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Senate BILL NO. 296

INTRODUCED BY *Jergeson Hagenar*

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING MEMBERS OF THE TEACHERS' RETIREMENT SYSTEM TO QUALIFY MONTANA UNIVERSITY SYSTEM EXTENSION SERVICE BY PAYING THE FULL ACTUARIAL COST OF THE SERVICE; CLARIFYING THAT MEMBERS OF THE TEACHERS' RETIREMENT SYSTEM MAY NOT RECEIVE DUPLICATE CREDIT FOR THE SAME PERIOD OF SERVICE; AMENDING SECTIONS 19-20-405, 19-20-407, AND 19-20-410, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Section 19-20-405, MCA, is amended to read:

"**19-20-405. Limit on creditable service that may be awarded.** The total creditable service for service purchased under 19-20-402, ~~19-20-403~~, through 19-20-404, 19-20-408, 19-20-410(1), and 19-20-412 may not exceed 5 years."

Section 2. Section 19-20-407, MCA, is amended to read:

"**19-20-407. No duplication of benefits when there is more than one credit for same period of service.** ~~There~~ A member may not ~~be any duplication of benefits to a member or beneficiary due to there being more than one~~ receive duplicate credit for the same period of service ~~of the member.~~"

Section 3. Section 19-20-410, MCA, is amended to read:

"**19-20-410. Creditable service for extension service employment.** (1) (a) At any time before retirement, a member with 5 years or more of creditable service in the retirement system may make a written election with the retirement board to qualify up to 5 years of ~~his~~ employment service with the Montana cooperative extension service, subject to the limitation contained in 19-20-405, if:

~~(a)~~ (i) the member became a member of the retirement system before July 1, 1989;

~~(b)~~ (ii) the service involved instructional service at a unit of the Montana university system; and

~~(c)~~ (iii) the member received a refund of ~~his~~ membership contributions under the civil service retirement system or the federal employees' retirement system for the service to be qualified.

1 ~~(2)(b)~~ To qualify service under ~~this section~~ subsection (1)(a), the member shall contribute to the
2 retirement system an amount equal to the combined employer and employee contribution for ~~his~~ the
3 member's first full year's teaching salary earned after becoming a member of the retirement system for each
4 year of creditable service plus interest at the rate that the contribution would have earned had the
5 contribution been in ~~his~~ the member's account upon the completion of 5 years of membership service. The
6 contribution rate must be that rate in effect at the time that ~~he~~ the member is eligible for the service.

7 (2) In addition to service purchased under subsection (1) and subject to 19-20-407, a member with
8 5 years or more of qualified service in the retirement system may qualify any cooperative extension service
9 by contributing to the system the full actuarial cost of the service.

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

12

13 NEW SECTION. Section 4. Effective date. [This act] is effective July 1, 1997.

14

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for SB0296, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

This bill will allow members of the Teachers' Retirement System (TRS), with prior employment with the Montana University System Extension Service to purchase more than 5 years of service for the service with the cooperative extension program.

ASSUMPTIONS:

1. Under current law, TRS members are not required to pay the actuarial cost to purchase up to five years of service with the Montana Cooperative Extension Service.
2. TRS members eligible to purchase service under this proposal will pay the full actuarial cost to purchase any service with the Montana Cooperative Extension Service in excess of five years.
3. The actuarial cost will be based on the member's age, years of credited service with TRS plus any service the member is eligible to qualify, and the current actuarial assumptions in effect at the time the member purchases the service.
4. Administrative costs for the Teachers' Retirement Division for data processing system enhancements are estimated to not exceed \$1,800.
5. Under the Internal Revenue Code Section 415(c), annual contributions to purchase additional service is limited to the lesser of \$30,000 or 25 percent of the members taxable income.
6. If the member pays the full actuarial cost of any enhanced benefit resulting from the purchase of Montana extension service in excess of five years, this option will not increase the unfunded liabilities of the system or extend the amortization period required to fund current liabilities.

