

1 \_\_\_\_\_ BILL NO. \_\_\_\_\_

2 INTRODUCED BY \_\_\_\_\_  
3 (Primary Sponsor)

4 A BILL FOR AN ACT ENTITLED: "AN ACT COMBINING THE MEMBERSHIPS, DUTIES, RESPONSIBILITIES,  
5 AND AUTHORITY OF THE PUBLIC EMPLOYEES' RETIREMENT BOARD AND THE TEACHERS'  
6 RETIREMENT BOARD; ELIMINATING THE TEACHERS' RETIREMENT BOARD; AMENDING SECTIONS  
7 2-15-1009, 2-15-1808, 5-2-304, 5-5-228, 19-2-302, 19-2-401, 19-2-402, 19-2-502, 19-2-701, 19-3-511,  
8 19-20-101, 19-20-201, AND 19-20-409, MCA; REPEALING SECTIONS 2-15-1010, 19-20-202, 19-20-203,  
9 19-20-205, 19-20-206, AND 19-20-502, MCA; AND PROVIDING FOR TRANSITION."

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

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13 **Section 1.** Section 2-15-1009, MCA, is amended to read:

14 **"2-15-1009. Public employees' retirement board -- terms -- allocation.** (1) There is a public  
15 employees' retirement board.

16 (2) The board consists of ~~seven~~ 13 members appointed by the governor. The members are:

17 (a) three public employees who are active members of a public retirement system (not more than one  
18 of these members may be an employee of the same department and at least one of these members must, ~~no later~~  
19 ~~than July 1, 2003,~~ be a member of the defined contribution plan created pursuant to Title 19, chapter 3, part 21);

20 (b) one retired public employee who is a member of the public employees' retirement system;

21 ~~(c) two members at large; and~~

22 ~~(d)~~ (c) one member who has experience in investment management, counseling, or financial planning  
23 or who has other similar experience;

24 (d) three members appointed from the teaching profession who, when appointed, are active members  
25 of the retirement system. At least one of the three appointees must be actively employed as a public school  
26 classroom teacher and shall hold a class 1, 2, or 4 certificate pursuant to 20-4-106.

27 (e) one member who is a retired teacher and who was a member of the teachers' retirement system,  
28 provided for in Title 19, chapter 20, at the time of retirement; and

29 (f) four members appointed as representatives of the public.

30 (3) The term of office for each member is 5 years.

1 (4) The board is allocated to the department for administrative purposes only as prescribed in 2-15-121.  
 2 The board shall hire necessary employees as provided in 19-2-404, and 2-15-121(2)(d) does not apply.

3 (5) Members of the board must be compensated and receive travel expenses as provided for in 2-15-124.

4 (6) Each appointed member shall take and subscribe to the oath prescribed by Article III, section 3, of  
 5 the Montana constitution. The oath must be filed in the office of the secretary of state.

6 (7) If a vacancy in an unexpired term occurs on the board, the governor shall appoint a person to fill the  
 7 unexpired portion of the term.

8 (8) As used in this section, "classroom teacher" means a staff member who is assigned professional  
 9 activities of instructing pupils in self-contained classes or courses or in classroom situations."

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11 **Section 2.** Section 2-15-1808, MCA, is amended to read:

12 **"2-15-1808. Board of investments -- allocation -- composition -- quasi-judicial.** (1) There is a board  
 13 of investments within the department of commerce.

14 (2) Except as otherwise provided in this subsection, the board is allocated to the department for  
 15 administrative purposes as prescribed in 2-15-121. The board may employ a chief investment officer and an  
 16 executive director who have general responsibility for selection and management of the board's staff and for direct  
 17 investment and economic development activities. The board shall prescribe the duties and annual salaries of the  
 18 chief investment officer, executive director, and six professional staff positions. The chief investment officer,  
 19 executive director, and six professional staff serve at the pleasure of the board.

