

**Amendment - 1st Reading-white - Requested by: Terry Moore - (H) Appropriations**

- 2023

68th Legislature 2023

Drafter: Rebecca Power,

HB0226.002.002

1 HOUSE BILL NO. 226  
2 INTRODUCED BY T. MOORE, J. HAMILTON, D. FERN, S. VINTON, B. MERCER, T. MCGILLVRAY, D. LENZ,  
3 T. FALK, J. TREBAS  
4

5 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING LAWS RELATED TO THE PUBLIC  
6 EMPLOYEES' RETIREMENT SYSTEM; REVISING CONTRIBUTIONS IN THE PUBLIC EMPLOYEES'  
7 RETIREMENT SYSTEM TO PROVIDE FOR AN ACTUARIALLY DETERMINED CONTRIBUTION; CHANGING  
8 THE DEFAULT RETIREMENT PLAN TO THE PUBLIC EMPLOYEES' DEFINED CONTRIBUTION PLAN;  
9 REVISING THE EMPLOYER CONTRIBUTION TO THE DEFINED CONTRIBUTION PLAN OF THE PUBLIC  
10 EMPLOYEES' RETIREMENT SYSTEM; PROVIDING DEFINITIONS; CREATING A PENSION SPECIAL  
11 TRUST FUND; PROVIDING A STATUTORY APPROPRIATION; AMENDING SECTIONS 17-7-502, 19-2-303,  
12 19-2-405, 19-2-409, 19-3-315, 19-3-316, 19-3-319, 19-3-1605, 19-3-2111, 19-3-2117, AND 19-21-214, MCA;  
13 AND PROVIDING AN EFFECTIVE DATE."  
14

15 WHEREAS, Montana's current statutory funding approach to Montana's Public Employees' Retirement  
16 System (PERS) and the current funding policies adopted by the Public Employees' Retirement Board is based  
17 on a 30-year maximum single-layer amortization period for unfunded liabilities; and

18 WHEREAS, contribution rates are currently fixed rates set in statute, which means legislation is  
19 required to increase contributions if the contribution rates are insufficient to keep the amortization period under  
20 30 years and continue to lower the amortization period each year; and

21 WHEREAS, a layered amortization funding policy and automatic adjustments in contribution rates to  
22 ensure contributions are sufficient to continue to pay down unfunded liabilities in a more expeditious and fiscally  
23 disciplined manner would significantly reduce the long-term costs of the Public Employees' Retirement System;  
24 and

25 WHEREAS, the Public Employees' Retirement System is the largest statewide public employee  
26 retirement system and accounts for the majority of the public retirement system liability, with an unfunded  
27 liability of \$2.25 billion and an amortization period of 32 years.  
28

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

2

3 NEW SECTION. SECTION 1. PENSION SPECIAL-TRUST FUND -- TRANSFER OF FUNDS -- STATUTORY

4 APPROPRIATION. (1) THERE IS ~~AN ACCOUNT IN THE STATE FIDUCIARY FUND ESTABLISHED IN 17-2-102(3)~~ established in  
5 the state special revenue fund an account TO BE KNOWN AS THE PENSION SPECIAL-TRUST FUND to pay the  
6 difference between the actuarially determined contribution rate and the base rate pursuant to 19-3-316.

7 (2) BY JULY 1, 2023, THE STATE TREASURER SHALL TRANSFER \$300 MILLION FROM THE GENERAL FUND  
8 TO THIS ACCOUNT.

9 (3) THE ACCOUNT IS STATUTORILY APPROPRIATED PURSUANT TO 17-7-502 AND MAY BE USED ONLY TO  
10 COVER ANY DIFFERENCE BETWEEN THE ACTUARIALY DETERMINED EMPLOYER CONTRIBUTION RATE AND THE BASE RATE  
11 DEFINED IN pursuant to 19-3-316.

12 (4) The account established in subsection (1) retains interest earned from the investment of money  
13 in the account.

14 (5) The pension special fund must be closed on June 30, 2023, and any remaining funds must  
15 revert to the general fund.

16

17 SECTION 2. SECTION 17-7-502, MCA, IS AMENDED TO READ:

18 **"17-7-502. Statutory appropriations -- definition -- requisites for validity.** (1) A statutory  
19 appropriation is an appropriation made by permanent law that authorizes spending by a state agency without  
20 the need for a biennial legislative appropriation or budget amendment.

21 (2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with  
22 both of the following provisions:

23 (a) The law containing the statutory authority must be listed in subsection (3).

24 (b) The law or portion of the law making a statutory appropriation must specifically state that a  
25 statutory appropriation is made as provided in this section.

