

1 SENATE BILL NO. 89

2 INTRODUCED BY M. WATERMAN

3

4 A BILL FOR AN ACT ENTITLED: "AN ACT REDUCING THE WAITING PERIOD REQUIRED FOR ELIGIBILITY
5 TO RECEIVE THE GUARANTEED ANNUAL BENEFIT ADJUSTMENT IN THE PUBLIC EMPLOYEES'
6 RETIREMENT SYSTEM DEFINED BENEFIT PLAN AND IN THE JUDGES', HIGHWAY PATROL OFFICERS',
7 SHERIFFS', GAME WARDENS' AND PEACE OFFICERS', MUNICIPAL POLICE OFFICERS', AND
8 FIREFIGHTERS' UNIFIED RETIREMENT SYSTEMS; AMENDING SECTIONS 19-3-1605, 19-5-901,
9 19-6-710, 19-7-711, 19-8-1105, 19-9-1009, 19-9-1010, AND 19-13-1010, MCA; AND PROVIDING AN
10 IMMEDIATE EFFECTIVE DATE."

11

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

13

14 **Section 1.** Section 19-3-1605, MCA, is amended to read:

15 **"19-3-1605. Guaranteed annual benefit adjustment.** (1) Subject to subsection (2), on January 1
16 of each year, the permanent monthly benefit payable during the preceding January to each recipient who
17 is eligible under subsection (3) must be increased by 1.5%.

18 (2) (a) If a recipient's benefit payable during the preceding January has been increased by one or
19 more adjustments not provided for in this section and the adjustments amount to less than a 1.5%
20 annualized increase, then the recipient's benefit must be adjusted by an amount that will provide a total
21 annualized increase of 1.5% in the benefit paid since the preceding January.

22 (b) If a recipient's benefit payable during the preceding January has been increased by one or more
23 adjustments not provided for in this section and the increases amount to more than a 1.5% annualized
24 increase, then the benefit increase provided under this section must be 0%.

25 (c) If a benefit recipient is a contingent annuitant receiving an optional benefit upon the death of
26 the original payee that occurred since the preceding January, the new recipient's monthly benefit must
27 be increased to 1.5% more than the amount that the contingent annuitant would have received had the
28 contingent annuitant received a benefit during the preceding January.

29 (3) Except as provided in subsection (2)(b), a benefit recipient is eligible for and must receive the
30 minimum annual benefit adjustment provided for in this section if:

1 (a) the benefit's commencement date is at least ~~36~~ 12 months prior to January 1 of the year in
2 which the adjustment is to be made; and

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

5 (4) The board shall adopt rules to administer the provisions of this section."
6

7 **Section 2.** Section 19-5-901, MCA, is amended to read:

8 **"19-5-901. Guaranteed annual benefit adjustment.** (1) Subject to subsection (2), on January 1
9 of each year, the permanent monthly benefit payable during the preceding January to each recipient who
10 is eligible under subsection (3) must be increased by 1.5%.

11 (2) (a) If a recipient's benefit payable during the preceding January has been increased by one or
12 more adjustments not provided for in this section and the adjustments amount to less than a 1.5%
13 annualized increase, then the recipient's benefit must be adjusted by an amount that will provide a total
14 annualized increase of 1.5% in the benefit paid since the preceding January.

15 (b) If a recipient's benefit payable during the preceding January has been increased by one or more
16 adjustments not provided for in this section and the increases amount to more than a 1.5% annualized
17 increase, then the benefit increase provided under this section must be 0%.

18 (c) If a benefit recipient is a contingent annuitant receiving an optional benefit upon the death of
19 the original payee that occurred since the preceding January, the new recipient's monthly benefit must
20 be increased to 1.5% more than the amount that the contingent annuitant would have received had the
21 contingent annuitant received a benefit during the preceding January.

22 (3) Except as provided in subsection (2)(b), a benefit recipient is eligible for and must receive the
23 minimum annual benefit adjustment provided for in this section if:

24 (a) the benefit's commencement date is at least ~~36~~ 12 months prior to January 1 of the year in
25 which the adjustment is to be made;

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

28 (c) the member or benefit recipient either:

29 (i) first became an active member on or after July 1, 1997; or

30 (ii) filed a voluntary, irrevocable election to be covered under this section. The election must be

1 filed with the board prior to January 1, 1998.

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

3

4 **Section 3.** Section 19-6-710, MCA, is amended to read:

5 **"19-6-710. Guaranteed annual benefit adjustment.** (1) Subject to subsection (2), on January 1
6 of each year, the permanent monthly benefit payable during the preceding January to each recipient who
7 is eligible under subsection (3) must be increased by 1.5%.