20 (3) The board is composed of nine members appointed by the governor as prescribed in 2-15-124. The  
 21 members are:

22 (a) ~~one member~~ two members from the public employees' retirement board, provided for in 2-15-1009;  
 23 ~~and one member from the teachers' retirement board provided for in 2-15-1010.~~ If either member ceases to be  
 24 a member of the retirement board, the position of that member on the board of investments is vacant, and the  
 25 governor shall fill the vacancy in accordance with 2-15-124.

26 (b) seven members who will provide a balance of professional expertise and public interest and  
 27 accountability, who are informed and experienced in the subject of investments, and who are representative of:

28 (i) the financial community;

29 (ii) small business;

30 (iii) agriculture; and

1 (iv) labor.

2 (4) The board is designated as a quasi-judicial board for the purposes of 2-15-124."

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4 **Section 3.** Section 5-2-304, MCA, is amended to read:

5 **"5-2-304. Continued participation in public retirement systems.** (1) The purpose of this section is  
6 to provide a means whereby persons serving in the Montana legislature may continue their participation in public  
7 retirement systems governed by state law. This section is not intended to provide duplicate credit for the same  
8 service in two retirement systems supported wholly or in part by public funds. This section does not affect  
9 contribution rates or benefit payments specifically provided for in the laws governing the operation of individual  
10 retirement systems.

11 (2) A person who is engaged in official duties as a member of the Montana legislature and who is a  
12 member of a public retirement system governed by state law may, but is not required to, continue the person's  
13 participation in that public retirement system while engaged in official duties as a legislator. To continue  
14 participation in the public retirement system, a legislator shall, within 180 days of taking office and in a manner  
15 prescribed by the ~~appropriate~~ public employees' retirement board, file an irrevocable written election with the  
16 ~~teachers' retirement board or the public employees' retirement board.~~

17 (3) A legislator who elects to continue participation as provided in subsection (2) shall continue the  
18 payments into the fund of the retirement system at the rate currently in effect in the system based on the  
19 legislator's monthly salary as a member of that system.

20 (4) The state contribution must be made by legislative appropriation. It must equal the appropriate  
21 employer contribution at the rate currently in effect in the system."

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23 **Section 4.** Section 5-5-228, MCA, is amended to read:

24 **"5-5-228. State administration and veterans' affairs interim committee.** (1) The state administration  
25 and veterans' affairs interim committee has administrative rule review, draft legislation review, program  
26 evaluation, and monitoring functions for the public employee retirement plans and for the following executive  
27 branch agencies and the entities attached to the agencies for administrative purposes:

28 (a) department of administration;

29 (b) department of military affairs; and

30 (c) office of the secretary of state.

1 (2) The committee shall:

2 (a) consider the actuarial and fiscal soundness of the state's public employee retirement systems, based  
3 on reports from ~~the teachers' retirement board~~, the public employees' retirement board; and the board of  
4 investments, and study and evaluate the equity and benefit structure of the state's public employee retirement  
5 systems, including the teachers' retirement system;

6 (b) establish principles of sound fiscal and public policy as guidelines;

7 (c) as necessary, develop legislation to keep the retirement systems consistent with sound policy  
8 principles;

9 (d) solicit and review proposed statutory changes to any of the state's public employee retirement  
10 systems;

11 (e) report to the legislature on each legislative proposal reviewed by the committee. The report must  
12 include but is not limited to:

13 (i) a summary of the fiscal implications of the proposal;

14 (ii) an analysis of the effect that the proposal may have on other public employee retirement systems;

15 (iii) an analysis of the soundness of the proposal as a matter of public policy;

16 (iv) any amendments proposed by the committee; and

17 (v) the committee's recommendation on whether the proposal should be enacted by the legislature.

18 (f) attach the committee's report to any proposal that the committee considered and that is or has been  
19 introduced as a bill during a legislative session; and

20 (g) publish, for legislators' use, information on the state's public employee retirement systems.