26 (3) The following laws are the only laws containing statutory appropriations: 2-17-105; 5-11-120; 5-  
27 11-407; 5-13-403; 5-13-404; 7-4-2502; 7-4-2924; 7-32-236; 10-1-108; 10-1-1202; 10-1-1303; 10-2-603; 10-2-  
28 807; 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-3-802; 10-3-1304; 10-4-304; 10-4-310; 15-1-121; 15-1-218;

**Amendment - 1st Reading-white - Requested by: Terry Moore - (H) Appropriations**

- 2023

68th Legislature 2023

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HB0226.002.002

1 15-31-165; 15-31-1004; 15-31-1005; 15-35-108; 15-36-332; 15-37-117; 15-39-110; 15-65-121; 15-70-101; 15-  
2 70-130; 15-70-433; 16-11-119; 16-11-509; 17-3-106; 17-3-212; 17-3-222; 17-3-241; 17-6-101; 17-7-215; 18-11-  
3 112; 19-3-319; 19-3-320; [section 1]; 19-6-404; 19-6-410; 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-  
4 305; 19-19-506; 19-20-604; 19-20-607; 19-21-203; 20-8-107; 20-9-534; 20-9-622; [ 20-15-328]; 20-26-617; 20-  
5 26-1503; 22-1-327; 22-3-116; 22-3-117; [ 22-3-1004]; 23-4-105; 23-5-306; 23-5-409; 23-5-612; 23-7-301; 23-7-  
6 402; 30-10-1004; 37-43-204; 37-50-209; 37-54-113; 39-71-503; 41-5-2011; 42-2-105; 44-4-1101; 44-12-213;  
7 44-13-102; 46-32-108; 50-1-115; 53-1-109; 53-6-148; 53-9-113; 53-24-108; 53-24-206; 60-5-530; 60-11-115;  
8 61-3-321; 61-3-415; 67-1-309; 69-3-870; 69-4-527; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 75-26-308; 76-  
9 13-150; 76-13-151; 76-13-417; 76-17-103; 77-1-108; 77-2-362; 80-2-222; 80-4-416; 80-11-518; 80-11-1006;  
10 81-1-112; 81-1-113; 81-7-106; 81-7-123; 81-10-103; 82-11-161; 85-2-526; 85-20-1504; 85-20-1505; [ 85-25-  
11 102]; 87-1-603; 87-5-909; 90-1-115; 90-1-205; 90-1-504; 90-6-331; and 90-9-306.

12 (4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing,  
13 paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued  
14 pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of  
15 Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined  
16 by the state treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have  
17 statutory appropriation authority for the payments. (In subsection (3): pursuant to sec. 10, Ch. 360, L. 1999, the  
18 inclusion of 19-20-604 terminates contingently when the amortization period for the teachers' retirement  
19 system's unfunded liability is 10 years or less; pursuant to sec. 73, Ch. 44, L. 2007, the inclusion of 19-6-410  
20 terminates contingently upon the death of the last recipient eligible under 19-6-709(2) for the supplemental  
21 benefit provided by 19-6-709; pursuant to sec. 5, Ch. 383, L. 2015, the inclusion of 85-25-102 is effective on  
22 occurrence of contingency; pursuant to sec. 6, Ch. 423, L. 2015, the inclusion of 22-3-116 and 22-3-117  
23 terminates June 30, 2025; pursuant to sec. 12, Ch. 55, L. 2017, the inclusion of 37-54-113 terminates June 30,  
24 2023; pursuant to sec. 4, Ch. 122, L. 2017, the inclusion of 10-3-1304 terminates September 30, 2025;  
25 pursuant to sec. 1, Ch. 213, L. 2017, the inclusion of 90-6-331 terminates June 30, 2027; pursuant to secs. 5, 8,  
26 Ch. 284, L. 2017, the inclusion of 81-1-112, 81-1-113, and 81-7-106 terminates June 30, 2023; pursuant to sec.  
27 1, Ch. 340, L. 2017, the inclusion of 22-1-327 terminates July 1, 2023; pursuant to sec. 10, Ch. 374, L. 2017,  
28 the inclusion of 76-17-103 terminates June 30, 2027; pursuant to sec. 5, Ch. 50, L. 2019, the inclusion of 37-50-

**Amendment - 1st Reading-white - Requested by: Terry Moore - (H) Appropriations**

- 2023

68th Legislature 2023

Drafter: Rebecca Power,

HB0226.002.002

1 209 terminates September 30, 2023; pursuant to sec. 1, Ch. 408, L. 2019, the inclusion of 17-7-215 terminates  
2 June 30, 2029; pursuant to secs. 11, 12, and 14, Ch. 343, L. 2019, the inclusion of 15-35-108 terminates June  
3 30, 2027; pursuant to sec. 7, Ch. 465, L. 2019, the inclusion of 85-2-526 terminates July 1, 2023; pursuant to  
4 sec. 5, Ch. 477, L. 2019, the inclusion of 10-3-802 terminates June 30, 2023; pursuant to secs. 1, 2, 3, Ch. 139,  
5 L. 2021, the inclusion of 53-9-113 terminates June 30, 2027; pursuant to sec. 8, Ch. 200, L. 2021, the inclusion  
6 of 10-4-310 terminates July 1, 2031; pursuant to secs. 3, 4, Ch. 404, L. 2021, the inclusion of 30-10-1004  
7 terminates June 30, 2027; pursuant to sec. 5, Ch. 548, L. 2021, the inclusion of 50-1-115 terminates June 30,  
8 2025; pursuant to secs. 5 and 12, Ch. 563, L. 2021, the inclusion of 22-3-1004 is effective July 1, 2027; and  
9 pursuant to sec. 15, Ch. 574, L. 2021, the inclusion of 46-32-108 terminates June 30, 2023.)"

10

11 **Section 3.** Section 19-2-303, MCA, is amended to read:

12 **"19-2-303. Definitions.** Unless the context requires otherwise, for each of the retirement systems  
13 subject to this chapter, the following definitions apply:

14 (1) "Accumulated contributions" means the sum of all the regular and any additional contributions  
15 made by a member in a defined benefit plan, together with the regular interest on the contributions.

