

HOUSE BILL NO. 375  
INTRODUCED BY G. MATTHEWS

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING THAT ELIGIBLE RETIREES OF THE TEACHERS' RETIREMENT SYSTEM MAY BE REEMPLOYED IN A POSITION COVERED BY THE RETIREMENT SYSTEM WITHOUT HAVING THEIR RETIREMENT ALLOWANCES CANCELED FOR EXCEEDING THE EARNINGS AND EMPLOYMENT LIMITS; PROVIDING THAT THE RETIREMENT ALLOWANCE BE REDUCED DURING REEMPLOYMENT AND REINSTATED WHEN REEMPLOYMENT ENDS; PROHIBITING THE REEMPLOYED RETIREE FROM CONTRIBUTING TO THE RETIREMENT SYSTEM OR EARNING ADDITIONAL SERVICE CREDIT IN THE RETIREMENT SYSTEM; PROVIDING FOR A CONTINUATION OF STATE AND EMPLOYER CONTRIBUTIONS TO THE RETIREMENT SYSTEM; PROVIDING RULEMAKING AUTHORITY; AMENDING SECTION 19-20-804, MCA; AND PROVIDING AN EFFECTIVE DATE AND A TERMINATION DATE."

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

**NEW SECTION. Section 1. Reemployment of retirees -- rulemaking.** (1) Subject to the provisions of this section, a retiree who has been receiving a retirement allowance, except a disability retirement allowance pursuant to part 9, for at least 12 months, who is not subject to 19-20-302(5), and who files a written application with the retirement board may be reemployed in a position covered by the retirement system without cancellation of the retiree's retirement allowance.

(2) A retiree who is eligible under subsection (1) and who is reemployed pursuant to this section:

(a) is exempt from the earnings and employment limits provided in 19-20-804(2) through (5);

(b) must continue to draw the retiree's retirement allowance, but reduced, effective the first day of the month following the date the retiree returned to work, to 75% of the retirement allowance that the retiree was eligible to receive before reemployment;

(c) must continue to receive the guaranteed annual benefit adjustment provided pursuant to 19-20-719, but calculated on the reduced retirement allowance under subsection (2)(b); and

(d) may not be an active member of the retirement system, except for the purposes described in subsection (3).

(3) Retirees who are reemployed pursuant to this section must be considered active members for the purposes of calculating retirement system contributions required under 19-20-604 and 19-20-605.

(4) When reemployment under this section is terminated, the retiree's retirement allowance and guaranteed annual benefit adjustment must be reinstated, effective the first day of the month following the date of termination, to the level the retiree was eligible to receive before being reemployed pursuant to this section.

(5) The retirement board may adopt rules to implement this section.

**Section 2.** Section 19-20-804, MCA, is amended to read:

**"19-20-804. Allowance for service retirement.** (1) ~~Upon~~ Except as provided in [section 1], upon termination, a member who has attained normal retirement age must receive a retirement allowance equal to one-sixtieth of the member's average final compensation, as limited by 19-20-715, multiplied by the sum of the number of years of creditable service and service transferred under 19-20-409.

(2) Except as provided in subsection (4), a retired member may be employed part-time in a position specified in 19-20-302 and may earn, without loss of retirement benefits, an amount not to exceed the greater of:

(a) one-third of the sum of the member's average final compensation; or

(b) one-third of the median of the average final compensation for members retired during the preceding fiscal year as determined by the retirement board.

(3) On July 1 of each year following the member's retirement effective date, the maximum earning amount allowed under subsection (2)(a) is increased by an amount equal to the consumer price index increase for urban wage earners compiled by the bureau of labor statistics of the United States department of labor or its successor agency in the preceding year.

(4) (a) Except as provided in [section 1] and subsection (5) of this section, the retirement benefit of a retired member employed in a full-time position or earning more than allowed by subsection (2) must be canceled beginning in the month in which the retired member returns to full-time employment or earns more than allowed.

(b) The retirement benefits of a retired member who is not reemployed pursuant to [section 1], who was employed in a full-time position or who exceeded the amount that the retired member was eligible to earn under subsection (2), and who was reemployed for less than 1 year must, upon termination of employment, be reinstated beginning in the later of either the month following termination or July 1 of the school year following the date on which the retired member was reemployed. The reinstated retirement benefit is the amount that the retired member would have been entitled to receive had the retired member not returned to employment.

(c) Upon retirement after cancellation of a retired member's benefit pursuant to subsection (4)(a), a retired member who is reemployed as an active member for a minimum of 1 year of full-time service must receive

a recalculated benefit. The recalculated benefit is based on the service credit accumulated at the time of the member's previous retirement plus any service credit accumulated subsequent to reemployment.

(5) If an early-retired member under 19-20-802 is reemployed with the same employer within 30 days from the member's effective date of retirement or if the early-retired member is guaranteed reemployment with the same employer, the member must be considered to have continued in the status of an active member and not to have separated from service. Any retirement allowance payments received by the member must be repaid to the system, together with interest, at the actuarially assumed rate, and the retirement allowance must be terminated."

NEW SECTION. **Section 3. Codification instruction.** [Section 1] is intended to be codified as an integral part of Title 19, chapter 20, part 8, and the provisions of Title 19, chapter 20, part 8, apply to [section 1].

NEW SECTION. **Section 4. Effective date.** [This act] is effective July 1, 2003.

NEW SECTION. **Section 5. Termination.** [This act] terminates July 1, 2006.

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