

## 1 HOUSE BILL NO. 59

2 INTRODUCED BY J. HAMILTON

3 BY REQUEST OF THE PUBLIC EMPLOYEES' RETIREMENT BOARD

4  
5 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING THE FUNDING PROVISIONS OF THE  
6 PUBLIC EMPLOYEE RETIREMENT SYSTEM; INCREASING EMPLOYER CONTRIBUTIONS; ELIMINATING  
7 OUTDATED PLAN CHOICE RATE PROVISIONS; ELIMINATING CERTAIN AUTOMATIC TRIGGERS FOR  
8 TERMINATION OF CONTRIBUTIONS; ELIMINATING THE REMAINDER OF AN ANNUAL FISCAL YEAR  
9 INCREASE IN A PORTION OF THE EMPLOYER CONTRIBUTION; AMENDING SECTIONS 19-2-303, 19-2-  
10 405, 19-3-315, 19-3-316, 19-3-319, 19-3-2117, AND 19-21-214, MCA; AND PROVIDING AN EFFECTIVE  
11 DATE."  
12

13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
14

15 **Section 1.** Section 19-2-303, MCA, is amended to read:

16 **"19-2-303. Definitions.** Unless the context requires otherwise, for each of the retirement systems  
17 subject to this chapter, the following definitions apply:

18 (1) "Accumulated contributions" means the sum of all the regular and any additional contributions  
19 made by a member in a defined benefit plan, together with the regular interest on the contributions.

20 (2) "Active member" means a member who is a paid employee of an employer, is making the required  
21 contributions, and is properly reported to the board for the most current reporting period.

22 (3) "Actuarial cost" means the amount determined by the board in a uniform and nondiscriminatory  
23 manner to represent the present value of the benefits to be derived from the additional service to be credited  
24 based on the most recent actuarial valuation for the system and the age, years until retirement, and current  
25 salary of the member.

26 (4) "Actuarial equivalent" means a benefit of equal value when computed upon the basis of the  
27 mortality table and interest rate assumptions adopted by the board.

28 (5) "Actuarial liabilities" means the excess of the present value of all benefits payable under a defined

1 benefit retirement plan over the present value of future normal costs in that retirement plan.

2 (6) "Actuary" means the actuary retained by the board in accordance with 19-2-405.

3 (7) "Additional contributions" means contributions made by a member of a defined benefit plan to  
4 purchase various types of optional service credit as allowed by the applicable retirement plan.

5 (8) "Annuity" means:

6 (a) in the case of a defined benefit plan, equal and fixed payments for life that are the actuarial  
7 equivalent of a lump-sum payment under a retirement plan and as such are not benefits paid by a retirement  
8 plan and are not subject to periodic or one-time increases; or

9 (b) in the case of the defined contribution plan, a payment of a fixed sum of money at regular  
10 intervals.

11 (9) "Banked holiday time" means the hours reported for work performed on a holiday that the  
12 employee may use for equivalent time off or that may be paid to the employee as specified by the employer's  
13 policy.

14 (10) "Benefit" means:

15 (a) the service retirement benefit, early retirement benefit, or disability retirement or survivorship  
16 benefit payment provided by a defined benefit retirement plan; or

17 (b) a payment or distribution under the defined contribution retirement plan, including a disability  
18 payment under 19-3-2141, for the exclusive benefit of a plan member or the member's beneficiary or an annuity  
19 purchased under 19-3-2124.

20 (11) "Board" means the public employees' retirement board provided for in 2-15-1009.

21 (12) "Contingent annuitant" means:

22 (a) under option 2 or 3 provided for in 19-3-1501, one natural person designated to receive a  
23 continuing monthly benefit after the death of a retired member; or

24 (b) under option 4 provided for in 19-3-1501, a natural person, charitable organization, estate, or trust  
25 that may receive a continuing monthly benefit after the death of a retired member.

26 (13) "Covered employment" means employment in a covered position.

27 (14) "Covered position" means a position in which the employee must be a member of the retirement  
28 system except as otherwise provided by law.