FISCAL IMPACT:

Teachers' Retirement Division:

	<u>FY98</u>	<u>FY99</u>
<u>Expenditures:</u>	<u>Difference</u>	<u>Difference</u>
Operating expenses	1,800	0
<u>Funding:</u>		
TRS pension trust fund (09)	1,800	0

Dave Lewis 2-12-97
DAVE LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

Greg Ferguson 2/13/97
GREG JERGSON, PRIMARY SPONSOR DATE

Fiscal Note for SB0296, as introduced
SB 296

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Senate BILL NO. 296

INTRODUCED BY

Jergeson Hagner

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING MEMBERS OF THE TEACHERS' RETIREMENT SYSTEM TO QUALIFY MONTANA UNIVERSITY SYSTEM EXTENSION SERVICE BY PAYING THE FULL ACTUARIAL COST OF THE SERVICE; CLARIFYING THAT MEMBERS OF THE TEACHERS' RETIREMENT SYSTEM MAY NOT RECEIVE DUPLICATE CREDIT FOR THE SAME PERIOD OF SERVICE; AMENDING SECTIONS 19-20-405, 19-20-407, AND 19-20-410, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Section 19-20-405, MCA, is amended to read:

"19-20-405. **Limit on creditable service that may be awarded.** The total creditable service for service purchased under 19-20-402, ~~19-20-403~~, through 19-20-404, 19-20-408, 19-20-410(1), and 19-20-412 may not exceed 5 years."

Section 2. Section 19-20-407, MCA, is amended to read:

"19-20-407. **No duplication of benefits when there is more than one credit for same period of service.** ~~There~~ A member may not ~~be any duplication of benefits to a member or beneficiary due to there being more than one~~ receive duplicate credit for the same period of service ~~of the member.~~"

Section 3. Section 19-20-410, MCA, is amended to read:

"19-20-410. **Creditable service for extension service employment.** (1) (a) At any time before retirement, a member with 5 years or more of creditable service in the retirement system may make a written election with the retirement board to qualify up to 5 years of ~~his~~ employment service with the Montana cooperative extension service, subject to the limitation contained in 19-20-405, if:

(a)(i) the member became a member of the retirement system before July 1, 1989;

(a)(ii) the service involved instructional service at a unit of the Montana university system; and

(a)(iii) the member received a refund of ~~his~~ membership contributions under the civil service retirement system or the federal employees' retirement system for the service to be qualified.

1 ~~(2)(b)~~ To qualify service under ~~this section~~ subsection (1)(a), the member shall contribute to the
2 retirement system an amount equal to the combined employer and employee contribution for ~~his the~~
3 member's first full year's teaching salary earned after becoming a member of the retirement system for each
4 year of creditable service plus interest at the rate that the contribution would have earned had the
5 contribution been in ~~his the member's~~ account upon the completion of 5 years of membership service. The
6 contribution rate must be that rate in effect at the time that he the member is eligible for the service.

7 (2) In addition to service purchased under subsection (1) and subject to 19-20-407, a member with
8 5 years or more of qualified service in the retirement system may qualify any cooperative extension service
9 by contributing to the system the full actuarial cost of the service.

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

12

13 NEW SECTION. Section 4. Effective date. [This act] is effective July 1, 1997.

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Senate BILL NO. 296

INTRODUCED BY

Jergeson Hagner

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING MEMBERS OF THE TEACHERS' RETIREMENT SYSTEM TO QUALIFY MONTANA UNIVERSITY SYSTEM EXTENSION SERVICE BY PAYING THE FULL ACTUARIAL COST OF THE SERVICE; CLARIFYING THAT MEMBERS OF THE TEACHERS' RETIREMENT SYSTEM MAY NOT RECEIVE DUPLICATE CREDIT FOR THE SAME PERIOD OF SERVICE; AMENDING SECTIONS 19-20-405, 19-20-407, AND 19-20-410, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Section 19-20-405, MCA, is amended to read:

"19-20-405. Limit on creditable service that may be awarded. The total creditable service for service purchased under 19-20-402, ~~19-20-403~~, through 19-20-404, 19-20-408, 19-20-410(1), and 19-20-412 may not exceed 5 years."