16 (2) "Active member" means a member who is a paid employee of an employer, is making the  
17 required contributions, and is properly reported to the board for the most current reporting period.

18 (3) "Actuarial cost" means the amount determined by the board in a uniform and nondiscriminatory  
19 manner to represent the present value of the benefits to be derived from the additional service to be credited  
20 based on the most recent actuarial valuation for the system and the age, years until retirement, and current  
21 salary of the member.

22 (4) "Actuarial equivalent" means a benefit of equal value when computed upon the basis of the  
23 mortality table and interest rate assumptions adopted by the board.

24 (5) "Actuarial liabilities" means the excess of the present value of all benefits payable under a  
25 defined benefit retirement plan over the present value of future normal costs in that retirement plan.

26 (6) "Actuary" means the actuary retained by the board in accordance with 19-2-405.

27 (7) "Additional contributions" means contributions made by a member of a defined benefit plan to  
28 purchase various types of optional service credit as allowed by the applicable retirement plan.

**Amendment - 1st Reading-white - Requested by: Terry Moore - (H) Appropriations**

- 2023

68th Legislature 2023

Drafter: Rebecca Power,

HB0226.002.002

1 (8) "Annuity" means:

2 (a) in the case of a defined benefit plan, equal and fixed payments for life that are the actuarial  
3 equivalent of a lump-sum payment under a retirement plan and as such are not benefits paid by a retirement  
4 plan and are not subject to periodic or one-time increases; or

5 (b) in the case of the defined contribution plan, a payment of a fixed sum of money at regular  
6 intervals.

7 (9) "Banked holiday time" means the hours reported for work performed on a holiday that the  
8 employee may use for equivalent time off or that may be paid to the employee as specified by the employer's  
9 policy.

10 (10) "Benefit" means:

11 (a) the service retirement benefit, early retirement benefit, or disability retirement or survivorship  
12 benefit payment provided by a defined benefit retirement plan; or

13 (b) a payment or distribution under the defined contribution retirement plan, including a disability  
14 payment under 19-3-2141, for the exclusive benefit of a plan member or the member's beneficiary or an annuity  
15 purchased under 19-3-2124.

16 (11) "Board" means the public employees' retirement board provided for in 2-15-1009.

17 (12) "Contingent annuitant" means:

18 (a) under option 2 or 3 provided for in 19-3-1501, one natural person designated to receive a  
19 continuing monthly benefit after the death of a retired member; or

20 (b) under option 4 provided for in 19-3-1501, a natural person, charitable organization, estate, or  
21 trust that may receive a continuing monthly benefit after the death of a retired member.

22 (13) "Covered employment" means employment in a covered position.

23 (14) "Covered position" means a position in which the employee must be a member of the  
24 retirement system except as otherwise provided by law.

25 (15) "Defined benefit retirement plan" or "defined benefit plan" means a plan within the retirement  
26 systems provided for pursuant to 19-2-302 that is not the defined contribution retirement plan.

27 (16) "Defined contribution retirement plan" or "defined contribution plan" means the plan within the  
28 public employees' retirement system established in 19-3-103 that is provided for in chapter 3, part 21, of this

**Amendment - 1st Reading-white - Requested by: Terry Moore - (H) Appropriations**

- 2023

68th Legislature 2023

Drafter: Rebecca Power,

HB0226.002.002

1 title and that is not a defined benefit plan.

2 (17) "Department" means the department of administration.

3 (18) "Designated beneficiary" means the person, charitable organization, estate, or trust for the  
4 benefit of a natural person designated by a member or payment recipient to receive any survivorship benefits,  
5 lump-sum payments, or benefit from a retirement account upon the death of the member or payment recipient,  
6 including annuities derived from the benefits or payments.

7 (19) "Direct rollover" means a payment by the retirement plan to the eligible retirement plan  
8 specified by the distributee or a payment from an eligible retirement plan to the retirement plan specified by the  
9 distributee.

10 (20) "Disability" or "disabled" means a total inability of the member to perform the member's duties  
11 by reason of physical or mental incapacity. The disability must be incurred while the member is an active  
12 member and must be one of permanent duration or of extended and uncertain duration, as determined by the  
13 board on the basis of competent medical opinion.

14 (21) "Distributee" means:

15 (a) a member;

16 (b) a member's surviving spouse;

17 (c) a member's spouse or former spouse who is the alternate payee under a family law order as  
18 defined in 19-2-907; or

19 (d) effective January 1, 2007, a member's nonspouse beneficiary who is a designated beneficiary  
20 as defined by section 401(a)(9)(E) of the Internal Revenue Code, 26 U.S.C. 401(a)(9)(E).

21 (22) "Early retirement benefit" means the retirement benefit payable to a member following early  
22 retirement and is the actuarial equivalent of the accrued portion of the member's service retirement benefit.