21 (3) The committee may:

22 (a) specify the date by which proposals affecting a retirement system must be submitted to the committee  
23 for the review contemplated under subsection (2)(d); and

24 (b) request personnel from state agencies, including boards, political subdivisions, and the state public  
25 employee retirement systems, to furnish any information and render any assistance that the committee may  
26 request."

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28 **Section 5.** Section 19-2-302, MCA, is amended to read:

29 **"19-2-302. Applicability.** Except as otherwise provided in this title, this chapter applies to the provisions  
30 and administration of the retirement systems and plans within the systems under chapters 3, 5 through 9, and

1 13, and 20 of this title."

2

3 **Section 6.** Section 19-2-401, MCA, is amended to read:

4 **"19-2-401. Location of board -- jurisdiction and venue for judicial review -- quorum -- officers and**  
5 **employees.** (1) The board shall maintain its office in the city of Helena. Jurisdiction and venue for judicial review  
6 of final administrative decisions of the board are in the first judicial district, Lewis and Clark County, unless  
7 otherwise stipulated by the parties.

8 (2) A quorum of the board is ~~four~~ seven members.

9 (3) The board shall:

10 (a) elect one of its members presiding officer; and

11 (b) appoint a secretary, who may be one of its members.

12 (4) The board may appoint a committee of one or more of its members to perform routine acts, such as  
13 retirement of members and fixing of retirement benefits, approval of death claims, and correction of records  
14 necessary in the administration of the systems in accordance with the provisions of chapters 2, 3, 5 through 9,  
15 13, 17, 20, and 50 of this title and in accordance with the rules of the board.

16 (5) The attorney general is the legal counsel for the board."

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18 **Section 7.** Section 19-2-402, MCA, is amended to read:

19 **"19-2-402. Compensation of board members.** Members ~~shall be~~ are entitled to compensation as  
20 provided in 2-15-124. All per diem and expenses paid under the provisions of this section must be paid from the  
21 expense fund of the retirement system."

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23 **Section 8.** Section 19-2-502, MCA, is amended to read:

24 **"19-2-502. Payments from pension trust funds.** (1) The board shall administer the assets of the  
25 pension trust funds as provided in Article VIII, section 15, of the Montana constitution, subject to the specific  
26 provisions of chapters 2, 3, 5 through 9, ~~and~~ 13, and 20 of this title.

27 (2) Benefits and refunds to eligible recipients are payable pursuant to a contract as contained in statute.  
28 The contract is entered into on the first day of a member's covered employment and may be enhanced by the  
29 legislature. Unless specifically provided for by statute, the contract does not contain revisions to statutes after  
30 the time of retirement or termination of membership."

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**Section 9.** Section 19-2-701, MCA, is amended to read:

**"19-2-701. Service credit.** (1) Service credit for all covered employment with each employer will be credited to a retirement system on a cumulative basis for all purposes, including but not limited to calculation of benefits and application of any maximum hour restrictions, limitations, or requirements. A member may not be credited with more than full-time service credit as a result of this cumulation of service credit. Subject to the provisions of chapters 3, 5 through 9, ~~and 13,~~ and 20, a member must receive 1 month of service credit for each full month of service under rules adopted by the board.

(2) Service credits must be used in calculating a retirement or survivorship benefit.

(3) A retired member is not eligible to earn service credit."

**Section 10.** Section 19-3-511, MCA, is amended to read:

**"19-3-511. Transfer and purchase of service credits and contributions from teachers' retirement system.** (1) Except as provided in subsection (3)(b), an active member may, at any time before retirement, file a written application with the board to purchase in the public employees' retirement system the member's service in the teachers' retirement system to the extent that the member has either received or is eligible to receive a refund for the service.

(2) The cost of purchasing service credit under this section is the sum of subsections (2)(a) and (2)(b) as follows:

(a) The teachers' retirement system shall transfer an amount equal to 72% of the amount payable by the member.