Section 2. Section 19-20-407, MCA, is amended to read:

"19-20-407. No duplication of ~~benefits when there is more than one~~ credit for same period of service. ~~There~~ A member may not be ~~any duplication of benefits to a member or beneficiary due to there being more than one~~ receive duplicate credit for the same period of service of the member."

Section 3. Section 19-20-410, MCA, is amended to read:

"19-20-410. Creditable service for extension service employment. (1) (a) At any time before retirement, a member with 5 years or more of creditable service in the retirement system may make a written election with the retirement board to qualify up to 5 years of ~~his~~ employment service with the Montana cooperative extension service, subject to the limitation contained in 19-20-405, if:

~~(a)~~ (i) the member became a member of the retirement system before July 1, 1989;

~~(b)~~ (ii) the service involved instructional service at a unit of the Montana university system; and

~~(c)~~ (iii) the member received a refund of ~~his~~ membership contributions under the civil service retirement system or the federal employees' retirement system for the service to be qualified.

1 ~~(2)(b)~~ To qualify service under ~~this section~~ subsection (1)(a), the member shall contribute to the
2 retirement system an amount equal to the combined employer and employee contribution for ~~his~~ the
3 member's first full year's teaching salary earned after becoming a member of the retirement system for each
4 year of creditable service plus interest at the rate that the contribution would have earned had the
5 contribution been in ~~his~~ the member's account upon the completion of 5 years of membership service. The
6 contribution rate must be that rate in effect at the time that ~~he~~ the member is eligible for the service.

7 (2) In addition to service purchased under subsection (1) and subject to 19-20-407, a member with
8 5 years or more of qualified service in the retirement system may qualify any cooperative extension service
9 by contributing to the system the full actuarial cost of the service.

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

12

13 NEW SECTION. Section 4. Effective date. [This act] is effective July 1, 1997.

14

-END-

APPROVED BY COM ON
STATE ADMINISTRATION

Senate BILL NO. 296

INTRODUCED BY *Jergeson Arguer*

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING MEMBERS OF THE TEACHERS' RETIREMENT SYSTEM TO QUALIFY MONTANA UNIVERSITY SYSTEM EXTENSION SERVICE BY PAYING THE FULL ACTUARIAL COST OF THE SERVICE; CLARIFYING THAT MEMBERS OF THE TEACHERS' RETIREMENT SYSTEM MAY NOT RECEIVE DUPLICATE CREDIT FOR THE SAME PERIOD OF SERVICE; AMENDING SECTIONS 19-20-405, 19-20-407, AND 19-20-410, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Section 19-20-405, MCA, is amended to read:

"19-20-405. **Limit on creditable service that may be awarded.** The total creditable service for service purchased under 19-20-402, ~~19-20-403~~, through 19-20-404, 19-20-408, 19-20-410(1), and 19-20-412 may not exceed 5 years."

Section 2. Section 19-20-407, MCA, is amended to read:

"19-20-407. **No duplication of benefits when there is more than one credit for same period of service.** ~~There~~ A member may not ~~be any duplication of benefits to a member or beneficiary due to there being more than one~~ receive duplicate credit for the same period of service of the member."

Section 3. Section 19-20-410, MCA, is amended to read:

"19-20-410. **Creditable service for extension service employment.** (1) (a) At any time before retirement, a member with 5 years or more of creditable service in the retirement system may make a written election with the retirement board to qualify up to 5 years of ~~his~~ employment service with the Montana cooperative extension service, subject to the limitation contained in 19-20-405, if:

- (a)(i) the member became a member of the retirement system before July 1, 1989;
- (a)(ii) the service involved instructional service at a unit of the Montana university system; and
- (a)(iii) the member received a refund of ~~his~~ membership contributions under the civil service retirement system or the federal employees' retirement system for the service to be qualified.