23 (23) "Eligible retirement plan" means any of the following that accepts the distributee's eligible  
24 rollover distribution:

25 (a) an individual retirement account described in section 408(a) of the Internal Revenue Code, 26  
26 U.S.C. 408(a);

27 (b) an individual retirement annuity described in section 408(b) of the Internal Revenue Code, 26  
28 U.S.C. 408(b);

**Amendment - 1st Reading-white - Requested by: Terry Moore - (H) Appropriations**

- 2023

68th Legislature 2023

Drafter: Rebecca Power,

HB0226.002.002

1 (c) an annuity plan described in section 403(a) of the Internal Revenue Code, 26 U.S.C. 403(a);

2 (d) a qualified trust described in section 401(a) of the Internal Revenue Code, 26 U.S.C. 401(a);

3 (e) effective January 1, 2002, an annuity contract described in section 403(b) of the Internal

4 Revenue Code, 26 U.S.C. 403(b);

5 (f) effective January 1, 2002, a plan eligible under section 457(b) of the Internal Revenue Code,

6 26 U.S.C. 457(b), that is maintained by a state, a political subdivision of a state, or any agency or

7 instrumentality of a state or a political subdivision of a state that agrees to separately account for amounts

8 transferred into that plan from a plan under this title; or

9 (g) effective January 1, 2008, a Roth IRA described in section 408A of the Internal Revenue Code,

10 26 U.S.C. 408A.

11 (24) "Eligible rollover distribution":

12 (a) means any distribution of all or any portion of the balance from a retirement plan to the credit of

13 the distributee, as provided in 19-2-1011;

14 (b) effective January 1, 2002, includes a distribution to a surviving spouse or to a spouse or former

15 spouse who is an alternate payee under a domestic relations order, as defined in section 414(p) of the Internal

16 Revenue Code, 26 U.S.C. 414(p).

17 (25) "Employee" means a person who is employed by an employer in any capacity and whose

18 salary is being paid by the employer or a person for whom an interlocal governmental entity is responsible for

19 paying retirement contributions pursuant to 7-11-105.

20 (26) "Employer" means a governmental agency participating in a retirement system enumerated in

21 19-2-302 on behalf of its eligible employees. The term includes an interlocal governmental entity identified as

22 responsible for paying retirement contributions pursuant to 7-11-105.

23 (27) "Essential elements of the position" means fundamental job duties. An element may be

24 considered essential because of but not limited to the following factors:

25 (a) the position exists to perform the element;

26 (b) there are a limited number of employees to perform the element; or

27 (c) the element is highly specialized.

28 (28) "Excess earnings" means the difference, if any, between reported compensation and the limits

**Amendment - 1st Reading-white - Requested by: Terry Moore - (H) Appropriations**

- 2023

68th Legislature 2023

Drafter: Rebecca Power,

HB0226.002.002

1 provided in 19-2-1005(2) used to calculate a member's highest average compensation or final average  
2 compensation.

3 (29) "Fiscal year" means a plan year, which is any year commencing with July 1 and ending the  
4 following June 30.

5 (30) "Inactive member" means a member who terminates service and does not retire or take a  
6 refund of the member's accumulated contributions.

7 (31) "Internal Revenue Code" has the meaning provided in 15-30-2101.

8 (32) "Member" means either:

9 (a) a person with accumulated contributions and service credited with a defined benefit retirement  
10 plan or receiving a retirement benefit on account of the person's previous service credited in a retirement  
11 system; or

12 (b) a person with a retirement account in the defined contribution plan.

13 (33) "Membership service" means the periods of service that are used to determine eligibility for  
14 retirement or other benefits.

15 (34) (a) "Normal cost" or "future normal cost" means an amount calculated under an actuarial cost  
16 method required to fund accruing benefits for members of a defined benefit retirement plan during any year in  
17 the future.

18 (b) Normal cost does not include any portion of the supplemental costs of a retirement plan.

19 (35) "Normal retirement age" means the age at which a member is eligible to immediately receive a  
20 retirement benefit based on the member's age or both age and length of service, as specified under the  
21 member's retirement system, without disability and without an actuarial or similar reduction in the benefit.

22 (36) "Pension" means benefit payments for life derived from contributions to a retirement plan made  
23 from state- or employer-controlled funds.

24 (37) "Pension trust fund" means a fund established to hold the contributions, income, and assets of  
25 a retirement system or plan in public trust.

26 ~~(38) "Plan choice rate" means the amount of the employer contribution as a percentage of payroll~~  
27 ~~covered by the defined contribution plan members that is allocated to the public employees' retirement system's~~  
28 ~~defined benefit plan pursuant to 19-3-2117 to actuarially fund the unfunded liabilities and the normal cost rate~~



**Amendment - 1st Reading-white - Requested by: Terry Moore - (H) Appropriations**

- 2023

68th Legislature 2023

Drafter: Rebecca Power,

HB0226.002.002

1 ~~changes in a defined benefit plan resulting from member selection of the defined contribution plan.~~

2 (39)(38) "Regular contributions" means contributions required from members under a retirement plan.

3 (40)(39) "Regular interest" means interest at rates set from time to time by the board.

4 (41)(40) "Retirement" or "retired" means the status of a member who has:

5 (a) terminated from service; and

6 (b) received and accepted a retirement benefit from a retirement plan.

7 (42)(41) "Retirement account" means an individual account within the defined contribution retirement  
8 plan for the deposit of employer and member contributions and other assets for the exclusive benefit of a  
9 member of the defined contribution plan or the member's beneficiary.

10 (43)(42) "Retirement benefit" means:

11 (a) in the case of a defined benefit plan, the periodic benefit payable as a result of service  
12 retirement, early retirement, or disability retirement under a defined benefit plan of a retirement system. With  
13 respect to a defined benefit plan, the term does not mean an annuity.

14 (b) in the case of the defined contribution plan, a benefit as defined in subsection (10)(b).

15 (44)(43) "Retirement plan" or "plan" means either a defined benefit plan or a defined contribution plan  
16 under one of the public employee retirement systems enumerated in 19-2-302.