1 (15) "Defined benefit retirement plan" or "defined benefit plan" means a plan within the retirement  
2 systems provided for pursuant to 19-2-302 that is not the defined contribution retirement plan.

3 (16) "Defined contribution retirement plan" or "defined contribution plan" means the plan within the  
4 public employees' retirement system established in 19-3-103 that is provided for in chapter 3, part 21, of this  
5 title and that is not a defined benefit plan.

6 (17) "Department" means the department of administration.

7 (18) "Designated beneficiary" means the person, charitable organization, estate, or trust for the benefit  
8 of a natural person designated by a member or payment recipient to receive any survivorship benefits, lump-  
9 sum payments, or benefit from a retirement account upon the death of the member or payment recipient,  
10 including annuities derived from the benefits or payments.

11 (19) "Direct rollover" means a payment by the retirement plan to the eligible retirement plan specified  
12 by the distributee or a payment from an eligible retirement plan to the retirement plan specified by the  
13 distributee.

14 (20) "Disability" or "disabled" means a total inability of the member to perform the member's duties by  
15 reason of physical or mental incapacity. The disability must be incurred while the member is an active member  
16 and must be one of permanent duration or of extended and uncertain duration, as determined by the board on  
17 the basis of competent medical opinion.

18 (21) "Distributee" means:

19 (a) a member;

20 (b) a member's surviving spouse;

21 (c) a member's spouse or former spouse who is the alternate payee under a family law order as  
22 defined in 19-2-907; or

23 (d) effective January 1, 2007, a member's nonspouse beneficiary who is a designated beneficiary as  
24 defined by section 401(a)(9)(E) of the Internal Revenue Code, 26 U.S.C. 401(a)(9)(E).

25 (22) "Early retirement benefit" means the retirement benefit payable to a member following early  
26 retirement and is the actuarial equivalent of the accrued portion of the member's service retirement benefit.

27 (23) "Eligible retirement plan" means any of the following that accepts the distributee's eligible rollover  
28 distribution:

- 1 (a) an individual retirement account described in section 408(a) of the Internal Revenue Code, 26  
2 U.S.C. 408(a);
- 3 (b) an individual retirement annuity described in section 408(b) of the Internal Revenue Code, 26  
4 U.S.C. 408(b);
- 5 (c) an annuity plan described in section 403(a) of the Internal Revenue Code, 26 U.S.C. 403(a);
- 6 (d) a qualified trust described in section 401(a) of the Internal Revenue Code, 26 U.S.C. 401(a);
- 7 (e) effective January 1, 2002, an annuity contract described in section 403(b) of the Internal Revenue  
8 Code, 26 U.S.C. 403(b);
- 9 (f) effective January 1, 2002, a plan eligible under section 457(b) of the Internal Revenue Code, 26  
10 U.S.C. 457(b), that is maintained by a state, a political subdivision of a state, or any agency or instrumentality of  
11 a state or a political subdivision of a state that agrees to separately account for amounts transferred into that  
12 plan from a plan under this title; or
- 13 (g) effective January 1, 2008, a Roth IRA described in section 408A of the Internal Revenue Code, 26  
14 U.S.C. 408A.
- 15 (24) "Eligible rollover distribution":
- 16 (a) means any distribution of all or any portion of the balance from a retirement plan to the credit of  
17 the distributee, as provided in 19-2-1011;
- 18 (b) effective January 1, 2002, includes a distribution to a surviving spouse or to a spouse or former  
19 spouse who is an alternate payee under a domestic relations order, as defined in section 414(p) of the Internal  
20 Revenue Code, 26 U.S.C. 414(p).
- 21 (25) "Employee" means a person who is employed by an employer in any capacity and whose salary is  
22 being paid by the employer or a person for whom an interlocal governmental entity is responsible for paying  
23 retirement contributions pursuant to 7-11-105.
- 24 (26) "Employer" means a governmental agency participating in a retirement system enumerated in 19-  
25 2-302 on behalf of its eligible employees. The term includes an interlocal governmental entity identified as  
26 responsible for paying retirement contributions pursuant to 7-11-105.
- 27 (27) "Essential elements of the position" means fundamental job duties. An element may be  
28 considered essential because of but not limited to the following factors:

1 (a) the position exists to perform the element;

2 (b) there are a limited number of employees to perform the element; or

3 (c) the element is highly specialized.

