EXHIBIT #5
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HB

REPORT TO THE 2011 SENATE STATE ADMINISTRATION AND HOUSE STATE ADMINISTRATION COMMITTEES

Conditions for Reemployment of TRS Retirees House Bill 363, 2009 Legislative Session

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House Bill 363, 2009 Legislative Session, sponsored by Representative Llew Jones, allows a Teachers' Retirement System (TRS) retired member with 30 or more years of service to be reemployed as a teacher, specialist, or administrator on a full time basis by a school district without the loss or interruption of their TRS retirement benefits. A retired member hired under this provision is exempt from the one-third earning's and part-time employment limits under Montana Code Annotated (MCA) § 19-20-731.

The intent behind HB 363 (codified as 19-20-732, MCA), as explained by the Sponsor, was to help school districts fill a position when they cannot find a qualified applicant, and to do so in such a way as to not have an adverse impact on the funding of TRS. Therefore, before hiring a retired teacher, a school district must first certify to the TRS office that they advertised the position each school year but were unable to fill the position because the school district received no qualified applications or did not receive an acceptance of an offer of employment made to a non-retired teacher, specialist, or administrator. Advertisement of the position and certification of inability to fill the position must occur each school year prior to entering into a contract with a retired member, including re-contracting with the same retired member.

To be eligible for reemployment under § 19-20-732, MCA, a retired member must have retired under TRS with 30 or more years of creditable service. In addition, a TRS retired member must also have received at least two monthly retirement benefits. Because monthly benefits are processed on the last business day of each month, if a retiree terminated in June, with retirement benefits effective July 1, they would not be eligible to be reemployed under this provision until September 1, after they have received their July and August retirement benefits.

The maximum number of years a TRS retired member may be employed pursuant to §19-20-732, is three years during their lifetime. A year is defined to mean all or any part of a fiscal year (July 1 through June 30). Retired members reemployed under this provision will not receive any increase in their retirement benefits due to additional service time or salary received while working and drawing retirement benefits.

To fund any adverse impact HB 363 might have on TRS, school districts who rehired a retired member under HB 363 are required to contribute to TRS the sum of all employee

and employer contributions rates (17.11% effective July 1, 2009) on the salaries paid to retired members working this provision. **Note:** this rate is to be paid by the school district; reemployed retired members will not be required to contribute to TRS. Section 19-20-732, MCA, sunsets on July 1, 2015.

School districts were notified of this change in the law through newsletters, updated manuals, school business official conferences, workshops and seminars. Given the small number of rehired retirees to date, it is unlikely the provisions of §19-20-732, MCA, has had an adverse impact on the funding of the TRS. Since September 2009, four districts have reemployed retired TRS members as follows:

School District	**Position(s) Filled**	**Compensation paid to Retired Members**	**Number of Months Retired When Rehired**	**Age of rehired retirees**
2009-2010 School Year				
Plentywood K-12 Schools	Music	$52,293.18	2	65
Winnett K-12 Schools	Math	$34,010.84	30	68
2010-2011 School Year				
Richey Public Schools	Math	$2,256.58	37	61
Troy Public Schools	Speech-Language Pathologist	$7,734.10	2	56
Winnett K-12 Schools	Math	$10,879.32	42	69