17 (45)(44) "Retirement system" or "system" means one of the public employee retirement systems  
18 enumerated in 19-2-302.

19 (46)(45) "Service" means employment of an employee in a position covered by a retirement system.

20 (47)(46) "Service credit" means the periods of time for which the required contributions have been  
21 made to a retirement plan and that are used to calculate retirement benefits or survivorship benefits under a  
22 defined benefit retirement plan.

23 (48)(47) "Service retirement benefit" means the retirement benefit that the member may receive at  
24 normal retirement age.

25 (49)(48) "Statutory beneficiary" means the surviving spouse or dependent child or children of a  
26 member of the highway patrol officers', municipal police officers', or firefighters' unified retirement system who  
27 are statutorily designated to receive benefits upon the death of the member.

28 (50)(49) "Supplemental cost" means an element of the total actuarial cost of a defined benefit

1 retirement plan arising from benefits payable for service performed prior to the inception of the retirement plan  
2 or prior to the date of contribution rate increases, changes in actuarial assumptions, actuarial losses, or failure  
3 to fund or otherwise recognize normal cost accruals or interest on supplemental costs. These costs are  
4 included in the unfunded actuarial liabilities of the retirement plan.

5 ~~(54)~~(50) "Survivorship benefit" means payments for life to the statutory or designated beneficiary of a  
6 deceased member who died while in service under a defined benefit retirement plan.

7 ~~(52)~~(51) "Termination of employment", "termination from employment", "terminated employment",  
8 "terminated from employment", "terminate employment", or "terminates employment" means that:

9 (a) there has been a complete severance of a covered employment relationship by the positive act  
10 of either the employee, the employer, or both; and

11 (b) the member is no longer receiving compensation for covered employment, other than any  
12 outstanding lump-sum payment for compensatory leave, sick leave, or annual leave.

13 ~~(53)~~(52) "Termination of service", "termination from service", "terminated from service", "terminated  
14 service", "terminating service", or "terminates service" means that:

15 (a) there has been a complete severance of a covered employment relationship by the positive act  
16 of either the employee, the employer, or both for at least 30 days;

17 (b) no written or verbal agreement exists between employee and employer that the employee will  
18 return to covered employment in the future;

19 (c) the member is no longer receiving compensation for covered employment; and

20 (d) the member has been paid all compensation for compensatory leave, sick leave, or annual  
21 leave to which the member was entitled. For the purposes of this subsection ~~(53)~~ (52), compensation does not  
22 mean compensation as a result of a legal action, court order, or settlement to which the board was not a party.

23 ~~(54)~~(53) "Unfunded actuarial liabilities" or "unfunded liabilities" means the excess of a defined benefit  
24 retirement plan's actuarial liabilities at any given point in time over the value of its cash and investments on that  
25 same date.

26 ~~(55)~~(54) "Vested account" means an individual account within a defined contribution plan that is for the  
27 exclusive benefit of a member or the member's beneficiary. A vested account includes all contributions and the  
28 income on all contributions in each of the following accounts:

**Amendment - 1st Reading-white - Requested by: Terry Moore - (H) Appropriations**

- 2023

68th Legislature 2023

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HB0226.002.002

- 1 (a) the member's contribution account;
- 2 (b) the vested portion of the employer's contribution account; and
- 3 (c) the member's account for other contributions.

4 ~~(56)~~(55) "Vested member" or "vested" means:

- 5 (a) with respect to a defined benefit plan, except as provided in subsection ~~(56)(b)~~ (55)(b), a
- 6 member or the status of a member who has at least 5 years of membership service;
- 7 (b) with respect to a member of the highway patrol officers' retirement system established in Title
- 8 19, chapter 6, who was hired on or after July 1, 2013, a member or the status of a member who has at least 10
- 9 years of membership service; or
- 10 (c) with respect to the defined contribution plan, a member or the status of a member who meets
- 11 the minimum membership service requirement of 19-3-2116.

12 ~~(57)~~(56) "Written application" or "written election" means a written instrument, prescribed by the board

13 or required by law, properly signed and filed with the board, that contains all required information, including

14 documentation that the board considers necessary.

15 ~~(58)~~(57) "Written instrument" includes an electronic record containing an electronic signature, as

16 defined in 30-18-102."

17

18 **Section 4.** Section 19-2-405, MCA, is amended to read:

19 **"19-2-405. Employment of actuary -- annual investigation and valuation.** (1) The board shall

20 retain a competent actuary who is an enrolled member of the American academy of actuaries and who is

21 familiar with public systems of pensions. The actuary is the technical adviser of the board on matters regarding

22 the operation of the retirement systems.

23 (2) The board shall require the actuary to make and report on an annual actuarial investigation into

24 the suitability of the actuarial tables used by the retirement systems and an actuarial valuation of the assets and

25 liabilities of each defined benefit plan that is a part of the retirement systems.

26 (3) The normal cost contribution rate, which is funded by required employee contributions and a

27 portion of the required employer contributions to each defined benefit retirement plan, must be calculated as the

28 level percentage of members' salaries that will actuarially fund benefits payable under a retirement plan as

1 those benefits accrue in the future.

