EXHIBIT 2
DATE 1-27-05
HB 213

Montana Public Employee Retirement Administration
Table of Proposed General Revisions Legislation for 2005

Current Code Section	Proposed Change	Reason
19-2-303(24)	Clarify definition of "inactive member".	Provide more precision and reduce needing reference to other defined terms.
19-2-303(35)	Clarify definition of "retirement".	Eliminate duplication with definition of "terminated from service".
19-2-303(46)	Clarify Termination of Employment / Termination from Service.	Promotes understanding and consistent application. "Termination from service" requires payout of sick, annual and compensatory leave. Precise terminology is reflected in a number of clarifications in the bill.
19-2-303(49)	Refine definition of "vested".	Specific definition is appropriate here, which allows application in 19-3-401 (PERS) and similar statutes in other systems to be stated more clearly.
19-2-502	Clarify to whom statutory revisions apply.	Clarification recognizes that revisions in statutes apply to active and inactive members (but not to retirees).
19-2-602, -704(7), -706, -908	Use defined terms "terminated service" or "terminated employment" (or their defined equivalents) as appropriate.	Proper use of precise definitions contained in bill changes to 19-2-303.
19-2-703	Delete "period of".	Clarify membership service or service credit is credited in only one system for the same work.
19-2-704	Use defined term "additional contributions".	Wording simplification, precision and clarification.
19-2-706(1)(a)	Include Firefighters' Unified Retirement System (FURS) in state employee reduction in force provisions.	FURS has state employees in the system (Montana Air National Guard Firefighters in Great Falls).
19-2-706(6)	Change 600 hours to 960 hours allowable for return to work in any retirement system (not just PERS) for affected retirees.	Consistency, administrative efficacy.
19-2-903	Clarify Board authority to correct errors in service purchases and benefits.	Error correction is a necessary part of proper administration of the retirement systems and pension trust funds.
19-2-907	Delete ban against establishing a new account for an alternate payee if the payee member is in the defined contribution plan.	Third party (contracted) record keeper requires alternate payee to have a separate or segregated account in order to track earning/losses attributable to alternate payee's funds.
19-2-908(1)	Clarify that a member must be vested and either active or inactive (not retired) to apply for a disability benefit.	Consistency with other provisions.

Current Code Section	Proposed Change	Reason
19-2-908(2)	Add back the word "service".	The 2003 General Revision Bill, Section 15, 19-2-908(2)(a) mistakenly struck the word "service". This provision should only apply to service retirements because a disability retirement benefit would start immediately, not on the first day of a later month following filing of the written application.
19-2-909	Delete ban against establishing a new account for an alternate payee.	Third party (contracted) record-keeper requires alternate payee to have a separate or segregated account in order to track earnings/losses attributable to alternate payee's funds.
19-3-108	Clean up definition of "compensation" for bargaining unit members.	Requested by Department of Administration tax counsel to comply with federal tax law.
19-3-108(6)	Allow "highest average compensation" for those who don't have 36 consecutive months (less than 65 years old).	Reasonable and appropriate mechanism for seasonal or part-year employees.
19-3-112	Clarify the PERS education program.	Better define the education program in legal, realistic and understandable terms.
19-3-201(2)	Clarify, simplify and make more user friendly the process local government employers use to contract for PERS coverage.	Reduce confusion.
19-3-316, 19-5-402, -404, 19-6-402, -404, 19-7-403, -404, 19-8-502, -504, 19-9-703, -710, 19-13-605	Describe member and employer contributions the same in all systems.	Contributions should be consistently described as a percent of system-covered compensation except for the compensation of those employees properly excluded from membership.
19-3-318	Use defined terms.	Clarity.
19-3-319	Consistently describe state share of local PERS contributions.	Consistency (see 19-3-316).
19-3-401, -6-301, -7-301, -8-301, -9-301, -13-301	Use defined terms and clarify wording.	Clarity and certainty.
19-3-403(4)	Clarify status of work covered by other retirement systems or pension plans.	Clarification and to include necessary changes with respect to union pension plans (see also, 19-3-108).
19-3-412	Combine subsections 3 & 8. Allow optional membership form to serve as a signed waiver. Clarify scope of application.	Clarity, ease of administration and compliance.
19-3-505(2)	Clarify employer and employee payment requirements for employees purchasing previous service.	Clarify that the employee pays the employee contributions and pays the employer share in accordance with the employer payment policy.
19-3-908	Use defined term "terminated from service".	Clarity and consistency.

