TO FUND THE BENEFITS; AMENDING SECTIONS 19-13-601, 19-13-604,  
9 19-13-605, 19-13-701, 19-13-704, 19-13-803, 19-13-902, 19-13-1007, AND 19-13-1009, MCA; AND  
10 PROVIDING AN EFFECTIVE DATE."

11  
12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13  
14 **Section 1.** Section 19-13-601, MCA, is amended to read:

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

21 (2) The member's contribution to the retirement system is ~~6%~~ 7.8% of the member's  
22 compensation.

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

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

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

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

10  
 11 **Section 2.** Section 19-13-604, MCA, is amended to read:

12 "**19-13-604. State contribution.** The state shall make its contributions through the state auditor  
 13 from the premium taxes on the insurance risks enumerated in 19-18-512. These payments must be made  
 14 annually to the pension trust fund after the end of each fiscal year but no later than November 1 from the  
 15 gross premium taxes after deduction for cancellations and returned premiums. The division shall notify the  
 16 auditor of the annual compensation, excluding overtime, holiday payments, shift differential payments,  
 17 compensatory time payments, and payments in lieu of sick leave, paid to all active members during the  
 18 preceding year. The state's contribution is ~~23.27%~~ 24.21% of this total compensation ~~effective July 1,~~  
 19 ~~1994~~. As soon as practicable after receipt of the state contribution, the division shall deposit it in the  
 20 pension trust fund."

21  
 22 **Section 3.** Section 19-13-605, MCA, is amended to read:

23 "**19-13-605. Employer contribution.** Each employer shall make its contribution on behalf of  
 24 members through the city treasurer or other appropriate official from money available to the city for this  
 25 purpose. The employer's contribution is ~~13.02%~~ 14.36% of the total compensation paid to members. All  
 26 contributions are payable monthly to the division, which shall, as soon as practicable after their receipt,  
 27 deposit them in the pension trust fund."

28  
 29 **Section 4.** Section 19-13-701, MCA, is amended to read:

30 "**19-13-701. Eligibility for service retirement -- commencement of benefit.** (1) A member who has

1 ~~reached age 50 and has~~ completed 10 years or more of membership service is eligible for service retirement  
 2 commencing on the first day of the month following the member's last day of service.

3 (2) A vested member who terminates service before the minimum retirement date and keeps the  
 4 member's accumulated contributions on deposit is eligible for service retirement commencing on the  
 5 member's minimum retirement date.

6 (3) A vested inactive member may file a written application with the board requesting that the  
 7 member's retirement benefit commence on the first day of the month following receipt of the application.  
 8 However, the retirement benefit for an inactive vested member must commence no later than the first day  
 9 of the month following the member's 55th birthday."

10

11 **Section 5.** Section 19-13-704, MCA, is amended to read:

12 **"19-13-704. Amount of service retirement benefit.** (1) (a) A member hired before July 1, 1981,  
 13 who elects to retire after having reached ~~both~~ 20 years of membership service ~~and age 50~~ must receive  
 14 a service retirement benefit equal to the sum of:

15 (i) 50% of the member's last monthly compensation for years of service credit up to and including  
 16 20 years; and

17 (ii) ~~1%~~ 2% of the member's last monthly compensation for each year of service credit after 20  
 18 years.

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

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

28 ~~(3) The maximum monthly benefit payable to any retiree under subsection (1) may not exceed 60%~~  
 29 ~~of the member's last monthly compensation. The maximum monthly benefit payable to any retiree under~~  
 30 ~~subsection (2) may not exceed 60% of the member's final average compensation."~~

1           **Section 6.** Section 19-13-803, MCA, is amended to read:

2           **"19-13-803. Amount of disability retirement benefit.** (1) A member hired before July 1, 1981, who  
3 becomes disabled:

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

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

10           (2) A member hired on or after July 1, 1981, who becomes disabled:

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

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

17           (3) A member's disability retirement benefit must be paid first to the member during the member's  
18 lifetime and, upon the member's death, to the member's surviving spouse. If upon a member's death the  
19 member leaves no surviving spouse or upon the death of the surviving spouse, the member's benefit must  
20 be paid to the member's dependent children as long as they remain dependent children as defined in  
21 19-13-104."