1 ~~(2)(b)~~ To qualify service under ~~this section~~ subsection (1)(a), the member shall contribute to the
2 retirement system an amount equal to the combined employer and employee contribution for ~~his~~ the
3 member's first full year's teaching salary earned after becoming a member of the retirement system for each
4 year of creditable service plus interest at the rate that the contribution would have earned had the
5 contribution been in ~~his~~ the member's account upon the completion of 5 years of membership service. The
6 contribution rate must be that rate in effect at the time that ~~he~~ the member is eligible for the service.

7 (2) In addition to service purchased under subsection (1) and subject to 19-20-407, a member with
8 5 years or more of qualified service in the retirement system may qualify any cooperative extension service
9 by contributing to the system the full actuarial cost of the service.

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

12

13 NEW SECTION. Section 4. Effective date. [This act] is effective July 1, 1997.

14

-END-

SENATE BILL NO. 296

INTRODUCED BY JERGESON, HAGENER

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4 A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING MEMBERS OF THE TEACHERS' RETIREMENT

5 SYSTEM TO QUALIFY MONTANA UNIVERSITY SYSTEM EXTENSION SERVICE BY PAYING THE FULL

6 ACTUARIAL COST OF THE SERVICE; CLARIFYING THAT MEMBERS OF THE TEACHERS' RETIREMENT

7 SYSTEM MAY NOT RECEIVE DUPLICATE CREDIT FOR THE SAME PERIOD OF SERVICE; EXEMPTING

8 CERTAIN POSITIONS FROM MEMBERSHIP; ALLOWING CERTAIN RETIREES TO BE EMPLOYED AND TO

9 RECEIVE A RETIREMENT ALLOWANCE; AMENDING SECTIONS 19-20-302, 19-20-405, 19-20-407, AND

10 19-20-410, AND 19-20-804, MCA; AND PROVIDING AN EFFECTIVE DATE AND A TERMINATION DATE."

11

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

13

14 SECTION 1. SECTION 19-20-302, MCA, IS AMENDED TO READ:

15 "19-20-302. **Active membership.** (1) Unless otherwise provided by this chapter or subsection (7),

16 the following persons must be active members of the retirement system, with the exception that those

17 persons who became eligible for membership on September 1, 1937, or on September 1, 1939, and who

18 elected not to become members under the provisions of the law at that time are not required to be

19 members:

- 20 (a) any person who is a teacher, principal, or district superintendent as defined in 20-1-101;
- 21 (b) any person who is an administrative officer or a member of the instructional or scientific staff
- 22 of a unit of the Montana university system and who has not elected or is not required to participate in the
- 23 optional retirement program under Title 19, chapter 21;
- 24 (c) any person employed as a speech therapist, school nurse, or school psychologist or in an
- 25 instructional services capacity by the office of the superintendent of public instruction, the office of a
- 26 county superintendent, a special education cooperative, a public institution of the state of Montana, the
- 27 Montana state school for the deaf and blind, or a school district;
- 28 (d) any person who is an administrative officer or a member of the instructional staff of the board
- 29 of public education;
- 30 (e) any person who has elected not to become a member of the retirement system and is reentering

1 service in a capacity prescribed by subsection (1)(a), (1)(b), (1)(c), or (1)(d);

2 (f) any person who has elected not to become a member of the retirement system, who has been
3 continuously employed in a capacity prescribed by subsection (1)(a), (1)(b), (1)(c), or (1)(d) since the time
4 of the election, and who may elect to become a member of the retirement system.

5 (2) A person elected to the office of county superintendent of schools after July 1, 1995, is not
6 eligible for optional membership in the public employees' retirement system under the provisions of
7 19-3-412 and may, within 30 days of taking office, elect to become an active member of the teachers'
8 retirement system. The retirement system membership of an elected county superintendent of schools as
9 of June 30, 1995, must remain unchanged for as long as the person continues to serve in the capacity of
10 county superintendent of schools.

11 (3) In order to be eligible for active membership, a person described in subsection (1) or (2) must:

12 (a) be employed in the capacity prescribed for the person's eligibility for at least 30 days in any
13 fiscal year; and

14 (b) have the compensation for the person's creditable service totally paid by an employer.

