

HOUSE BILL NO. 408

INTRODUCED BY G. HERTZ

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING CONTRACT RIGHTS FOR NEW MEMBERS OF THE DEFINED BENEFIT RETIREMENT PLANS ADMINISTERED BY THE PUBLIC EMPLOYEES' RETIREMENT BOARD AND FOR THE TEACHERS' RETIREMENT SYSTEM; AMENDING SECTIONS 19-2-502 AND 19-20-501, MCA; AND PROVIDING A DELAYED EFFECTIVE DATE."

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

Section 1. Section 19-2-502, MCA, is amended to read:

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

(2) Benefits and refunds to eligible recipients are payable pursuant to a contract as contained in statute. ~~The~~ With respect to a member initially hired before January 1, 2016, the contract is entered into on the first day of ~~a~~ the member's covered employment and may be enhanced by the legislature. With respect to a member initially hired on or after January 1, 2016, the contract is governed by the relevant statutes in effect at the time the member withdraws or retires from the system.

(3) Unless specifically provided for by statute, the contract does not contain revisions to statutes after the time of retirement or termination of membership.

(4) Nothing in this section may be interpreted to change vesting schedules."

Section 2. Section 19-20-501, MCA, is amended to read:

"19-20-501. Financial administration of money. The members of the retirement board are the trustees of all money collected for the retirement system, and as trustees, they shall provide for the financial administration of the money as provided in Article VIII, section 15, of the Montana constitution in the following manner:

- (1) The money must be invested and reinvested by the state board of investments.
- (2) The retirement board shall annually establish the rate of regular interest.
- (3) In accordance with the provisions of 19-20-605(8), the amount to be credited to each reserve must



1 be allocated from the interest and other earnings on the money of the retirement system actually realized during
2 the preceding fiscal year, less the amount allocated to administrative expenses. The administrative expenses of
3 the retirement system, less amortization of intangible assets, may not exceed 1.5% of retirement benefits paid.

4 (4) The state treasurer is the custodian of the collected retirement system money and of the securities
5 in which the money is invested.

6 (5) For purposes of Article VIII, section 12, of the Montana constitution, all the reserves established by
7 part 6 of this chapter must be accounts in the pension trust fund type of the treasury fund structure of the state.

8 (6) Benefits and refunds to eligible recipients are payable pursuant to a contract as contained in statute.
9 With respect to a member initially hired on or after January 1, 2016, the contract is governed by the relevant
10 statutes in effect at the time the member withdraws or retires from the system. Unless specifically provided for
11 by statute, the contract does not contain revisions to statutes after the time of retirement or termination. Nothing
12 in this section may be interpreted to change vesting schedules."

13

14 NEW SECTION. Section 3. Effective date. [This act] is effective January 1, 2016.

15

- END -