22

23           **Section 7.** Section 19-13-902, MCA, is amended to read:

24           **"19-13-902. Survivorship benefit.** (1) (a) Upon the death before retirement of an active member  
25 hired before July 1, 1981, the member's surviving spouse, if there is one, must receive a survivorship  
26 benefit equal to one-half the last monthly compensation received by the member. If the member leaves one  
27 or more dependent children, then, upon the member's death if the member leaves no surviving spouse or  
28 upon the death of the surviving spouse, the member's dependent children must collectively receive the  
29 same benefit that a surviving spouse would have received, as long as the children remain dependent  
30 children as defined in 19-13-104.

1 (b) If the deceased member completed over 20 years of membership service, the survivorship  
2 benefit provided in subsection (1)(a) must be increased at a rate of ~~4%~~ 2% of the last monthly  
3 compensation for each year in excess of 20, ~~up to a maximum of 60% of the last monthly compensation~~  
4 ~~received by the member.~~

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

11  
12 **Section 8.** Section 19-13-1007, MCA, is amended to read:

13 **"19-13-1007. Benefit adjustment.** (1) For a member retiring on or after July 1, 1973, who was  
14 hired before July 1, 1981, or the member's surviving spouse or dependent children, the service retirement  
15 benefit provided in 19-13-704(1)(a), the disability retirement benefit provided in 19-13-803(1), and the  
16 survivorship benefit provided in 19-13-902(1) may not be less than one-half the monthly compensation paid  
17 to a newly confirmed, active firefighter of a city that last employed the member as a firefighter, as provided  
18 each year in the budget of that city.

19 (2) For a member hired on or after July 1, 1981, or the member's surviving spouse or dependent  
20 children, the disability retirement benefit provided in 19-13-803(2) and the survivorship benefit provided  
21 in 19-13-902(2) may not be less than one-half the monthly compensation paid to a newly confirmed, active  
22 firefighter of a city that last employed the member as a firefighter, as provided each year in the budget of  
23 that city.

24 (3) If after a member retires, the city that last employed the member no longer employs a full-paid  
25 firefighter, the member's or survivor's benefit under subsections (1) and (2) must be adjusted on the basis  
26 of the average monthly compensation paid to all newly confirmed full-paid firefighters, as provided each  
27 year in the budgets of those cities that participate in the retirement system and employ a full-paid  
28 firefighter.

29 (4) If the employment of a vested member hired before July 1, 1981, is involuntarily discontinued  
30 ~~before the member reaches age 59~~ because of the termination of employment of all full-paid firefighters in



1 the city that employed the member, the member's service retirement benefit provided in 19-13-704(1)(b)  
 2 and the member's spouse's or dependent child's survivorship benefit provided in 19-13-902(1) may not  
 3 be less than:

4 (a) if the member has earned 20 years or more of membership service, one-half the average  
 5 monthly compensation paid to all newly confirmed, full-paid firefighters, as provided each year in the  
 6 budgets of those cities that participate in the retirement system and employ a full-paid firefighter; or

7 (b) if the member has earned more than 10 but less than 20 years of membership service, 2% of  
 8 the average monthly compensation paid to all newly confirmed, full-paid firefighters, as provided each year  
 9 in the budgets of those cities that participate in the retirement system and employ a full-paid firefighter,  
 10 for each year of the member's service."  
 11

12 **Section 9.** Section 19-13-1009, MCA, is amended to read:

13 **"19-13-1009. Supplement to retirement benefits for persons hired on or after July 1, 1981.** (1)  
 14 The division shall pay a supplemental benefit from the account provided for in 19-13-615 to each member  
 15 hired on or after July 1, 1981, who has ~~both~~ earned 25 years of membership service ~~and reached age 50~~  
 16 as an active firefighter or to the member's surviving spouse or dependent children. Except as provided in  
 17 subsection (2), the supplemental benefit, when added to the service retirement benefit, must equal one-half  
 18 the regular monthly compensation paid to a newly confirmed full-paid active firefighter of the city that last  
 19 employed the member as a firefighter as provided each year in the budget of that city. If after a member  
 20 retires, the city that last employed the member no longer employs a full-paid firefighter, the member's  
 21 supplemental benefit must be calculated on the basis of the average monthly compensation paid to all  
 22 newly confirmed full-paid firefighters, as provided each year in the budgets of those cities that participate  
 23 in the retirement system and employ a full-paid firefighter.