2 (4) (a) The unfunded liability contribution rate, which is entirely funded by a portion of the required  
3 employer contributions to the retirement plan, must be calculated as the level percentage of current and future  
4 defined benefit plan members' salaries that will amortize the unfunded actuarial liabilities of the retirement plan  
5 over a reasonable period of time, not to exceed 30 years, as determined by the board, except as provided in  
6 19-3-316 for the public employees' retirement system's defined benefit plan.

7 (b) ~~In determining the amortization period under subsection (4)(a) for the public employees' retirement~~  
8 ~~system's defined benefit plan, the actuary shall take into account the plan choice rate contributions to be made~~  
9 ~~to the defined benefit plan pursuant to 19-3-2117 and 19-21-214.~~

10 (5) The board shall require the actuary to conduct and report on a periodic actuarial investigation  
11 into the actuarial experience of the retirement systems and plans.

12 (6) The board may require the actuary to conduct any valuation necessary to administer the  
13 retirement systems and the plans subject to this chapter.

14 (7) The board shall provide copies of the reports required pursuant to subsections (2) and (5) to  
15 the state administration and veterans' affairs interim committee and to the legislature pursuant to 5-11-210.

16 (8) The board shall require the actuary to prepare for each employer participating in a retirement  
17 system the disclosures or the information required to be included in the disclosures as required by law and by  
18 the governmental accounting standards board or its generally recognized successor."  
19

20 **Section 5.** Section 19-2-409, MCA, is amended to read:

21 **"19-2-409. Plans to be funded on actuarially sound basis -- definition.** As required by Article VIII,  
22 section 15, of the Montana constitution, each system must be funded on an actuarially sound basis. For  
23 purposes of this section, "actuarially sound basis" means that contributions to each retirement plan must be  
24 sufficient to pay the full actuarial cost of the plan. For a defined benefit plan, the full actuarial cost includes both  
25 the normal cost of providing benefits as they accrue in the future and the cost of amortizing unfunded liabilities  
26 over a scheduled period of no more than 30 years, except that with respect to the public employees' retirement  
27 system's defined benefit plan, the unfunded liabilities must be paid over the periods provided for in 19-3-316.

28 For the defined contribution plan, the full actuarial cost is the contribution defined by law that is payable to an

1 account on behalf of the member."

2

3 **Section 6.** Section 19-3-315, MCA, is amended to read:

4 **"19-3-315. Member's contribution to be deducted.** (1) ~~(a)~~ Except as provided in subsection (2),  
5 each member's contribution is 7.9% of the member's compensation.

6 ~~(b) The board shall annually review the required contributions and recommend future adjustments to~~  
7 ~~the legislature as needed to maintain the amortization schedule set by the board for the payment of the~~  
8 ~~system's unfunded liability.~~

9 (2) Each member's contribution must be reduced to 6.9% on January 1 following the ~~system's~~  
10 defined benefit plan's annual actuarial valuation if the valuation determines that the plan's funded ratio is at  
11 least 100% and reducing the employee contribution pursuant to this subsection and ~~reducing the employer~~  
12 ~~contribution pursuant to 19-3-316(4) terminating the employer supplemental contribution pursuant to 19-3-~~  
13 ~~319(3) would not cause the system's amortization period to exceed 25 years~~ the plan's funded ratio to be less  
14 than 100%.

15 (3) Payment of salaries or wages less the contribution is full and complete discharge and  
16 acquittance of all claims and demands for the service rendered by members during the period covered by the  
17 payment, except their claims to the benefits to which they may be entitled under the provisions of this chapter.

18 (4) Each employer, pursuant to section 414(h)(2) of the federal Internal Revenue Code, 26 U.S.C.  
19 414(h)(2), shall pick up and pay the contributions that would be payable by the member under subsection (1) or  
20 (2) for service rendered after June 30, 1985.

21 (5) (a) The member's contributions picked up by the employer must be designated for all purposes  
22 of the retirement system as the member's contributions, except for the determination of a tax upon a distribution  
23 from the retirement system.

24 (b) In the case of a member of the defined benefit plan, these contributions must become part of  
25 the member's accumulated contributions but must be accounted for separately from those previously  
26 accumulated.

27 (c) In the case of a member of the defined contribution plan, these contributions must be allocated  
28 as provided in 19-3-2117.

1 (6) The member's contributions picked up by the employer must be payable from the same source  
2 as is used to pay compensation to the member and must be included in the member's wages, as defined in 19-  
3 1-102, and compensation. The employer shall deduct from the member's compensation an amount equal to the  
4 amount of the member's contributions picked up by the employer and remit the total of the contributions to the  
5 board."

6

7 **Section 7.** Section 19-3-316, MCA, is amended to read:

8 **"19-3-316. Employer contribution rates -- definitions.** (1) Each employer shall contribute to the  
9 system. ~~Except as provided in subsection (2), the employer shall pay as employer contributions 6.9% of the~~  
10 ~~compensation paid to all of the employer's employees plus any additional contribution under subsection (3),~~  
11 ~~except for those employees properly excluded from membership. Of employer contributions made under this~~  
12 ~~subsection for both defined benefit plan and defined contribution plan members, a portion must be allocated for~~  
13 ~~educational programs as provided in 19-3-112. Employer contributions for members under the defined~~  
14 ~~contribution plan must be allocated as provided in 19-3-2117.~~

15 (2) ~~Local government and school district employer contributions must be the total employer~~  
16 ~~contribution rate provided in subsection (1) minus the state contribution rates under 19-3-319.~~

