

HOUSE BILL NO. 542

INTRODUCED BY R. HAMILTON

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4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING POSTRETIREMENT BENEFIT INCREASES UNDER
5 THE MUNICIPAL POLICE OFFICERS' RETIREMENT SYSTEM; INCREASING STATE CONTRIBUTIONS;
6 AMENDING SECTIONS 19-9-702, 19-9-1007, 19-9-1009, 19-9-1010, 19-9-1013, AND 19-9-1020, MCA; AND
7 PROVIDING AN EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

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

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11 **Section 1.** Section 19-9-702, MCA, is amended to read:
12 **"19-9-702. State contribution.** The state shall make its contributions from the general fund. The
13 general fund contributions must be made annually after the end of each fiscal year but no later than November
14 1. The board shall notify the state auditor by September 1 of each fiscal year of the annual compensation paid
15 to all active members during the preceding fiscal year. The state's contribution is ~~29.37%~~ 31.37% of
16 compensation paid to members. The contributions are statutorily appropriated as provided in 17-7-502."

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18 **Section 2.** Section 19-9-1007, MCA, is amended to read:
19 **"19-9-1007. Minimum benefit adjustment.** (1) The benefits that are paid in each fiscal year to a retired
20 member or the member's survivors ~~and that are not covered by 19-9-1009~~ may not be less than one-half of the
21 compensation that will be paid to newly confirmed police officers in the current fiscal year in the city or town from
22 which the member retired.

23 (2) If the compensation of a newly confirmed police officer has not been set for the current fiscal year
24 in time to make minimum benefit adjustments effective July 1, the board shall make any retroactive adjustments
25 necessary to individual minimum benefits after the current compensation has been determined. A retroactive
26 adjustment must be applied retroactively to the benefit paid to the recipient in the previous fiscal year.

27 (3) If more than one dependent child is entitled to benefits under this section by virtue of the death of
28 a common parent, the minimum benefit paid to the dependent children under this section must be determined
29 as if there were one dependent child and the benefits must be paid to the dependent children collectively."
30

1 **Section 3.** Section 19-9-1009, MCA, is amended to read:

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

5 ~~(2) (a) If a recipient's benefit payable during the preceding January has been increased by one or more~~
6 ~~adjustments not provided for in this section and the adjustments amount to less than a 3% annualized increase,~~
7 ~~then the recipient's benefit must be adjusted by an amount that will provide a total annualized increase of 3%~~
8 ~~in the benefit paid since the preceding January.~~

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

12 ~~(3)(2)~~ (2) Except as provided in subsection ~~(2)(b)~~, a A benefit recipient is eligible for and must receive the
13 minimum annual benefit adjustment provided for in this section if:

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

16 (b) the member either:

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

18 (ii) filed a voluntary, irrevocable election to be covered under this section. The election must be filed with
19 the board prior to January 1, 1998, and requires an active member to pay an increased contribution rate from
20 July 1, 1997, forward. A retired member or the member's survivor who is receiving a monthly benefit before July
21 1, 1997, shall also file the voluntary, irrevocable election no later than January 1, 1998, to be covered under this
22 section.

23 ~~(4)(3)~~ (3) The board shall adopt rules to administer the provisions of this section."
24

25 **Section 4.** Section 19-9-1010, MCA, is amended to read:

26 "**19-9-1010. Original election -- guaranteed annual benefit adjustment.** (1) ~~Subject to subsection~~
27 ~~(2), on~~ On January 1 of each year, the permanent monthly benefit payable during the preceding January to each
28 recipient who is eligible under subsection ~~(3)~~ (2) must be increased by 3%.

29 ~~(2) (a) If a recipient's benefit payable during the preceding January has been increased by one or more~~
30 ~~adjustments not provided for in this section and the adjustments amount to less than a 3% annualized increase,~~

1 then the recipient's benefit must be adjusted by an amount that will provide a total annualized increase of 3%
 2 in the benefit paid since the preceding January.

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

6 ~~(3)~~(2) A benefit recipient is eligible for and must receive the minimum annual benefit adjustment
 7 provided for in this section if:

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

10 (b) the member either:

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

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

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

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

16 ~~(4)~~(3) The board shall adopt rules to administer the provisions of this section.

17 ~~(5)~~(4) The decision of a member who elected to participate under 19-9-1009 remains valid. The decision
 18 of a member who elected not to participate under 19-9-1009 may be reversed under this section."

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20 **Section 5.** Section 19-9-1013, MCA, is amended to read:

21 **"19-9-1013. Extended election -- guaranteed annual benefit adjustment.** (1) ~~Subject to subsection~~
 22 ~~(2), on~~ On January 1 of each year, the permanent monthly benefit payable during the preceding January to each
 23 recipient who is eligible under subsection ~~(3)~~ (2) must be increased by 3%.

24 ~~———— (2) (a) 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 adjustments amount to less than a 3% annualized increase,~~
 26 ~~then the recipient's benefit must be adjusted by an amount that will provide a total annualized increase of 3%~~
 27 ~~in the benefit paid since the preceding January.~~

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

1 ~~(3)~~(2) A benefit recipient is eligible for and must receive the minimum annual benefit adjustment
2 provided for in this section if:

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

5 (b) the member either:

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

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

8 (A) must be filed with the board prior to December 1, 2001; and

9 (B) requires an active member to pay an increased or revised contribution rate from January 1, 2002,
10 forward.

11 ~~(4)~~(3) The board shall adopt rules to administer the provisions of this section.

12 ~~(5)~~(4) The decision of a member who elected to participate under 19-9-1009 or 19-9-1010 remains valid.
13 The decision of a member who elected not to participate under 19-9-1009 and 19-9-1010 may be reversed under
14 this section."
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16 **Section 6.** Section 19-9-1020, MCA, is amended to read:

17 **"19-9-1020. One-time permanent ad hoc purchasing power adjustment.** (1) Beginning with the first
18 benefit payment after April 28, 2001, the board shall provide a one-time permanent ad hoc benefit increase to
19 retired members and beneficiaries of the retirement system who are receiving a monthly retirement benefit ~~and~~
20 ~~who are not covered by 19-9-1013.~~

21 (2) (a) The ad hoc benefit increase must be calculated by the board actuary and approved by the board.
22 The calculation must be applied to the benefit amount payable before any adjustment is made pursuant to
23 19-9-1009, 19-9-1010, or 19-9-1013.

24 (b) The benefit increase must be designed to bring the benefit recipient's current benefit up to a level
25 estimated to be no less than 75% of the purchasing power of the original recipient's initial monthly benefit.

26 (c) Purchasing power must be calculated considering the date that the first benefit was paid to the
27 original benefit recipient, applicable benefit increases since that date, and a comparison with the consumer price
28 index for urban wage earners and workers, compiled by the bureau of labor statistics of the United States
29 department of labor since the date the first benefit was paid to the original benefit recipient."
30

1 NEW SECTION. **Section 7. Effective date.** [This act] is effective July 1, 2005.

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3 NEW SECTION. **Section 8. Retroactive applicability.** [This act] applies retroactively, within the
4 meaning of 1-2-109, to postretirement benefit increases calculated on and after July 1, 1997.

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