4 (28) "Excess earnings" means the difference, if any, between reported compensation and the limits  
5 provided in 19-2-1005(2) used to calculate a member's highest average compensation or final average  
6 compensation.

7 (29) "Fiscal year" means a plan year, which is any year commencing with July 1 and ending the  
8 following June 30.

9 (30) "Inactive member" means a member who terminates service and does not retire or take a refund  
10 of the member's accumulated contributions.

11 (31) "Internal Revenue Code" has the meaning provided in 15-30-2101.

12 (32) "Member" means either:

13 (a) a person with accumulated contributions and service credited with a defined benefit retirement  
14 plan or receiving a retirement benefit on account of the person's previous service credited in a retirement  
15 system; or

16 (b) a person with a retirement account in the defined contribution plan.

17 (33) "Membership service" means the periods of service that are used to determine eligibility for  
18 retirement or other benefits.

19 (34) (a) "Normal cost" or "future normal cost" means an amount calculated under an actuarial cost  
20 method required to fund accruing benefits for members of a defined benefit retirement plan during any year in  
21 the future.

22 (b) Normal cost does not include any portion of the supplemental costs of a retirement plan.

23 (35) "Normal retirement age" means the age at which a member is eligible to immediately receive a  
24 retirement benefit based on the member's age or both age and length of service, as specified under the  
25 member's retirement system, without disability and without an actuarial or similar reduction in the benefit.

26 (36) "Pension" means benefit payments for life derived from contributions to a retirement plan made  
27 from state- or employer-controlled funds.

28 (37) "Pension trust fund" means a fund established to hold the contributions, income, and assets of a

1 retirement system or plan in public trust.

2 ~~(38)~~ "Plan choice rate" means the amount of the employer contribution as a percentage of payroll  
 3 covered by the defined contribution plan members that is allocated to the public employees' retirement system's  
 4 defined benefit plan pursuant to 19-3-2117 to actuarially fund the unfunded liabilities and the normal cost rate  
 5 changes in a defined benefit plan resulting from member selection of the defined contribution plan.

6 ~~(39)~~(38) "Regular contributions" means contributions required from members under a retirement plan.

7 ~~(40)~~(39) "Regular interest" means interest at rates set from time to time by the board.

8 ~~(41)~~(40) "Retirement" or "retired" means the status of a member who has:

9 (a) terminated from service; and

10 (b) received and accepted a retirement benefit from a retirement plan.

11 ~~(42)~~(41) "Retirement account" means an individual account within the defined contribution retirement  
 12 plan for the deposit of employer and member contributions and other assets for the exclusive benefit of a  
 13 member of the defined contribution plan or the member's beneficiary.

14 ~~(43)~~(42) "Retirement benefit" means:

15 (a) in the case of a defined benefit plan, the periodic benefit payable as a result of service retirement,  
 16 early retirement, or disability retirement under a defined benefit plan of a retirement system. With respect to a  
 17 defined benefit plan, the term does not mean an annuity.

18 (b) in the case of the defined contribution plan, a benefit as defined in subsection (10)(b).

19 ~~(44)~~(43) "Retirement plan" or "plan" means either a defined benefit plan or a defined contribution plan  
 20 under one of the public employee retirement systems enumerated in 19-2-302.

21 ~~(45)~~(44) "Retirement system" or "system" means one of the public employee retirement systems  
 22 enumerated in 19-2-302.

23 ~~(46)~~(45) "Service" means employment of an employee in a position covered by a retirement system.