(b) The member shall pay either directly or by transferring contributions on account with the teachers' retirement system an amount equal to the member's accumulated contributions at the time that active membership was terminated with the teachers' retirement system, plus accrued interest. Interest must be calculated from the date of termination until payment is received by the public employees' retirement system, based on the interest tables in use by the teachers' retirement system.

(3) (a) The amount of service credit granted in subsection (1) must be on a month-by-month basis.

(b) Service credit transferred from the teachers' retirement system is subject to the provisions and limitations of 19-3-514, except as provided in subsection (3)(c).

(c) Active service transferred from the teachers' retirement system or refunded service from the teachers'

1 retirement system that is eligible to be purchased under this section is not subject to service credit limitations.

2 (4) Subject to the provisions of 19-2-403, the board is the sole authority in determining the amount of  
3 service credit that a member may purchase under this section and the amount paid to the retirement system  
4 under subsection (2).

5 (5) If an active member who has service credit in the teachers' retirement system dies before the  
6 member purchases this service credit in the public employees' retirement system and if the service credit from  
7 both systems, when combined, entitles the member's designated beneficiary to a survivorship benefit, the  
8 payment of the survivorship benefit is the liability of the public employees' retirement system. Before payment of  
9 the survivorship benefit, the ~~teachers' retirement~~ board shall transfer to the public employees' retirement system  
10 the contributions necessary to purchase this service credit in the public employees' retirement system, as  
11 provided in subsection (2).

12 (6) If the board determines that a member was erroneously classified and reported to the teachers'  
13 retirement system, the member's accumulated contributions and service credit, together with the employer  
14 contributions plus interest, must be transferred to the public employees' retirement system. Employee and  
15 employer contributions due as calculated under 19-3-315 and 19-3-316 are the liability of the employee and the  
16 employing entity, respectively, where the error occurred. For the period of time that the employer contributions  
17 are held by the teachers' retirement system, interest paid on employer contributions transferred under this  
18 subsection must be calculated at the short-term investment pool rate earned by the board of investments in the  
19 fiscal year preceding the transfer request."

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21 **Section 11.** Section 19-20-101, MCA, is amended to read:

22 **"19-20-101. Definitions.** As used in this chapter, unless the context clearly indicates otherwise, the  
23 following definitions apply:

24 (1) "Accumulated contributions" means the sum of all the amounts deducted from the compensation of  
25 a member or paid by a member and credited to the member's individual account in the annuity savings fund,  
26 together with interest. Regular interest must be computed and allowed to provide a benefit at the time of  
27 retirement.

28 (2) "Actuarial equivalent" means a benefit of equal value when computed upon the basis of the mortality  
29 table and interest rate assumption set by the retirement board.

30 (3) "Average final compensation" means the average of a member's earned compensation during the

1 3 consecutive years of full-time service or as provided under 19-20-805 that yield the highest average and on  
2 which contributions have been made as required by 19-20-602. If amounts defined in subsection (6)(b) have been  
3 converted by an employer to earned compensation for all members and have been continuously reported as  
4 earned compensation in a like amount for at least the 5 fiscal years preceding the member's retirement, the  
5 amounts may be included in the calculation of average final compensation. If amounts defined in subsection (6)(b)  
6 have been reported as earned compensation for less than 5 fiscal years or if the member has been given the  
7 option to have amounts reported as earned compensation, any amounts reported in the 3-year period that  
8 constitute average final compensation must be included in average final compensation as provided under  
9 19-20-716(1)(b).

10 (4) "Beneficiary" means one or more persons formally designated by a member, retiree, or benefit  
11 recipient to receive a retirement allowance or payment upon the death of the member, retiree, or benefit recipient.

12 (5) "Creditable service" is that service defined by 19-20-401.