24 (2) If the amount available to the account is insufficient to fully fund the supplemental benefit  
 25 provided for in subsection (1), the supplemental benefit for each eligible member or survivor must be  
 26 reduced by an equal percentage so that the amount contained in the account is not exceeded."  
 27

28 **NEW SECTION. Section 10. Coordination instruction.** If House Bill No. 268 is passed and  
 29 approved and if it provides for a 2% guaranteed annual benefit adjustment and total postretirement benefit  
 30 adjustment cap equal to the total annual percentage change in the consumer price index, then:

- 1 (1) the member's contribution in [section 1 of this act], amending 19-13-601, must be 7.88%;
- 2 (2) the state's contribution in [section 2 of this act], amending 19-13-604, must be 24.45%; and
- 3 (3) the employer's contribution in [section 3 of this act], amending 19-13-605, must be 14.44%.

4

5 **NEW SECTION. Section 11. Effective date.** [This act] is effective July 1, 1995.

6

--END--

GOVERNOR'S AMENDMENTS TO  
SENATE BILL NO. 357  
(REFERENCE COPY)  
April 11, 1995

1. Page 3, line 1.  
Strike: "10"  
Insert: "20"
2. Page 3, line 19.  
Following: "years"  
Insert: "but less than 20 years"
3. Page 6, line 15.  
Strike: "25"  
Insert: "20"
4. Page 6, line 28 through page 7, line 3.  
Strike: section 10 in its entirety  
Renumber: subsequent section

## SENATE BILL NO. 357

INTRODUCED BY VAN VALKENBURG, LYNCH, BECK, HARPER, HERTEL

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING ALL MEMBERS OF THE FIREFIGHTERS' UNIFIED RETIREMENT SYSTEM TO RECEIVE A REGULAR SERVICE RETIREMENT BENEFIT AFTER 20 YEARS OF SERVICE REGARDLESS OF AGE; INCREASING THE BENEFIT FOR EACH YEAR OF SERVICE AFTER 20 YEARS FOR MEMBERS HIRED BEFORE JULY 1, 1981; ELIMINATING THE MAXIMUM BENEFIT LIMITATION; RAISING CONTRIBUTIONS TO FUND THE BENEFITS; AMENDING SECTIONS 19-13-601, 19-13-604, 19-13-605, 19-13-701, 19-13-704, 19-13-803, 19-13-902, 19-13-1007, AND 19-13-1009, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

**Section 1.** Section 19-13-601, MCA, is amended to read:

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

(2) The member's contribution to the retirement system is ~~6%~~ 7.8% of the member's compensation.

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

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

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

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

10  
 11 **Section 2.** Section 19-13-604, MCA, is amended to read:

12 "**19-13-604. State contribution.** The state shall make its contributions through the state auditor  
 13 from the premium taxes on the insurance risks enumerated in 19-18-512. These payments must be made  
 14 annually to the pension trust fund after the end of each fiscal year but no later than November 1 from the  
 15 gross premium taxes after deduction for cancellations and returned premiums. The division shall notify the  
 16 auditor of the annual compensation, excluding overtime, holiday payments, shift differential payments,  
 17 compensatory time payments, and payments in lieu of sick leave, paid to all active members during the  
 18 preceding year. The state's contribution is ~~23.27%~~ 24.21% of this total compensation ~~effective July 1,~~  
 19 ~~1994~~. As soon as practicable after receipt of the state contribution, the division shall deposit it in the  
 20 pension trust fund."