24 ~~(47)~~(46) "Service credit" means the periods of time for which the required contributions have been  
 25 made to a retirement plan and that are used to calculate retirement benefits or survivorship benefits under a  
 26 defined benefit retirement plan.

27 ~~(48)~~(47) "Service retirement benefit" means the retirement benefit that the member may receive at  
 28 normal retirement age.

1       ~~(49)~~(48) "Statutory beneficiary" means the surviving spouse or dependent child or children of a  
2 member of the highway patrol officers', municipal police officers', or firefighters' unified retirement system who  
3 are statutorily designated to receive benefits upon the death of the member.

4       ~~(50)~~(49) "Supplemental cost" means an element of the total actuarial cost of a defined benefit  
5 retirement plan arising from benefits payable for service performed prior to the inception of the retirement plan  
6 or prior to the date of contribution rate increases, changes in actuarial assumptions, actuarial losses, or failure  
7 to fund or otherwise recognize normal cost accruals or interest on supplemental costs. These costs are  
8 included in the unfunded actuarial liabilities of the retirement plan.

9       ~~(51)~~(50) "Survivorship benefit" means payments for life to the statutory or designated beneficiary of a  
10 deceased member who died while in service under a defined benefit retirement plan.

11       ~~(52)~~(51) "Termination of employment", "termination from employment", "terminated employment",  
12 "terminated from employment", "terminate employment", or "terminates employment" means that:

13           (a) there has been a complete severance of a covered employment relationship by the positive act of  
14 either the employee, the employer, or both; and

15           (b) the member is no longer receiving compensation for covered employment, other than any  
16 outstanding lump-sum payment for compensatory leave, sick leave, or annual leave.

17       ~~(53)~~(52) "Termination of service", "termination from service", "terminated from service", "terminated  
18 service", "terminating service", or "terminates service" means that:

19           (a) there has been a complete severance of a covered employment relationship by the positive act of  
20 either the employee, the employer, or both for at least 30 days;

21           (b) no written or verbal agreement exists between employee and employer that the employee will  
22 return to covered employment in the future;

23           (c) the member is no longer receiving compensation for covered employment; and

24           (d) the member has been paid all compensation for compensatory leave, sick leave, or annual leave  
25 to which the member was entitled. For the purposes of this subsection ~~(53)~~(52), compensation does not mean  
26 compensation as a result of a legal action, court order, or settlement to which the board was not a party.

27       ~~(54)~~(53) "Unfunded actuarial liabilities" or "unfunded liabilities" means the excess of a defined benefit  
28 retirement plan's actuarial liabilities at any given point in time over the value of its cash and investments on that

1 same date.

2 ~~(55)~~(54) "Vested account" means an individual account within a defined contribution plan that is for the  
3 exclusive benefit of a member or the member's beneficiary. A vested account includes all contributions and the  
4 income on all contributions in each of the following accounts:

5 (a) the member's contribution account;

6 (b) the vested portion of the employer's contribution account; and

7 (c) the member's account for other contributions.

8 ~~(56)~~(55) "Vested member" or "vested" means:

9 (a) with respect to a defined benefit plan, except as provided in subsection ~~(56)(b)~~(55)(b), a member  
10 or the status of a member who has at least 5 years of membership service;

11 (b) with respect to a member of the highway patrol officers' retirement system established in Title 19,  
12 chapter 6, who was hired on or after July 1, 2013, a member or the status of a member who has at least 10  
13 years of membership service; or

14 (c) with respect to the defined contribution plan, a member or the status of a member who meets the  
15 minimum membership service requirement of 19-3-2116.

16 ~~(57)~~(56) "Written application" or "written election" means a written instrument, prescribed by the board  
17 or required by law, properly signed and filed with the board, that contains all required information, including  
18 documentation that the board considers necessary.

19 ~~(58)~~(57) "Written instrument" includes an electronic record containing an electronic signature, as  
20 defined in 30-18-102."