13 (6) (a) "Earned compensation" means, except as limited by 19-20-715, remuneration, exclusive of  
14 maintenance, allowance, and expenses, paid for services by a member out of funds controlled by an employer  
15 before any pretax deductions allowed under the Internal Revenue Code are deducted from the member's  
16 compensation.

17 (b) Earned compensation does not mean:

18 (i) direct employer premium payments on behalf of members for health or dependent care expense  
19 accounts or any employer contribution for health, medical, pharmaceutical, disability, life, vision, dental, or any  
20 other insurance;

21 (ii) any direct employer payment or reimbursement for:

22 (A) professional membership dues;

23 (B) maintenance;

24 (C) housing;

25 (D) day care;

26 (E) automobile, travel, lodging, or entertaining expenses; or

27 (F) any similar payment for any form of maintenance, allowance, or expenses;

28 (iii) the imputed value of health, life, or disability insurance or any other fringe benefits; or

29 (iv) any noncash benefit provided by an employer to or on behalf of an employee.

30 (c) Unless included pursuant to 19-20-716, earned compensation does not include termination pay.

- 1 (d) Adding a direct employer-paid or noncash benefit to an employee's contract or subtracting the same  
2 or like amount as a pretax deduction is considered a fringe benefit and not earned compensation.
- 3 (e) Earned compensation does not include:
- 4 (i) compensation paid to a member from a plan for the deferral of compensation under section 457(f) of  
5 the Internal Revenue Code, 26 U.S.C. 457(f);
- 6 (ii) payment for sick, annual, or other types of leave that is allowed to a member and that is accrued in  
7 excess of that normally allowed; or
- 8 (iii) incentive or bonus payments paid to a member that are not part of a series of annual payments.
- 9 (7) "Employer" means the state of Montana, the trustees of a district, or any other agency or subdivision  
10 of the state that employs a person who is designated a member of the retirement system.
- 11 (8) "Full-time service" means service that is full-time and that extends over a normal academic year of  
12 at least 9 months. With respect to those members employed by the office of the superintendent of public  
13 instruction, any other state agency or institution, or the office of a county superintendent, full-time service means  
14 service that is full-time and that totals at least 9 months in any year.
- 15 (9) "Internal Revenue Code" has the meaning provided in 15-30-101.
- 16 (10) "Member" means a person who has an individual account in the annuity savings fund. An active  
17 member is a person included under the provisions of 19-20-302. An inactive member is a person included under  
18 the provisions of 19-20-303.
- 19 (11) "Normal retirement age" means an age no earlier than the age at which the member is eligible to  
20 retire:
- 21 (a) by virtue of age, length of service, or both;
- 22 (b) without disability; and
- 23 (c) with the right to receive immediate retirement benefits without an actuarial reduction in the benefits.
- 24 (12) "Part-time service" means service that is less than full-time or that totals less than 180 days in a  
25 normal academic year. Part-time service must be credited in the proportion that the actual time worked compares  
26 to full-time service.
- 27 (13) "Prior service" means employment of the same nature as service but rendered before September  
28 1, 1937.
- 29 (14) "Regular interest" means interest at a rate set by the retirement board in accordance with  
30 19-20-501(2).

1 (15) "Retired member" means a person who has terminated employment that qualified the person for  
2 membership under 19-20-302 and who has received at least one monthly retirement benefit paid pursuant to this  
3 chapter.

4 (16) "Retirement allowance" means a monthly payment due to a person who has qualified for service or  
5 disability retirement or due to a beneficiary as provided in 19-20-1001.

6 (17) "Retirement board" or "board" means the public employees' retirement ~~system's governing~~ board  
7 provided for in ~~2-15-1010~~ 2-15-1009.

8 (18) "Retirement system", "system", or "plan" means the teachers' retirement system of the state of  
9 Montana provided for in 19-20-102.

10 (19) "Service" means the performance of instructional duties or related activities that would entitle the  
11 person to active membership in the retirement system under the provisions of 19-20-302.