21  
 22 **Section 3.** Section 19-13-605, MCA, is amended to read:

23 "**19-13-605. Employer contribution.** Each employer shall make its contribution on behalf of  
 24 members through the city treasurer or other appropriate official from money available to the city for this  
 25 purpose. The employer's contribution is ~~13.02%~~ 14.36% of the total compensation paid to members. All  
 26 contributions are payable monthly to the division, which shall, as soon as practicable after their receipt,  
 27 deposit them in the pension trust fund."

28  
 29 **Section 4.** Section 19-13-701, MCA, is amended to read:

30 "**19-13-701. Eligibility for service retirement -- commencement of benefit.** (1) A member who has

1 ~~reached age 50 and has~~ completed ~~10~~ 20 years or more of membership service is eligible for service  
2 retirement commencing on the first day of the month following the member's last day of service.

3 (2) A vested member who terminates service before the minimum retirement date and keeps the  
4 member's accumulated contributions on deposit is eligible for service retirement commencing on the  
5 member's minimum retirement date.

6 (3) A vested inactive member may file a written application with the board requesting that the  
7 member's retirement benefit commence on the first day of the month following receipt of the application.  
8 However, the retirement benefit for an inactive vested member must commence no later than the first day  
9 of the month following the member's 55th birthday."

10

11 **Section 5.** Section 19-13-704, MCA, is amended to read:

12 "**19-13-704. Amount of service retirement benefit.** (1) (a) A member hired before July 1, 1981,  
13 who elects to retire after having reached ~~both~~ 20 years of membership service ~~and age 50~~ must receive  
14 a service retirement benefit equal to the sum of:

15 (i) 50% of the member's last monthly compensation for years of service credit up to and including  
16 20 years; and

17 (ii) ~~1%~~ 2% of the member's last monthly compensation for each year of service credit after 20  
18 years.

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

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

29 ~~(3) The maximum monthly benefit payable to any retiree under subsection (1) may not exceed 60%~~  
30 ~~of the member's last monthly compensation. The maximum monthly benefit payable to any retiree under~~

1 ~~subsection (2) may not exceed 60% of the member's final average compensation."~~

2  
3 **Section 6.** Section 19-13-803, MCA, is amended to read:

4 **"19-13-803. Amount of disability retirement benefit.** (1) A member hired before July 1, 1981, who  
5 becomes disabled:

6 (a) before completing 20 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 20 years or more of membership service must receive the disability retirement  
9 benefit provided in subsection (1)(a) increased at a rate of ~~1%~~ 2% of the member's last monthly  
10 compensation for each year of service credit in excess of 20, ~~up to a maximum benefit equal to 60% of~~  
11 ~~the member's last monthly compensation.~~

12 (2) A member hired on or after July 1, 1981, who becomes disabled:

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

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

19 (3) 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  
25 **Section 7.** Section 19-13-902, MCA, is amended to read:

26 **"19-13-902. Survivorship benefit.** (1) (a) Upon the death before retirement of an active member  
27 hired before July 1, 1981, the member's surviving spouse, if there is one, must receive a survivorship  
28 benefit equal to one-half the last monthly compensation received by the member. If the member leaves one  
29 or more dependent children, then, upon the member's death if the member leaves no surviving spouse or  
30 upon the death of the surviving spouse, the member's dependent children must collectively receive the

1 same benefit that a surviving spouse would have received, as long as the children remain dependent  
2 children as defined in 19-13-104.

3 (b) If the deceased member completed over 20 years of membership service, the survivorship  
4 benefit provided in subsection (1)(a) must be increased at a rate of ~~1%~~ 2% of the last monthly  
5 compensation for each year in excess of 20, ~~up to a maximum of 60% of the last monthly compensation~~  
6 ~~received by the member.~~

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

14 **Section 8.** Section 19-13-1007, MCA, is amended to read:

15 **"19-13-1007. Benefit adjustment.** (1) For a member retiring on or after July 1, 1973, who was  
16 hired before July 1, 1981, or the member's surviving spouse or dependent children, the service retirement  
17 benefit provided in 19-13-704(1)(a), the disability retirement benefit provided in 19-13-803(1), and the  
18 survivorship benefit provided in 19-13-902(1) may not be less than one-half the monthly compensation paid  
19 to a newly confirmed, active firefighter of a city that last employed the member as a firefighter, as provided  
20 each year in the budget of that city.

