

1 SENATE BILL NO. 496

2 INTRODUCED BY J. PETERSON

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4 A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING THE FUNDING SOURCE OF THE INCREASED
5 EMPLOYER'S SHARE OF THE UNIVERSITY SYSTEM OPTIONAL RETIREMENT PROGRAM; AMENDING
6 SECTION 19-21-203, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

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10 **Section 1.** Section 19-21-203, MCA, is amended to read:

11 **"19-21-203. Contributions -- supplemental and plan choice rate contributions.** The following
12 provisions apply to program participants not otherwise covered under 19-21-214:

13 (1) (a) Each program participant shall contribute an amount equal to the member's contribution required
14 under 19-20-602.

15 (b) (i) Each month, the board of regents shall calculate an amount equal to 1% of ~~each participant's~~ the
16 earned compensation of each participant funded through the current unrestricted subfund, total the amounts
17 calculated, and certify to the state treasurer the total amount for all participants combined.

18 (ii) Within 1 week of receiving notice of the certified amount, the state treasurer shall transfer the certified
19 amount from the general fund to the board of regents. Upon receipt of the amount transferred, the board {of
20 regents} shall allocate and deposit to the account of each participant the amount calculated for that participant
21 under subsection (1)(b)(i). The amounts transferred under this subsection (1)(b)(ii) are statutorily appropriated,
22 as provided in 17-7-502.

23 (c) The board of regents shall contribute an amount that, when added to the sum of the participant's
24 contribution plus the contribution made under subsection (1)(b)(ii), is equal to 13% of the participant's earned
25 compensation.

26 (2) (a) The board of regents may:

27 (i) reduce the participant's contribution rate established in subsection (1) to an amount not less than 6%
28 of the participant's earned compensation; and

29 (ii) increase the employer's contribution rate to an amount not greater than 6% of the participant's earned
30 compensation.

1 (b) Notwithstanding the supplemental contributions required under 19-20-604 and subsection (5) of this
2 section, the sum of the participant's contributions made under subsection (1)(a), the state's contributions made
3 under subsection (1)(b), and the employer's contributions made under subsection (1)(c) must remain at 13% of
4 the participant's earned compensation.

5 (3) The board of regents shall determine whether the participant's contribution is to be made by salary
6 reduction under section 403(b) of the Internal Revenue Code, 26 U.S.C. 403(b), as amended, or by employer
7 pickup under section 414(h)(2) of that code, 26 U.S.C. 414(h)(2), as amended.

8 (4) The disbursing officer of the employer or other official designated by the board of regents shall pay
9 both the participant's contribution and the appropriate portion of the board of regents' contribution to the
10 designated company or companies for the benefit of the participant.

11 (5) The board of regents shall make the supplemental contributions to the teachers' retirement system,
12 as provided in 19-20-621, to discharge the obligation incurred by the Montana university system for the past
13 service liability incurred by active, inactive, and retired members of the teachers' retirement system."

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15 NEW SECTION. **Section 2. Effective date.** [This act] is effective July 1, 2009.

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