8 (2) (a) If a recipient's benefit payable during the preceding January has been increased by one or
9 more adjustments not provided for in this section and the adjustments amount to less than a 1.5%
10 annualized increase, then the recipient's benefit must be adjusted by an amount that will provide a total
11 annualized increase of 1.5% in the benefit paid since the preceding January.

12 (b) If a recipient's benefit payable during the preceding January has been increased by one or more
13 adjustments not provided for in this section and the increases amount to more than a 1.5% annualized
14 increase, then the benefit increase provided under this section must be 0%.

15 (3) Except as provided in subsection (2)(b), a benefit recipient is eligible for and must receive the
16 minimum annual benefit adjustment provided for in this section if:

17 (a) the benefit's commencement date is at least ~~36~~ 12 months prior to January 1 of the year in
18 which the adjustment is to be made;

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

21 (c) the member either:

22 (i) first became an active member on or after July 1, 1997; or

23 (ii) filed a voluntary, irrevocable election to be covered under this section. The election must be
24 filed with the board prior to January 1, 1998, and requires an active member to pay an increased
25 contribution rate from July 1, 1997, forward. A retired member or the member's survivor who is receiving
26 a monthly benefit before July 1, 1997, shall also file the voluntary, irrevocable election no later than
27 January 1, 1998, to be covered under this section.

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

29

30 **Section 4.** Section 19-7-711, MCA, is amended to read:

1 **"19-7-711. Guaranteed annual benefit adjustment.** (1) Subject to subsection (2), on January 1
 2 of each year, the permanent monthly benefit payable during the preceding January to each recipient who
 3 is eligible under subsection (3) must be increased by 1.5%.

4 (2) (a) If a recipient's benefit payable during the preceding January has been increased by one or
 5 more adjustments not provided for in this section and the adjustments amount to less than a 1.5%
 6 annualized increase, then the recipient's benefit must be adjusted by an amount that will provide a total
 7 annualized increase of 1.5% in the benefit paid since the preceding January.

8 (b) If a recipient's benefit payable during the preceding January has been increased by one or more
 9 adjustments not provided for in this section and the increases amount to more than a 1.5% annualized
 10 increase, then the benefit increase provided under this section must be 0%.

11 (c) If a benefit recipient is a contingent annuitant receiving an optional benefit upon the death of
 12 the original payee that occurred since the preceding January, the new recipient's monthly benefit must
 13 be increased to 1.5% more than the amount that the contingent annuitant would have received had the
 14 contingent annuitant received a benefit during the preceding January.

15 (3) Except as provided in subsection (2)(b), a benefit recipient is eligible for and must receive the
 16 minimum annual benefit adjustment provided for in this section if:

17 (a) the benefit's commencement date is at least ~~36~~ 12 months prior to January 1 of the year in
 18 which the adjustment is to be made; and

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

21 (4) The board shall adopt rules to administer the provisions of this section."
 22

23 **Section 5.** Section 19-8-1105, MCA, is amended to read:

24 **"19-8-1105. Guaranteed annual benefit adjustment.** (1) Subject to subsection (2), on January 1
 25 of each year, the permanent monthly benefit payable during the preceding January to each recipient who
 26 is eligible under subsection (3) must be increased by 1.5%.

27 (2) (a) If a recipient's benefit payable during the preceding January has been increased by one or
 28 more adjustments not provided for in this section and the adjustments amount to less than a 1.5%
 29 annualized increase, then the recipient's benefit must be adjusted by an amount that will provide a total
 30 annualized increase of 1.5% in the benefit paid since the preceding January.

1 (b) If a recipient's benefit payable during the preceding January has been increased by one or more
2 adjustments not provided for in this section and the increases amount to more than a 1.5% annualized
3 increase, then the benefit increase provided under this section must be 0%.

4 (c) If a benefit recipient is a contingent annuitant receiving an optional benefit upon the death of
5 the original payee that occurred since the preceding January, the new recipient's monthly benefit must
6 be increased to 1.5% more than the amount that the contingent annuitant would have received had the
7 contingent annuitant received a benefit during the preceding January.

8 (3) Except as provided in subsection (2)(b), a benefit recipient is eligible for and must receive the
9 minimum annual benefit adjustment provided for in this section if:

10 (a) the benefit's commencement date is at least ~~36~~ 12 months prior to January 1 of the year in
11 which the adjustment is to be made; and

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

14 (4) The board shall adopt rules to administer the provisions of this section."
15

16 **Section 6.** Section 19-9-1009, MCA, is amended to read:

17 **"19-9-1009. Guaranteed annual benefit adjustment.** (1) Subject to subsection (2), on January 1
18 of each year, the permanent monthly benefit payable during the preceding January to each recipient who
19 is eligible under subsection (3) must be increased by 1.5%.

