

1 HOUSE BILL NO. 85

2 INTRODUCED BY F. WILMER

3 BY REQUEST OF THE PUBLIC EMPLOYEES' RETIREMENT BOARD

4
5 A BILL FOR AN ACT ENTITLED: "AN ACT TO IMPROVE THE ACTUARIAL UNFUNDED LIABILITY OF THE
6 PUBLIC EMPLOYEES' RETIREMENT SYSTEM, THE SHERIFFS' RETIREMENT SYSTEM, AND THE
7 FIREFIGHTERS' UNIFIED RETIREMENT SYSTEM BY REQUIRING EMPLOYER CONTRIBUTIONS ON
8 WORKING RETIREES IN THOSE SYSTEMS; AMENDING SECTIONS 19-7-1101 AND 19-13-301, MCA; AND
9 PROVIDING AN EFFECTIVE DATE."

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

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13 NEW SECTION. **Section 1. Contributions required for retirees who return to work.** (1) Beginning
14 July 1, 2011, each employer shall contribute the amount specified in 19-3-316 and the state shall contribute the
15 amount specified in 19-3-319 for retired members who return to work in a covered position but who, under the
16 provisions of 19-3-1106, have not become active members.

17 (2) Retired members who return to active service under the provisions of 19-3-1106 are subject to the
18 employee, employer, and state contributions set forth in 19-3-315, 19-3-316, and 19-3-319, respectively.

19
20 **Section 2.** Section 19-7-1101, MCA, is amended to read:

21 **"19-7-1101. Reemployment of retired member -- contributions required.** (1) A retired member who
22 returns to service for 480 hours or more in a calendar year must become an active member of the system. Upon
23 reinstatement as an active member, benefit payments must cease until subsequent retirement.

24 (2) A retired member who returns to service for less than 480 hours in a calendar year may not become
25 an active member. The retirement benefit of a retired member employed in service must be reduced by \$1 for
26 each \$3 earned in excess of \$5,000 in a calendar year.

27 (3) Retired members who return to active service pursuant to subsection (1) are subject to the employee
28 and employer contributions set forth in 19-7-403 and 19-7-404, respectively.

29 (4) The employer of a retired member who is returning to work pursuant to subsection (2) shall contribute
30 the amounts specified in 19-7-404."

- 1
- 2 **Section 3.** Section 19-13-301, MCA, is amended to read:
- 3 **"19-13-301. Active membership -- inactive vested member -- inactive nonvested member. (1)**
- 4 Except as provided in subsection (7), a full-paid firefighter becomes an active member of the retirement system:
- 5 (a) on the first day of the firefighter's service with an employer;
- 6 (b) on July 1, 1981, if the firefighter is employed by an employer on that date; or
- 7 (c) in the case of an employer who elects to join the retirement system, as provided in 19-13-211, on the
- 8 effective date of the election if the firefighter is employed by the employer on that date.
- 9 (2) Upon becoming eligible for membership, the firefighter shall complete the forms and furnish any proof
- 10 required by the board.
- 11 (3) A part-paid firefighter may elect to become a member of the retirement system by filing an irrevocable
- 12 written election with the board within 90 days of becoming a part-paid firefighter.
- 13 (4) An active member becomes an inactive member upon the occurrence of the earliest of the following:
- 14 (a) the date on which the member ceases service with an employer;
- 15 (b) the 31st day of an approved absence from active duty with an employer; or
- 16 (c) the date on which the member ceases to be employed because of a reduction of the number of
- 17 firefighters in the fire department as provided in 7-33-4125.
- 18 (5) (a) An inactive member with at least 5 years of membership service is an inactive vested member
- 19 and retains the right to purchase service credit and to receive a retirement benefit under the provisions of this
- 20 chapter.
- 21 (b) If an inactive vested member chooses to take a lump-sum payment rather than a retirement benefit,
- 22 the lump-sum payment consists of only the member's accumulated contributions and not the employer's
- 23 contributions.
- 24 (6) (a) An inactive member with less than 5 years of membership service is an inactive nonvested
- 25 member and is not eligible for any benefits from the retirement system.
- 26 (b) An inactive nonvested member is eligible only for a refund of the member's accumulated
- 27 contributions.
- 28 (7) (a) A firefighter previously employed in a position covered under the public employees' retirement
- 29 system and who is first hired into a position covered under the firefighters' unified retirement system after attaining
- 30 45 years of age may elect to remain in the public employees' retirement system.

1 (b) A firefighter making an irrevocable election to remain in the public employees' retirement system shall
2 make the election in a manner prescribed by the board within 90 days of being hired into the position otherwise
3 covered under the firefighters' unified retirement system.

4 ~~(8) A retired member who is receiving a service retirement benefit or early retirement benefit may return~~
5 ~~to employment covered by the retirement system for a period not to exceed 480 hours in any calendar year~~
6 ~~without returning to active service and without any effect to the retiree's retirement benefit."~~

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8 **NEW SECTION. Section 4. Reemployment of retired member -- contributions required.** (1) A retired
9 member may, without returning to active service, return to work in a covered position for a period not to exceed
10 480 hours in any calendar year without affecting the retiree's retirement benefit.

11 (2) If a retired member returns to work in a covered position for more than 480 hours in a calendar year,
12 the member returns to active service and the member's retirement benefits must cease until the member again
13 terminates employment and retires.

14 (3) For each retired member who returns to work pursuant to subsection (1), the employer shall
15 contribute the amount specified in 19-13-605 and the state shall contribute the amount specified in 19-13-604.

16 (4) Retired members who return to active service pursuant to subsection (2) are subject to the employee,
17 state, and employer contributions set forth in 19-13-601, 19-13-604, and 19-13-605, respectively.

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19 **NEW SECTION. Section 5. Codification instruction.** (1) [Section 1] is intended to be codified as an
20 integral part of Title 19, chapter 3, part 11, and the provisions of Title 19, chapter 3, part 11, apply to [section 1].

21 (2) [Section 4] is intended to be codified as an integral part of Title 19, chapter 13, and the provisions
22 of Title 19, chapter 13, apply to [section 4].

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24 **NEW SECTION. Section 6. Effective date.** [This act] is effective July 1, 2011.

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