

HOUSE BILL NO. 136

INTRODUCED BY G. CUSTER

BY REQUEST OF THE PUBLIC EMPLOYEES' RETIREMENT BOARD

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING FUNDING ANDBENEFIT PROVISIONS FOR THE GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM; PROVIDINGANAPPROPRIATION; AMENDING ~~SECTION~~ SECTIONS 19-8-502 AND, 19-8-504, 19-8-601, AND 19-8-701, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

SECTION 1. SECTION 19-8-502, MCA, IS AMENDED TO READ:

"19-8-502. Member's contribution. (1) (a) Each Subject to subsection (1)(b), each member's contribution is ~~40.56%~~ 11.00% of the member's compensation.

(b) The member's contribution must be reduced to 10.56% on July 1 following the board's receipt of an actuarial valuation if:

(i) the actuarial valuation determines that the period required to amortize the system's unfunded liabilities, including any benefit adjustments that will become effective after the valuation, is less than 25 years;
and

(ii) reducing the member's contribution and terminating the employer's additional contribution pursuant to 19-8-504(3) would not cause the amortization period to exceed 25 years.

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

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

(4) The member's contributions picked up by the employer must be payable from the same source as is used to pay compensation to the member and must be included in the member's wages, as defined in

1 19-1-102, and the member's compensation as used to define the member's highest average compensation in
 2 19-8-101. The employer shall deduct from the member's compensation an amount equal to the amount of the
 3 member's contributions picked up by the employer and remit the total of the contributions to the board."
 4

5 **Section 2.** Section 19-8-504, MCA, is amended to read:

6 **"19-8-504. Employer's contribution.** (1) The employer shall pay as employer contributions 9% of the
 7 compensation paid to all of the employer's employees, except those properly excluded from membership.

8 (2) Subject to subsection (3), the employer shall contribute to the system an additional employer
 9 contribution equal to 2% of the compensation paid to all of the employer's employees, except for those employees
 10 properly excluded from membership.

11 (3) (a) The board shall periodically review the additional employer contribution provided for in subsection
 12 (2) and recommend adjustments to the legislature as needed to maintain the amortization schedule set by the
 13 board for payment of the system's unfunded liabilities.

14 (b) The employer contribution required under subsection (2) terminates on July 1 following the board's
 15 receipt of the system's actuarial valuation if:

16 (i) the actuarial valuation determines that the period required to amortize the system's unfunded
 17 liabilities, including adjustments made for any benefit enhancements enacted by the legislature THAT BECOME
 18 EFFECTIVE after the valuation, is less than 25 years; and

19 (ii) terminating the additional employer contribution required under subsection (2) would not cause the
 20 amortization period as of the most recent actuarial valuation to exceed 25 years.

21 (4) The department of fish, wildlife, and parks shall include in its budget and shall request for legislative
 22 appropriation an amount necessary to defray the state's portion of the costs of this section."

23

24 **SECTION 3.** SECTION 19-8-601, MCA, IS AMENDED TO READ:

25 **"19-8-601. Time of retirement.** (1) Subject to a member's right to a refund of the member's accumulated
 26 contributions under Title 19, chapter 2, part 6, ~~the following members are:~~

27 (a) a vested member hired before July 1, 2017, is eligible to receive a nonforfeitable service retirement
 28 benefit under 19-8-603 if:

29 ~~(a)~~(i) a the member who has completed at least 20 years of membership service, reached 50 years of
 30 age, and files a written application with the board; or

1 ~~(b)(ii) a vested~~ the member who terminated service before completing 20 years of membership service
2 and applies to begin receiving a service retirement benefit upon reaching 55 years of age;

3 (b) a vested member hired on or after July 1, 2017, is eligible to receive a nonforfeitable service
4 retirement benefit under 19-8-603 if:

5 (i) the member has completed at least 25 years of membership service, reached 50 years of age, and
6 files a written application with the board; or

7 (ii) the member terminated service before completing 25 years of membership service and applies to
8 begin receiving a service retirement benefit upon reaching 55 years of age.

9 (2) For purposes of compliance with section 411 of the Internal Revenue Code, 26 U.S.C. 411, a member
10 described in subsection (1)(a)(i) or (1)(b)(i) is treated as having attained normal retirement age and has a
11 nonforfeitable right to the member's service retirement."
12

13 **SECTION 4. SECTION 19-8-701, MCA, IS AMENDED TO READ:**

14 **"19-8-701. Disability retirement benefit.** (1) Except as provided in subsection (2), a vested member
15 who becomes disabled must be granted a disability retirement benefit that is the actuarial equivalent of the
16 service retirement benefit under 19-8-603 standing to the member's credit at the time of the member's disability
17 retirement.

18 (2) (a) A vested member hired before July 1, 2017, who becomes disabled as a direct result of the
19 member's service in the line of duty:

20 ~~(a)(i)~~ before completing 20 years of membership service must receive a disability retirement benefit equal
21 to one-half the member's highest average compensation; or

22 ~~(b)(ii)~~ after completing 20 years or more of membership service must receive a disability retirement
23 benefit equal to 2.5% of the member's highest average compensation for each year of service credit.

24 (b) A vested member hired on or after July 1, 2017, who becomes disabled as a direct result of the
25 member's service in the line of duty:

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

28 (ii) after completing 25 years or more of membership service must receive a disability retirement benefit
29 equal to 2.5% of the member's highest average compensation for each year of service credit."
30

1 NEW SECTION. SECTION 5. APPROPRIATION. THERE IS APPROPRIATED \$7 FROM THE GENERAL FUND TO THE
2 MONTANA PUBLIC EMPLOYEES' RETIREMENT BOARD FOR THE FISCAL YEAR BEGINNING JULY 1, 2018, FOR ACTUARIAL
3 SERVICE PURSUANT TO [THIS ACT].

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5 NEW SECTION. Section 6. Effective date. [This act] is effective July 1, 2017.

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