21  
22 **Section 2.** Section 19-2-405, MCA, is amended to read:

23 **"19-2-405. Employment of actuary -- annual investigation and valuation.** (1) The board shall  
24 retain a competent actuary who is an enrolled member of the American academy of actuaries and who is  
25 familiar with public systems of pensions. The actuary is the technical adviser of the board on matters regarding  
26 the operation of the retirement systems.

27 (2) The board shall require the actuary to make and report on an annual actuarial investigation into  
28 the suitability of the actuarial tables used by the retirement systems and an actuarial valuation of the assets and

1 liabilities of each defined benefit plan that is a part of the retirement systems.

2 (3) The normal cost contribution rate, which is funded by required employee contributions and a  
3 portion of the required employer contributions to each defined benefit retirement plan, must be calculated as the  
4 level percentage of members' salaries that will actuarially fund benefits payable under a retirement plan as  
5 those benefits accrue in the future.

6 (4) ~~(a)~~ The unfunded liability contribution rate, which is entirely funded by a portion of the required  
7 employer contributions to the retirement plan, must be calculated as the level percentage of current and future  
8 defined benefit plan members' salaries that will amortize the unfunded actuarial liabilities of the retirement plan  
9 over a reasonable period of time, not to exceed 30 years, as determined by the board.

10 ~~(b) In determining the amortization period under subsection (4)(a) for the public employees' retirement~~  
11 ~~system's defined benefit plan, the actuary shall take into account the plan choice rate contributions to be made~~  
12 ~~to the defined benefit plan pursuant to 19-3-2117 and 19-21-214.~~

13 (5) The board shall require the actuary to conduct and report on a periodic actuarial investigation into  
14 the actuarial experience of the retirement systems and plans.

15 (6) The board may require the actuary to conduct any valuation necessary to administer the  
16 retirement systems and the plans subject to this chapter.

17 (7) The board shall provide copies of the reports required pursuant to subsections (2) and (5) to the  
18 state administration and veterans' affairs interim committee and to the legislature pursuant to 5-11-210.

19 (8) The board shall require the actuary to prepare for each employer participating in a retirement  
20 system the disclosures or the information required to be included in the disclosures as required by law and by  
21 the governmental accounting standards board or its generally recognized successor."  
22

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

24 **"19-3-315. Member's contribution to be deducted.** (1) (a) Except as provided in subsection (2),  
25 each member's contribution is 7.9% of the member's compensation.

26 (b) The board shall annually review the required contributions and recommend future adjustments to  
27 the legislature as needed to maintain the amortization schedule set by the board for the payment of the  
28 system's unfunded liability.

(2) Each member's contribution must be reduced to 6.9% on January 1 following the system's annual actuarial valuation if the valuation determines that reducing the employee contribution pursuant to this subsection ~~and reducing the employer contribution pursuant to 19-3-316(4)~~ would not cause the system's amortization period to exceed 25 years.

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

(4) Each employer, pursuant to section 414(h)(2) of the federal Internal Revenue Code, 26 U.S.C. 414(h)(2), shall pick up and pay the contributions that would be payable by the member under subsection (1) or (2) for service rendered after June 30, 1985.

(5) (a) 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.

(b) In the case of a member of the defined benefit plan, these contributions must become part of the member's accumulated contributions but must be accounted for separately from those previously accumulated.

(c) In the case of a member of the defined contribution plan, these contributions must be allocated as provided in 19-3-2117.

(6) 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 19-1-102, and compensation. The employer shall deduct from the member's compensation an amount equal to the amount of the member's contributions picked up by the employer and remit the total of the contributions to the board."

**Section 4.** Section 19-3-316, MCA, is amended to read:

**"19-3-316. Employer contribution rates.** (1) Each employer shall contribute to the system. Except as provided in subsection (2), the employer shall pay as employer contributions ~~6.9%~~ 10.44% of the compensation paid to all of the employer's employees ~~plus any additional contribution under subsection (3),~~ except for those employees properly excluded from membership. Of employer contributions made under this

subsection for both defined benefit plan and defined contribution plan members, a portion must be allocated for educational programs as provided in 19-3-112. Employer contributions for members under the defined contribution plan must be allocated as provided in 19-3-2117.