12 (20) "Termination" or "terminate" means that the member has severed the employment relationship with  
13 the member's employer and that all, if any, payments due upon termination of employment, including but not  
14 limited to accrued sick and annual leave balances, have been paid to the member.

15 (21) (a) "Termination pay" means any form of bona fide vacation leave, sick leave, severance pay,  
16 amounts provided under a window or early retirement incentive plan, or other payments contingent on the  
17 employee terminating employment and on which employee and employer contributions have been paid as  
18 required by 19-20-716.

19 (b) Termination pay does not include:

20 (i) amounts that are not wages under section 3121 of the Internal Revenue Code, determined without  
21 regard to the wage base limitation; and

22 (ii) amounts that are payable to a member from a plan for the deferral of compensation under section  
23 457(f) of the Internal Revenue Code, 26 U.S.C. 457(f).

24 (22) "Vested" means that a member has been credited with at least 5 full years of membership service  
25 upon which contributions have been made, as required by 19-20-602 and 19-20-605, and who has a right to a  
26 future retirement benefit.

27 (23) "Written application" or "written election" means a written instrument, required by statute or the rules  
28 of the board, properly signed, and filed with the board, that contains all the required information, including  
29 documentation that the board considers necessary."  
30

1           **Section 12.** Section 19-20-201, MCA, is amended to read:

2           **"19-20-201. Administration by retirement board.** (1) ~~The~~ In addition to the powers and duties of the  
3 board provided in Title 19, chapter 2, the retirement board shall administer and operate the retirement system  
4 within the limitations prescribed by this chapter, ~~and it,~~

5           (2) It is the duty of the retirement board to:

- 6           (a) establish rules necessary for the proper administration and operation of the retirement system;  
7           (b) approve or disapprove all expenditures necessary for the proper operation of the retirement system;  
8           (c) keep a record of all its proceedings, which must be open to public inspection;  
9           (d) submit a report to the office of budget and program planning detailing the fiscal transactions for the  
10 2 fiscal years immediately preceding the report due date, the amount of the accumulated cash and securities of  
11 the retirement system, and the last fiscal year balance sheet showing the assets and liabilities of the retirement  
12 system;  
13           (e) keep in convenient form the data that is necessary for actuarial valuation of the various funds of the  
14 retirement system and for checking the experience of the retirement system;  
15           (f) prepare an annual valuation of the assets and liabilities of the retirement system;  
16           (g) prescribe a form for membership application that will provide adequate and necessary information  
17 for the proper operation of the retirement system;  
18           (h) annually determine the rate of regular interest as prescribed in 19-20-501;  
19           (i) establish and maintain the funds of the retirement system in accordance with the provisions of part  
20 6 of this chapter; and  
21           (j) perform other duties and functions as are required to properly administer and operate the retirement  
22 system.

23           ~~(2)~~(3) In discharging its duties, the board, or an authorized representative of the board, may conduct  
24 hearings, administer oaths and affirmations, take depositions, certify to official acts and records, and issue  
25 subpoenas to compel the attendance of witnesses and the production of books, papers, correspondence,  
26 memoranda, and other records. Subpoenas must be issued and enforced pursuant to 2-4-104.

27           ~~(3)~~(4) The board may send retirement-related material to employers and the campuses of the Montana  
28 university system for delivery to employees. To facilitate distribution, employers and those campuses shall each  
29 provide the board with a point of contact who is responsible for distribution of the material provided by the board."  
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1           **Section 13.** Section 19-20-409, MCA, is amended to read:

2           **"19-20-409. Transfer of service credits and contributions from public employees' retirement**  
3 **system.** (1) An active member may at any time before retirement file a written application with the retirement  
4 board to purchase all of the member's previous creditable service in the public employees' retirement system.  
5 The amount that must be paid to the retirement system to purchase this service under this section is the sum of  
6 subsections (2) and (3).