15 (4) (a) A substitute teacher:

16 (i) may elect to become an active member of the retirement system on the first day of employment
17 in any fiscal year; or

18 (ii) is required to become an active member of the retirement system on the 31st day of employment
19 in any fiscal year if the substitute teacher has not elected membership under subsection (4)(a)(i).

20 (b) The employer shall give written notification to a substitute teacher on the first day of
21 employment in any fiscal year of the option to elect membership under subsection (4)(a)(i).

22 (5) A substitute teacher who did not elect membership under subsection (4)(a)(i) and who
23 subsequently becomes a member must be awarded creditable service for substitute teaching service if the
24 substitute teacher contributes:

25 (a) an amount equal to the combined employee and employer contributions that would have been
26 made if the substitute teacher had elected membership; plus

27 (b) interest at the rate that the contributions would have earned if they had been on deposit with
28 the retirement system.

29 (6) At any time that a person's eligibility to become a member of the retirement system is in doubt,
30 the retirement board shall determine the person's eligibility for membership. All persons in similar

1 circumstances must be treated alike.

2 (7) A person who is employed in the office of public instruction and who is a retired member
 3 receiving a retirement benefit pursuant to 19-20-804 may elect not to be an active member of the
 4 retirement system."

5
 6 **Section 2.** Section 19-20-405, MCA, is amended to read:
 7 "19-20-405. **Limit on creditable service that may be awarded.** The total creditable service for
 8 service purchased under 19-20-402, ~~19-20-403~~, through 19-20-404, 19-20-408, 19-20-410(1), and
 9 19-20-412 may not exceed 5 years."

10
 11 **Section 3.** Section 19-20-407, MCA, is amended to read:
 12 "**19-20-407. No duplication of benefits when there is more than one credit for same period of**
 13 **service.** ~~There A member~~ may not ~~be any duplication of benefits to a member or beneficiary due to there~~
 14 ~~being more than one~~ receive duplicate credit for the same period of service of the member."

15
 16 **Section 4.** Section 19-20-410, MCA, is amended to read:
 17 "**19-20-410. Creditable service for extension service employment.** (1) (a) At any time before
 18 retirement, a member with 5 years or more of creditable service in the retirement system may make a
 19 written election with the retirement board to qualify up to 5 years of ~~his~~ employment service with the
 20 Montana cooperative extension service, subject to the limitation contained in 19-20-405, if:

21 ~~(a)~~(i) the member became a member of the retirement system before July 1, 1989;
 22 ~~(b)~~(ii) the service involved instructional service at a unit of the Montana university system; and
 23 ~~(c)~~(iii) the member received a refund of ~~his~~ membership contributions under the civil service
 24 retirement system or the federal employees' retirement system for the service to be qualified.

25 ~~(2)~~(b) To qualify service under ~~this section~~ subsection (1)(a), the member shall contribute to the
 26 retirement system an amount equal to the combined employer and employee contribution for ~~his~~ the
 27 member's first full year's teaching salary earned after becoming a member of the retirement system for each
 28 year of creditable service plus interest at the that the contribution would have earned had the
 29 contribution ~~been in his~~ the member's account upon the completion of 5 years of membership service. The
 30 contribution rate must be that rate in effect at the time that ~~he~~ the member is eligible for the service.

1 (2) In addition to service purchased under subsection (1) and subject to 19-20-407, a member with
 2 5 years or more of qualified service in the retirement system may qualify any cooperative extension service
 3 by contributing to the system the full actuarial cost of the service.

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

6

7 **SECTION 5. SECTION 19-20-804, MCA, IS AMENDED TO READ:**

8 **"19-20-804. Allowance for superannuation retirement.** (1) Upon superannuation retirement, a
 9 member ~~shall~~ must receive a retirement allowance consisting of a pension ~~which~~ that, together with an
 10 annuity, provides a retirement allowance equal to one-sixtieth of ~~his~~ the member's average final
 11 compensation multiplied by the sum of the number of years of creditable service, service transferred under
 12 19-20-409, and additional service purchased under 19-20-412.