(2) Local government and school district employer contributions must be the total employer contribution rate provided in subsection (1) minus the state contribution rates under 19-3-319.

~~(3) (a) Subject to subsection (4), each employer shall contribute to the system an additional employer contribution equal to the percentage specified in subsection (3)(b) of the compensation paid to all of the employer's employees, except for those employees properly excluded from membership.~~

~~(b) The percentage of compensation to be contributed under subsection (3)(a) is 1.27% for fiscal year 2014 and increases by 0.1% each fiscal year through fiscal year 2024. For fiscal years beginning after June 30, 2024, the percentage of compensation to be contributed under subsection (3)(a) is 2.27%.~~

~~(4) (a) The board shall annually review the additional employer contribution provided for under subsection (3) and recommend adjustments to the legislature as needed to maintain the amortization schedule set by the board for payment of the system's unfunded liabilities.~~

~~(b) The employer contribution required under subsection (3) terminates on January 1 following the board's receipt of the system's actuarial valuation if the actuarial valuation determines that terminating the additional employer contribution pursuant to this subsection (4)(b) and reducing the employee contribution pursuant to 19-3-315(2) would not cause the amortization period to exceed 25 years."~~

**Section 5.** Section 19-3-319, MCA, is amended to read:

**"19-3-319. State contributions for local government and school district employers.** (1) The state shall contribute monthly from the general fund to the pension trust fund a sum equal to 0.1% of the compensation paid to all employees of local government entities and school districts on and after July 1, 1997, except those employees properly excluded from membership.

(2) ~~(a) Subject to subsection (2)(b), in~~ addition to the contribution required under subsection (1), the state shall contribute monthly from the general fund to the pension trust fund a sum equal to 0.27% of the compensation paid to all employees of school districts except for those employees properly excluded from membership.

~~(b) The additional contribution under subsection (2)(a) terminates when the additional contribution under 19-3-316(3) terminates.~~

(3) The board shall certify amounts due under this section on a monthly basis, and the state treasurer shall transfer those amounts to the pension trust fund within 1 week. The payments in this section are statutorily appropriated as provided in 17-7-502."

**Section 6.** Section 19-3-2117, MCA, is amended to read:

**"19-3-2117. Allocation of contributions and forfeitures.** (1) The member contributions made under 19-3-315 and additional contributions paid by the member for the purchase of service must be allocated to the plan member's retirement account.

(2) ~~Subject to subsections (3) and (4), of~~ Of the employer contributions under 19-3-316 received:

~~(a) —~~ an amount equal to:

(i) ~~4.19%~~ (a) 10.37% of compensation must be allocated to the member's retirement account;

(ii) ~~2.37% of compensation must be allocated to the defined benefit plan as the plan choice rate;~~

~~(iii)(b)~~ 0.04% of compensation must be allocated to the education fund as provided in 19-3-112(1)(b);

and

~~(iv)(c)~~ 0.3% of compensation must be allocated to the long-term disability plan trust fund established pursuant to 19-3-2141;

~~(b) on July 1, 2009, continuing until the additional employer contributions terminate pursuant to 19-3-316(4)(b), the percentage specified in subsection (3) of this section of compensation must be allocated to the defined benefit plan to eliminate the plan choice rate unfunded actuarial liability;~~

~~(c) on July 1, 2013, and continuing until June 30, 2015, an amount equal to 1% of compensation must be allocated to the defined benefit plan unfunded liabilities; and~~

~~(d) on July 1, 2015, and continuing until the plan choice rate unfunded actuarial liability in the defined benefit plan is fully paid, an amount equal to 1% of compensation must be allocated to the defined benefit plan as part of the plan choice rate. Effective the first full pay period in the month following the board's verification that the plan choice rate unfunded actuarial liability is paid off, the amount equal to 1% of compensation must be allocated to the member's retirement account until the additional employer contributions terminate pursuant~~