7           (2) The public employees' retirement system shall transfer to the teachers' retirement system an amount  
8 equal to 72% of the amount paid by the member.

9           (3) The member shall pay either directly or by transferring contributions on account with the public  
10 employees' retirement system an amount equal to the member's accumulated contributions at the time that active  
11 membership was terminated, plus accrued interest. Interest must be calculated from the date of termination until  
12 a transfer is received by the retirement system, based on the interest tables in use by the public employees'  
13 retirement system.

14           (4) A member who purchases service from the public employees' retirement system in the teachers'  
15 retirement system must have completed 5 years of membership service in the teachers' retirement system to  
16 receive credit or purchase military service, out-of-state service, employment while on leave, and private school  
17 employment.

18           (5) The retirement board shall determine the service credits that may be transferred.

19           (6) If an active member who also has creditable service in the public employees' retirement system  
20 before becoming a member of the teachers' retirement system dies before purchasing this service in the teachers'  
21 retirement system and if the member's service credits from both systems, when combined, entitle the member's  
22 beneficiary to a death benefit, the payment of the death benefit is the liability of the teachers' retirement system.  
23 Before payment of the death benefit, the ~~public employees'~~ retirement board must transfer to the teachers'  
24 retirement system the contributions necessary to purchase this service in the teachers' retirement system as  
25 provided in subsections (2) and (3).

26           (7) (a) If the ~~teachers'~~ retirement board determines that an individual's membership was erroneously  
27 classified and reported to the public employees' retirement system, the ~~public employees' retirement~~ board shall  
28 transfer to the teachers' retirement system the member's accumulated contributions and service, together with  
29 employer contributions plus interest.

30           (b) For the period of time that the employer contributions are held by the public employees' retirement

1 system, interest paid on employer contributions transferred under this subsection (7) must be calculated at the  
2 short-term investment pool rate earned by the board of investments in the fiscal year preceding the transfer  
3 request.

4 (c) Any employee and employer contributions due as calculated in 19-20-602 and 19-20-605, plus  
5 interest, are the liability of the employee and the employing entity where the error occurred.

6 (8) A vested member who participated in the public employees' retirement system defined contribution  
7 plan provided for in Title 19, chapter 3, part 21, prior to becoming a member of the teachers' retirement system  
8 may purchase creditable service for the time spent as a participant in the defined contribution plan if:

9 (a) the member has completed at least 1 full year in the teachers' retirement system following the  
10 member's public employees' retirement system service;

11 (b) for each full year or portion of a year to be purchased pursuant to this subsection (8), the member  
12 contributes the actuarial cost of the service based on the most recent valuation of the system; and

13 (c) the member has withdrawn the member's money in the member's public employees' retirement  
14 system defined contribution plan account or has rolled over the amount required to purchase service in  
15 accordance with this subsection (8).

16 (9) Creditable service purchased under subsection (8) must be determined according to the laws and  
17 rules governing service credit in the public employees' retirement system."

18  
19 **NEW SECTION. Section 14. Repealer.** Sections 2-15-1010, 19-20-202, 19-20-203, 19-20-205,  
20 19-20-206, and 19-20-502, MCA, are repealed.

21  
22 **NEW SECTION. Section 15. Transition.** (1) Because the membership of the public employees'  
23 retirement board will be expanded by six members who have the same qualifications and restrictions as the  
24 membership of the teachers' retirement board immediately has prior to [the effective date of this act], the  
25 individuals serving as members of the teachers' retirement board immediately prior to [the effective date of this  
26 act] shall become members of the public employees' retirement board for whatever period remains of their  
27 respective appointments to the teachers' retirement board.

28 (2) If a vacancy exists on the teachers' retirement board immediately prior to [the effective date of this  
29 act], the governor shall fill the vacancy within 60 days after [the effective date of this act] as provided in  
30 2-15-1009.