13 (2) Any Except as provided in subsection (3), a retired member may be employed as a part-time
 14 or substitute teacher in Montana and may earn, without loss of retirement benefits, an amount not to
 15 exceed the greater of:

16 (a) one-third of the sum of ~~his~~ the member's average final compensation plus normal annual salary
 17 increases for teaching personnel employed by the school district, state agency, political subdivision, or
 18 university unit that employed the member at the time of retirement; or

19 (b) one-third of the median of the average final compensation for members retired during the
 20 preceding fiscal year as determined by the retirement board.

21 (3) A retired member hired into a position covered under 19-20-302(7) may continue to receive a
 22 retirement allowance."

23

24 **NEW SECTION. Section 6. Effective date.** [This act] is effective July 1, 1997.

25

26 **NEW SECTION. SECTION 7. TERMINATION.** [SECTIONS 1 AND 5] TERMINATE JUNE 30, 1999.

27

-END-



CONFERENCE COMMITTEE

on Senate Bill 296
Report No. 1, April 14, 1997

Page 1 of 2

Mr. President and Mr. Speaker:

We, your Conference Committee on Senate Bill 296, met and considered the House amendments to Senate Bill 296.

We recommend that Senate Bill 296 (reference copy - salmon) be amended as follows:

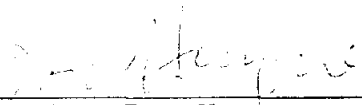
1. Title, line 7 through line 9
Strike: "EXEMPTING" on line 7 through "ALLOWANCE;" on line 9
2. Title, line 9.
Strike: "19-20-302,"
Following: "AND"
Insert: "AND"
3. Title, line 10.
Strike: "AND 19-20-804,"
Strike: "AND A TERMINATION DATE"
4. Page 1, line 14 through page 3, line 4.
Strike: Section 1 in its entirety
Renumber: subsequent sections
5. Page 4, line 7 through line 22.
Strike: Section 5 in its entirety
Renumber: subsequent sections
6. Page 4, line 26.
Strike: Section 7 in its entirety

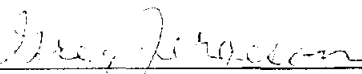
ADOPT
REJECT

CCR #1
SB 296
791046CC.SRF

And that this Conference Committee report be adopted.

For the Senate:


Senator Don Hargrove, Chair

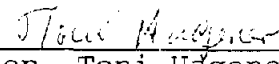

Senator Greg Jergeson


Senator Daryl Toews


For the House:


Rep. Betty Lou Kasten, Chair


Rep. Doug Mood


Rep. Toni Hagener


Amd. Coord.


Sec. of Senate

1 SENATE BILL NO. 296

2 INTRODUCED BY JERGESON, HAGENER

3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING MEMBERS OF THE TEACHERS' RETIREMENT
 5 SYSTEM TO QUALIFY MONTANA UNIVERSITY SYSTEM EXTENSION SERVICE BY PAYING THE FULL
 6 ACTUARIAL COST OF THE SERVICE; CLARIFYING THAT MEMBERS OF THE TEACHERS' RETIREMENT
 7 SYSTEM MAY NOT RECEIVE DUPLICATE CREDIT FOR THE SAME PERIOD OF SERVICE; ~~EXEMPTING~~
 8 ~~CERTAIN POSITIONS FROM MEMBERSHIP; ALLOWING CERTAIN RETIREES TO BE EMPLOYED AND TO~~
 9 ~~RECEIVE A RETIREMENT ALLOWANCE;~~ AMENDING SECTIONS ~~19-20-302,~~ 19-20-405, 19-20-407, AND
 10 AND 19-20-410, ~~AND 19-20-804,~~ MCA; AND PROVIDING AN EFFECTIVE DATE ~~AND A TERMINATION~~
 11 ~~DATE.~~"