Current Code Section	Proposed Change	Reason
19-3-1002(1)	Change internal statutory cite.	Clarify the 1/50th career bonus in the statute referencing the 1991 disability retirement choice. Assure correct disability benefit for members joining prior to 2/24/1991.
19-3-1005	Specify that the member must be active or inactive vested to apply for a disability benefit.	Clarify that retirees are not eligible to apply for disability.
19-3-1015	Use defined term "terminated service".	Consistency and clarity.
19-3-1204(2)	Use phrase "death payment" in subsection (2).	Internal consistency with subsection (1).
19-3-1501, -5-701, -7-1001, -8-801,	Specify eligibility for ten year and twenty year certain benefits under Option 4.	Conform with long standing practice, approved by the Board as allowed by statute, prompted by federal tax law minimum distribution requirements.
19-3-2104	Delete specific rule suggestions by the legislature.	Board flexibility as a fiduciary to determine necessary rules in a changing environment. For example, some statutory rule suggestions have been made obsolete by changes in federal tax law or alternative administrative procedures. Addresses comment by legislative auditor.
19-3-2111 and -2112	Use defined term "terminates employment".	Consistency and clarity.
19-3-2114	Insert clarifying language concerning amounts transferred for PERS members choosing the Defined Contribution Retirement System (DCRP).	Response to legislative auditor confusion regarding amounts to transfer; also to clarify amounts transferred for inactive members.
19-3-2116	Use term "plan membership". Also, use defined term "terminates service".	Consistency with standards of 19-3-2123 for termination of plan membership.
19-3-2117	Clarify language concerning transfers to the DCRP.	Response to legislative auditor confusion regarding amounts transferred; also, clarifying service purchase contributions.
19-3-2121	Substitute "compensation ... of members" for "covered payroll".	More accurately reflects proper (and intended) amount to consider for impact of the Defined Contribution Retirement Plan.
19-3-2126	Clarify procedure, use defined terms.	Administrative reasonableness and clarity.
19-5-103	Distinguish from defined term.	Clarity. Meaning remains the same as prior to legislation.
19-5-410	Allow members of Judges' Retirement System the ability to purchase reserve military service.	Correct legislation coordination error from 2003 legislative session.
19-6-505(3)	Should be deleted as it conflicts with chapter 2 law.	19-2-803 addresses payments to minor children for all systems.
19-6-709	Use defined term "termination from service".	Consistency and clarity.

Current Code Section	Proposed Change	Reason
19-7-801, -9-804,	Clarify language and coordinate with 19-2-803.	Clarity and consistency. 19-2-803 addresses payments to minor children for all systems.
19-9-902	Use defined term "termination from employment".	Consistency and clarity.
19-9-905(3)	Replace "retired" with "inactive".	Proper terminology to refer to member that Board has determined to no longer be disabled.
19-9-1202, -1207, -1208	Use defined terms correctly.	Consistency and clarity.
19-13-802, -805	Use defined terms correctly.	Consistency and clarity.
19-17-108(3)(c)	The ISO rating requirement is not necessary	All volunteer fire department have an ISO rating from 1 to 10. What the ISO rating of the volunteer fire department is not needed in order to receive credit under the Volunteer Firefighters' Compensation Act.
19-17-407	Delete reference to 19-2-907 and 19-2-909.	Sections don't apply to Volunteer Firefighters' Compensation Act, so reference is inappropriate.
19-19-205	Use September 1st	Tighten the deadline for submission of data
19-50-103	Minor change in language.	For consistency with federal tax law language.
19-50-104	Lower the age for certain deferred compensation plan members, as allowed by federal law.	Expand participant rights.
44-1-515,-1-518	Coordinate the Highway Patrol law with HPORS retirement law.	Compliance with HPORS disability provisions.

PROPOSED AMENDMENT TO BILL

19-5-502, -601, -802	Delete Sections 39, 40 and 42 of bill.	Coordination error from 2001 legislative session cannot be corrected in this fashion. Changing the terms of the election now could be argued to be an unconstitutional impairment of contract.
19-5-902	Re-open window for election of GABA for all those eligible to elect in 2001. Eliminate extraneous unsupported language regarding increased contributions.	An error in the statute wrongly implied that those who chose the GABA would pay increased contributions to the pension trust fund. An MPERA error on election form wrongly indicated that those who chose the GABA would have their benefit calculated on the basis of high average compensation. The legislation allowing the election actually did not change the calculation from the final compensation. A new election is necessary to reduce liability exposure. The only way the election can be allowed again with proper information is to re-open the election window for those who were eligible to elect previously.