21 (2) For a member hired on or after July 1, 1981, or the member's surviving spouse or dependent  
22 children, the disability retirement benefit provided in 19-13-803(2) and the survivorship benefit provided  
23 in 19-13-902(2) may not be less than one-half the monthly compensation paid to a newly confirmed, active  
24 firefighter of a city that last employed the member as a firefighter, as provided each year in the budget of  
25 that city.

26 (3) If after a member retires, the city that last employed the member no longer employs a full-paid  
27 firefighter, the member's or survivor's benefit under subsections (1) and (2) must be adjusted on the basis  
28 of the average monthly compensation paid to all newly confirmed full-paid firefighters, as provided each  
29 year in the budgets of those cities that participate in the retirement system and employ a full-paid  
30 firefighter.



1 (4) If the employment of a vested member hired before July 1, 1981, is involuntarily discontinued  
 2 ~~before the member reaches age 50~~ because of the termination of employment of all full-paid firefighters in  
 3 the city that employed the member, the member's service retirement benefit provided in 19-13-704(1)(b)  
 4 and the member's spouse's or dependent child's survivorship benefit provided in 19-13-902(1) may not  
 5 be less than:

6 (a) if the member has earned 20 years or more of membership service, one-half the average  
 7 monthly compensation paid to all newly confirmed, full-paid firefighters, as provided each year in the  
 8 budgets of those cities that participate in the retirement system and employ a full-paid firefighter; or

9 (b) if the member has earned more than 10 but less than 20 years of membership service, 2% of  
 10 the average monthly compensation paid to all newly confirmed, full-paid firefighters, as provided each year  
 11 in the budgets of those cities that participate in the retirement system and employ a full-paid firefighter,  
 12 for each year of the member's service."  
 13

14 **Section 9.** Section 19-13-1009, MCA, is amended to read:

15 **"19-13-1009. Supplement to retirement benefits for persons hired on or after July 1, 1981.** (1)  
 16 The division shall pay a supplemental benefit from the account provided for in 19-13-615 to each member  
 17 hired on or after July 1, 1981, who has ~~both~~ earned ~~25~~ 20 years of membership service ~~and reached age~~  
 18 ~~50~~ as an active firefighter or to the member's surviving spouse or dependent children. Except as provided  
 19 in subsection (2), the supplemental benefit, when added to the service retirement benefit, must equal  
 20 one-half the regular monthly compensation paid to a newly confirmed full-paid active firefighter of the city  
 21 that last employed the member as a firefighter as provided each year in the budget of that city. If after a  
 22 member retires, the city that last employed the member no longer employs a full-paid firefighter, the  
 23 member's supplemental benefit must be calculated on the basis of the average monthly compensation paid  
 24 to all newly confirmed full-paid firefighters, as provided each year in the budgets of those cities that  
 25 participate in the retirement system and employ a full-paid firefighter.

26 (2) If the amount available to the account is insufficient to fully fund the supplemental benefit  
 27 provided for in subsection (1), the supplemental benefit for each eligible member or survivor must be  
 28 reduced by an equal percentage so that the amount contained in the account is not exceeded."  
 29

30 ~~NEW SECTION. Section 10. Coordination instruction. If House Bill No. 268 is passed and~~

1 ~~approved and if it provides for a 2% guaranteed annual benefit adjustment and total postretirement benefit~~  
2 ~~adjustment cap equal to the total annual percentage change in the consumer price index, then:~~

- 3 ~~(1) the member's contribution in [section 1 of this act], amending 19-13-601, must be 7.88%;~~  
4 ~~(2) the state's contribution in [section 2 of this act], amending 19-13-604, must be 24.45%; and~~  
5 ~~(3) the employer's contribution in [section 3 of this act], amending 19-13-605, must be 14.44%.~~

6

7 NEW SECTION. **Section 10. Effective date.** [This act] is effective July 1, 1995.

8

-END-