1 ~~to 19-3-316(4)(b).~~

2 ~~(3) The percentage of compensation to be contributed under subsection (2)(b) is 0.27% for fiscal year~~  
 3 ~~2014 and increases by 0.1% each fiscal year through fiscal year 2024. For fiscal years beginning after June 30,~~  
 4 ~~2024, the percentage of compensation to be contributed under subsection (2)(b) is 1.27%.~~

5 ~~(4) Effective the first full pay period in the month following the board's verification that the plan choice~~  
 6 ~~rate unfunded actuarial liability is paid off, the 2.37% of compensation in subsection (2)(a)(ii) and the~~  
 7 ~~percentage of compensation in subsection (3), if any, must be allocated to the member's retirement account.~~

8 ~~(5)(3)~~ Forfeitures of employer contributions and investment income on the employer contributions  
 9 may not be used to increase a member's retirement account. The board shall allocate the forfeitures under 19-  
 10 3-2116 to meet the plan's administrative expenses, including startup expenses."

11  
 12 **Section 7.** Section 19-21-214, MCA, is amended to read:

13 **"19-21-214. Contributions and allocations for employees in positions covered under public**  
 14 **employees' retirement system.** (1) The contribution rates for employees in positions covered under the public  
 15 employees' retirement system who elect to become program members pursuant to 19-3-2112 are as follows:

16 (a) the member's contribution rate must be the rate provided in 19-3-315; and

17 (b) the employer's contribution rate must be the rate provided in 19-3-316.

18 (2) ~~Subject to subsections (3) and (4), of~~ Of the employer's contribution received under 19-3-316:

19 ~~(a)~~ a an amount equal to:

20 ~~(i)(a)~~ 4.49% 10.40% of compensation must be allocated to the participant's program account;

21 ~~(ii) 2.37% of compensation must be allocated to the defined benefit plan under the public employees'~~  
 22 ~~retirement system as the plan choice rate; and~~

23 ~~(iii)(b)~~ 0.04% of compensation must be allocated to the education fund pursuant to 19-3-112(1)(b);

24 ~~(b) on July 1, 2009, continuing until the additional employer contributions terminate pursuant to 19-3-~~  
 25 ~~316(4)(b), an amount equal to 0.27% of compensation must be allocated to the defined benefit plan to eliminate~~  
 26 ~~the plan choice rate unfunded actuarial liability;~~

27 ~~(c) on July 1, 2013, and continuing until June 30, 2015, an amount equal to 1% of compensation must~~  
 28 ~~be allocated to the defined benefit plan unfunded liabilities; and~~

1       ~~(d) on July 1, 2015, and continuing until the plan choice rate unfunded actuarial liability in the defined~~  
2 ~~benefit plan is fully paid, an amount equal to 1% of compensation must be allocated to the defined benefit plan~~  
3 ~~as part of the plan choice rate. Effective the first full pay period in the month following the board's verification~~  
4 ~~that the plan choice rate unfunded actuarial liability is paid off, the amount equal to 1% of compensation must~~  
5 ~~be allocated to the member's retirement account until the additional employer contributions terminate pursuant~~  
6 ~~to 19-3-316(4)(b).~~

7       ~~(3) The percentage of compensation amount to be allocated under subsection (2)(b) must be~~  
8 ~~increased by 0.1% each fiscal year through fiscal year 2024. For fiscal years beginning after June 30, 2024, the~~  
9 ~~percentage of compensation amount to be allocated under subsection (2)(b) must be 1.27%.~~

10       ~~(4) Effective the first full pay period in the month following the board's verification that the plan choice~~  
11 ~~rate unfunded actuarial liability is paid off, amounts equal to the 2.37% of compensation in subsection (2)(a)(ii)~~  
12 ~~and the percentage of compensation in subsection (2)(b), if any, must be allocated to the member's retirement~~  
13 ~~account."~~

14  
15       **NEW SECTION. Section 8. Effective date.** [This act] is effective July 1, 2021.

16                   - END -