20 (2) (a) If a recipient's benefit payable during the preceding January has been increased by one or
21 more adjustments not provided for in this section and the adjustments amount to less than a 1.5%
22 annualized increase, then the recipient's benefit must be adjusted by an amount that will provide a total
23 annualized increase of 1.5% in the benefit paid since the preceding January.

24 (b) If a recipient's benefit payable during the preceding January has been increased by one or more
25 adjustments not provided for in this section and the increases amount to more than a 1.5% annualized
26 increase, then the benefit increase provided under this section must be 0%.

27 (3) Except as provided in subsection (2)(b), a benefit recipient is eligible for and must receive the
28 minimum annual benefit adjustment provided for in this section if:

29 (a) the benefit's commencement date is at least ~~36~~ 12 months prior to January 1 of the year in
30 which the adjustment is to be made;

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

3 (c) the member either:

4 (i) first became an active member on or after July 1, 1997; or

5 (ii) filed a voluntary, irrevocable election to be covered under this section. The election must be
6 filed with the board prior to January 1, 1998, and requires an active member to pay an increased
7 contribution rate from July 1, 1997, forward. A retired member or the member's survivor who is receiving
8 a monthly benefit before July 1, 1997, shall also file the voluntary, irrevocable election no later than
9 January 1, 1998, to be covered under this section.

10 (4) The board shall adopt rules to administer the provisions of this section."
11

12 **Section 7.** Section 19-9-1010, MCA, is amended to read:

13 **"19-9-1010. Election -- guaranteed annual benefit adjustment.** (1) Subject to subsection (2), on
14 January 1 of each year, the permanent monthly benefit payable during the preceding January to each
15 recipient who is eligible under subsection (3) must be increased by 1.5%.

16 (2) (a) If a recipient's benefit payable during the preceding January has been increased by one or
17 more adjustments not provided for in this section and the adjustments amount to less than a 1.5%
18 annualized increase, then the recipient's benefit must be adjusted by an amount that will provide a total
19 annualized increase of 1.5% in the benefit paid since the preceding January.

20 (b) If a recipient's benefit payable during the preceding January has been increased by one or more
21 adjustments not provided for in this section and the increases amount to more than a 1.5% annualized
22 increase, then the benefit increase provided under this section must be 0%.

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

25 (a) the benefit's commencement date is at least ~~36~~ 12 months prior to January 1 of the year in
26 which the adjustment is to be made; and

27 (b) the member either:

28 (i) first became an active member on or after July 1, 1997; or

29 (ii) filed a voluntary, irrevocable election to be covered under this section. The election:

30 (A) must be filed with the board prior to December 1, 1999; and

1 (B) requires an active member to pay an increased or revised contribution rate from January 1,
2 2000, forward.

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

4 (5) The decision of a member who elected to participate under 19-9-1009 remains valid. The
5 decision of a member who elected not to participate under 19-9-1009 may be reversed under this
6 section."

7

8 **Section 8.** Section 19-13-1010, MCA, is amended to read:

9 **"19-13-1010. Guaranteed annual benefit adjustment.** (1) Subject to subsection (2), on January
10 1 of each year, the permanent monthly benefit payable during the preceding January to each recipient who
11 is eligible under subsection (3) must be increased by 1.5%.

12 (2) (a) If a recipient's benefit payable during the preceding January has been increased by one or
13 more adjustments not provided for in this section and the adjustments amount to less than a 1.5%
14 annualized increase, then the recipient's benefit must be adjusted by an amount that will provide a total
15 annualized increase of 1.5% in the benefit paid since the preceding January.

16 (b) If a recipient's benefit payable during the preceding January has been increased by one or more
17 adjustments not provided for in this section and the increases amount to more than a 1.5% annualized
18 increase, then the benefit increase provided under this section must be 0%.

19 (3) Except as provided in subsection (2)(b), a benefit recipient is eligible for and must receive the
20 minimum annual benefit adjustment provided for in this section if:

21 (a) the benefit's commencement date is at least ~~36~~ 12 months prior to January 1 of the year in
22 which the adjustment is to be made;

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

25 (c) the member either:

26 (i) first became an active member on or after July 1, 1997; or

27 (ii) filed a voluntary, irrevocable election to be covered under this section. The election must be
28 filed with the board prior to January 1, 1998, and requires an active member to pay an increased
29 contribution rate from July 1, 1997, forward. A retired member or the member's survivor who is receiving
30 a monthly benefit before July 1, 1997, shall also file the voluntary, irrevocable election no later than

1 January 1, 1998, to be covered under this section.

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

3

4 NEW SECTION. **Section 9. Effective date.** [This act] is effective on passage and approval.

5 - END -