17 (3) (a) ~~Subject to subsection (4), each employer shall contribute to the system an additional employer~~  
18 ~~contribution equal to the percentage specified in subsection (3)(b) of the compensation paid to all of the~~  
19 ~~employer's employees, except for those employees properly excluded from membership.~~

20 (b) ~~The percentage of compensation to be contributed under subsection (3)(a) is 1.27% for fiscal year~~  
21 ~~2014 and increases by 0.1% each fiscal year through fiscal year 2024. For fiscal years beginning after June 30,~~  
22 ~~2024, the percentage of compensation to be contributed under subsection (3)(a) is 2.27%.~~

23 (4) (a) ~~The board shall annually review the additional employer contribution provided for under~~  
24 ~~subsection (3) and recommend adjustments to the legislature as needed to maintain the amortization schedule~~  
25 ~~set by the board for payment of the system's unfunded liabilities.~~

26 (b) ~~The employer contribution required under subsection (3) terminates on January 1 following the~~  
27 ~~board's receipt of the system's actuarial valuation if the actuarial valuation determines that terminating the~~  
28 ~~additional employer contribution pursuant to this subsection (4)(b) and reducing the employee contribution~~

**Amendment - 1st Reading-white - Requested by: Terry Moore - (H) Appropriations**

- 2023

68th Legislature 2023

Drafter: Rebecca Power,

HB0226.002.002

1 pursuant to 19-3-315 (2) would not cause the amortization period to exceed 25 years (1) Beginning July 1,  
2 2023, through June 30, 2024, each employer shall contribute an amount equal to 9.29% of the compensation of  
3 all the employer's employees in the defined benefit plan and the defined contribution plan, except for those  
4 properly excluded from membership. Of employer contributions made under this subsection for both defined  
5 benefit plan and defined contribution plan members, a portion must be allocated for educational programs as  
6 provided in 19-3-112. Of employer contributions made for members of the defined contribution plan, 7.9% must  
7 go to the defined contribution plan, and the remaining amount must go to the defined benefit plan's legacy  
8 unfunded liability.

9 (2) (a) Beginning July 1, 2024, each employer shall contribute to the defined benefit plan EITHER  
10 the actuarially determined employer contribution that is determined annually by the public employees'  
11 retirement system's actuary in accordance with the provisions of this section and part of the plan's annual  
12 actuarial valuation OR THE BASE RATE OF 9.79%, WHICHEVER IS LESS. This actuarially determined employer  
13 contribution RATE is effective July 1 following the annual actuarial valuation completed in the prior calendar  
14 year. BEGINNING JULY 1, 2025, THE BASE RATE WILL INCREASE BY 0.50% EACH YEAR. **The maximum employer  
15 contribution rate is 13%.**

16 (b) Beginning July 1, 2024, each employer shall contribute EITHER the actuarially determined  
17 employer contribution OR THE BASE RATE OF 9.79% for employees in the defined contribution plan, WHICHEVER IS  
18 LESS. Of the total amount, 7.9% must go to the defined contribution plan, and the remaining amount must go to  
19 the defined benefit plan's legacy unfunded liability. BEGINNING JULY 1, 2025, THE BASE RATE WILL INCREASE BY  
20 0.50% EACH YEAR. **The maximum employer contribution rate is 13%.**

21 (c) IF THE ACTUARIALLY DETERMINED EMPLOYER CONTRIBUTION IS HIGHER THAN THE BASE RATE, THE  
22 PENSION SPECIAL ~~TRUST~~ FUND ESTABLISHED IN [SECTION 1] MUST BE USED TO FUND THE DIFFERENCE SO LONG AS  
23 THERE IS AN AVAILABLE BALANCE IN THE FUND.

24 (e)(D) The actuarially determined employer contribution must be the sum of the following contribution  
25 rates, minus the employee contribution provided in 19-3-315 and the state contributions provided in 19-3-319  
26 and 19-3-320:

27 (i) the contribution rate determined under subsection (2)(d) (2)(E) to pay off the legacy unfunded  
28 liability;

**Amendment - 1st Reading-white - Requested by: Terry Moore - (H) Appropriations**

- 2023

68th Legislature 2023

Drafter: Rebecca Power,

HB0226.002.002

1           (ii) the contribution rate determined under subsection ~~(2)(e)~~ (2)(F) to pay for the contemporary  
2 unfunded liability;

3           (iii) the contribution rate determined under subsection ~~(2)(f)~~ (2)(G) to pay for the normal cost of  
4 benefits as they accrue; and

5           (iv) a contribution of 0.04% of compensation for the employer's employees who are members of  
6 either the defined contribution plan or the defined benefit plan for educational programs as provided in 19-3-  
7 112.

8           ~~(d)(E)~~ (i) The contribution rate under subsection ~~(2)(e)(i)~~ (2)(D)(I) for the legacy unfunded liability must  
9 be the amount required on a level dollar basis to amortize the legacy unfunded liability attributable to the  
10 employer's employees who are members of either the defined contribution plan or the defined benefit plan over  
11 a closed 30-year amortization period beginning July 1, 2023, except as provided in subsection ~~(2)(e)(ii)~~ (2)(D)(II).

12           (ii) If the June 30, 2023, actuarial valuation determines the system's amortization period is less  
13 than 30 years, then the closed amortization period used for the purposes of subsection ~~(2)(e)(i)~~ (2)(D)(I) must be  
14 that amortization period.