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

14
 15 SECTION 1. SECTION 19-20-302, MCA, IS AMENDED TO READ:

16 ~~"19-20-302. Active membership. (1) Unless otherwise provided by this chapter or subsection (7),~~
 17 ~~the following persons must be active members of the retirement system, with the exception that those~~
 18 ~~persons who became eligible for membership on September 1, 1937, or on September 1, 1939, and who~~
 19 ~~elected not to become members under the provisions of the law at that time are not required to be~~
 20 ~~members:~~

21 (a) ~~any person who is a teacher, principal, or district superintendent as defined in 20-1-101;~~

22 (b) ~~any person who is an administrative officer or a member of the instructional or scientific staff~~
 23 ~~of a unit of the Montana university system and who has not elected or is not required to participate in the~~
 24 ~~optional retirement program under Title 19, chapter 21;~~

25 (c) ~~any person employed as a speech therapist, school nurse, or school psychologist or in an~~
 26 ~~instructional services capacity by the office of the superintendent of public instruction, the office of a~~
 27 ~~county superintendent, a special education cooperative, a public institution of the state of Montana, the~~
 28 ~~Montana state school for the deaf and blind, or a school district;~~

29 (d) ~~any person who is an administrative officer or a member of the instructional staff of the board~~
 30 ~~of public education;~~

1 ~~(e) any person who has elected not to become a member of the retirement system and is reentering~~
 2 ~~service in a capacity prescribed by subsection (1)(a), (1)(b), (1)(c), or (1)(d);~~

3 ~~(f) any person who has elected not to become a member of the retirement system, who has been~~
 4 ~~continuously employed in a capacity prescribed by subsection (1)(a), (1)(b), (1)(c), or (1)(d) since the time~~
 5 ~~of the election, and who may elect to become a member of the retirement system.~~

6 ~~(2) A person elected to the office of county superintendent of schools after July 1, 1995, is not~~
 7 ~~eligible for optional membership in the public employees' retirement system under the provisions of~~
 8 ~~19-3-412 and may, within 30 days of taking office, elect to become an active member of the teachers'~~
 9 ~~retirement system. The retirement system membership of an elected county superintendent of schools as~~
 10 ~~of June 30, 1995, must remain unchanged for as long as the person continues to serve in the capacity of~~
 11 ~~county superintendent of schools.~~

12 ~~(3) In order to be eligible for active membership, a person described in subsection (1) or (2) must:~~

13 ~~(a) be employed in the capacity prescribed for the person's eligibility for at least 30 days in any~~
 14 ~~fiscal year; and~~

15 ~~(b) have the compensation for the person's creditable service totally paid by an employer.~~

16 ~~(4) (a) A substitute teacher:~~

17 ~~(i) may elect to become an active member of the retirement system on the first day of employment~~
 18 ~~in any fiscal year; or~~

19 ~~(ii) is required to become an active member of the retirement system on the 31st day of employment~~
 20 ~~in any fiscal year if the substitute teacher has not elected membership under subsection (4)(a)(i).~~

21 ~~(b) The employer shall give written notification to a substitute teacher on the first day of~~
 22 ~~employment in any fiscal year of the option to elect membership under subsection (4)(a)(i).~~

23 ~~(5) A substitute teacher who did not elect membership under subsection (4)(a)(i) and who~~
 24 ~~subsequently becomes a member must be awarded creditable service for substitute teaching service if the~~
 25 ~~substitute teacher contributes:~~

26 ~~(a) an amount equal to the combined employee and employer contributions that would have been~~
 27 ~~made if the substitute teacher had elected membership; plus~~

28 ~~(b) interest at the rate that the contributions would have earned if they had been on deposit with~~
 29 ~~the retirement system.~~

30 ~~(6) At any time that a person's eligibility to become a member of the retirement system is in doubt,~~

1 ~~the retirement board shall determine the person's eligibility for membership. All persons in similar~~
 2 ~~circumstances must be treated alike.~~

3 ~~(7) A person who is employed in the office of public instruction and who is a retired member~~
 4 ~~receiving a retirement benefit pursuant to 19-20-804 may elect not to be an active member of the~~
 5 ~~retirement system."~~

6

7 Section 1. Section 19-20-405, MCA, is amended to read:

8 "19-20-405. **Limit on creditable service that may be awarded.** The total creditable service for
 9 service purchased under 19-20-402, ~~19-20-403~~, through 19-20-404, 19-20-408, 19-20-410(1), and
 10 19-20-412 may not exceed 5 years."

11

12 Section 2. Section 19-20-407, MCA, is amended to read:

13 "19-20-407. **No duplication of benefits when there is more than one credit for same period of**
 14 **service.** ~~There~~ A member may not ~~be any duplication of benefits to a member or beneficiary due to there~~
 15 ~~being more than one~~ receive duplicate credit for the same period of service ~~of the member.~~"

16

17 Section 3. Section 19-20-410, MCA, is amended to read:

18 "19-20-410. **Creditable service for extension service employment.** (1) (a) At any time before
 19 retirement, a member with 5 years or more of creditable service in the retirement system may make a
 20 written election with the retirement board to qualify up to 5 years of ~~his~~ employment service with the
 21 Montana cooperative extension service, subject to the limitation contained in 19-20-405, if:

22 ~~(a)(i)~~ (i) the member became a member of the retirement system before July 1, 1989;

23 ~~(b)(ii)~~ (ii) the service involved instructional service at a unit of the Montana university system; and

24 ~~(c)(iii)~~ (iii) the member received a refund of ~~his~~ membership contributions under the civil service
 25 retirement system or the federal employees' retirement system for the service to be qualified.

26 ~~(2)(b)~~ (b) To qualify service under ~~this section~~ subsection (1)(a), the member shall contribute to the
 27 retirement system an amount equal to the combined employer and employee contribution for ~~his~~ the
 28 member's first full year's teaching salary earned after becoming a member of the retirement system for each
 29 year of creditable service plus interest at the rate that the contribution would have earned had the
 30 contribution been in ~~his~~ the member's account upon the completion of 5 years of membership service. The

1 contribution rate must be that rate in effect at the time ~~that he~~ the member is eligible for the service.

2 (2) In addition to service purchased under subsection (1) and subject to 19-20-407, a member with
3 5 years or more of qualified service in the retirement system may qualify any cooperative extension service
4 by contributing to the system the full actuarial cost of the service.

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

7

8 **SECTION 5. SECTION 19-20-804, MCA, IS AMENDED TO READ:**

9 ~~"19-20-804. Allowance for superannuation retirement. (1) Upon superannuation retirement, a~~
10 ~~member shall must receive a retirement allowance consisting of a pension which that, together with an~~
11 ~~annuity, provides a retirement allowance equal to one sixtieth of his the member's average final~~
12 ~~compensation multiplied by the sum of the number of years of creditable service, service transferred under~~
13 ~~19-20-409, and additional service purchased under 19-20-412.~~

14 ~~(2) Any Except as provided in subsection (3), a retired member may be employed as a part time~~
15 ~~or substitute teacher in Montana and may earn, without loss of retirement benefits, an amount not to~~
16 ~~exceed the greater of:~~

17 ~~(a) one third of the sum of his the member's average final compensation plus normal annual salary~~
18 ~~increases for teaching personnel employed by the school district, state agency, political subdivision, or~~
19 ~~university unit that employed the member at the time of retirement; or~~

20 ~~(b) one third of the median of the average final compensation for members retired during the~~
21 ~~preceding fiscal year as determined by the retirement board.~~

22 ~~(3) A retired member hired into a position covered under 19-20-302(7) may continue to receive a~~
23 ~~retirement allowance."~~

24

25 **NEW SECTION. Section 4. Effective date.** [This act] is effective July 1, 1997.

26

27 **NEW SECTION. SECTION 7. TERMINATION. [SECTIONS 1 AND 6] TERMINATE JUNE 30, 1999.**

28

-END-