15           ~~(e)(F)~~ The contribution rate under subsection ~~(2)(e)(ii)~~ (2)(D)(II) for the contemporary unfunded liability  
16 must be the amount required on a level dollar basis to pay the annual contemporary unfunded liabilities  
17 attributable to the employer's employees who are members of either the defined contribution plan or the defined  
18 benefit plan over a layered amortization schedule so that each fiscal year's contemporary unfunded liability is  
19 amortized over a closed 10-year period, starting with the contemporary unfunded liability for the fiscal year  
20 ending June 30, 2024.

21           ~~(f)(G)~~ The contribution rate under subsection ~~(2)(e)(iii)~~ (2)(D)(III) for the normal cost of benefits as they  
22 accrue must be the amount required on a level dollar basis to pay the normal cost of benefits as determined in  
23 the annual actuarial valuation as the benefits accrue for each of the employer's employees who are members of  
24 either the defined contribution plan or the defined benefit plan.

25           (3) (a) Beginning July 1, 2023, each employer shall contribute to the defined contribution plan an  
26 amount equal to 7.9%. Of employer contributions made under this subsection (3)(a) for defined contribution  
27 plan members, a portion must be allocated for educational programs as provided in 19-3-112.

28           (b) The employer contribution under subsection (3)(a) must be allocated as provided in 19-3-2117.



1 (c) The employer contribution rate for the defined contribution plan may not be lower than 7.9%,  
2 even if the actuarially determined contribution rate for the defined benefit plan is less than 7.9%.

3 (4) For the purposes of this section, the following definitions apply:

4 (a) "Contemporary unfunded liability" means the defined benefit plan's annual fiscal year actuarial  
5 gains and losses smoothed over 5 years starting with the fiscal year ending June 30, 2019.

6 (b) "Legacy unfunded liability" means the unfunded liability of the defined benefit plan as of June  
7 30, 2023."

8

9 **Section 8.** Section 19-3-319, MCA, is amended to read:

10 **"19-3-319. State contributions for local government and school district employers.** (1) The (1)  
11 Subject to subsection (3), the state shall contribute monthly from the general fund to the pension trust fund a  
12 sum equal to 0.1% of the compensation paid to all employees of local government entities and school districts  
13 on and after July 1, 1997, except those employees properly excluded from membership.

14 (2) ~~(a) Subject to subsection (2)(b)~~ Subject to subsection (3), in addition to the contribution  
15 required under subsection (1), the state shall contribute monthly from the general fund to the pension trust fund  
16 a sum equal to 0.27% of the compensation paid to all employees of school districts except for those employees  
17 properly excluded from membership.

18 ~~(b)(3)~~ The additional contribution under subsection (2)(a) terminates when the additional contribution  
19 under 19-3-316 (3) terminates contributions in this section terminate January 1 following the defined benefit  
20 plan's annual actuarial valuation if the valuation determines that the plan's funded ratio is at least 100% and  
21 terminating the contribution pursuant to this subsection and reducing the employee contribution pursuant to 19-  
22 3-315(2) would not cause the funded ratio to be less than 100%.

23 ~~(3)(4)~~ The board shall certify amounts due under this section on a monthly basis, and the state  
24 treasurer shall transfer those amounts to the pension trust fund within 1 week. The payments in this section are  
25 statutorily appropriated as provided in 17-7-502."

26

27 **Section 9.** Section 19-3-1605, MCA, is amended to read:

28 **"19-3-1605. Guaranteed annual benefit adjustment.** (1) Subject to subsection (2), on January 1 of

**Amendment - 1st Reading-white - Requested by: Terry Moore - (H) Appropriations**

- 2023

68th Legislature 2023

Drafter: Rebecca Power,

HB0226.002.002

1 each year, the permanent monthly benefit payable during the preceding January to each recipient who is  
2 eligible under subsection (3) must be increased by the applicable percentage provided in subsection (4).

3 (2) (a) If a recipient's benefit payable during the preceding January has been increased by one or  
4 more adjustments not provided for in this section and the adjustments amount to less than an annualized  
5 increase of the applicable percentage provided in subsection (4), then the recipient's benefit must be adjusted  
6 by an amount that will provide a total annualized increase of the applicable percentage in the benefit paid since  
7 the preceding January.

8 (b) If a recipient's benefit payable during the preceding January has been increased by one or  
9 more adjustments not provided for in this section and the increases amount to more than an annualized  
10 increase of the applicable percentage provided in subsection (4), then the benefit increase provided under this  
11 section must be 0%.

12 (c) If a benefit recipient is a contingent annuitant receiving an optional benefit upon the death of  
13 the original payee that occurred since the preceding January, the new recipient's monthly benefit must be  
14 increased to the applicable percentage provided in subsection (4)(b) more than the amount that the contingent  
15 annuitant would have received had the contingent annuitant received a benefit during the preceding January.

16 (3) Except as provided in subsection (2)(b), a benefit recipient is eligible for and must receive the  
17 minimum annual benefit adjustment provided for in this section if the benefit's commencement date is at least  
18 12 months prior to January 1 of the year in which the adjustment is to be made.

19 (4) (a) The applicable percentage increase under subsection (1) is 3% if the member was hired or  
20 assumed office:

21 (i) before July 1, 2007; or

22 (ii) on or after July 1, 2007, and before July 1, 2013, and the benefit recipient is a member of a  
23 retirement system provided for in this title, and the guaranteed annual benefit adjustment provision for that  
24 member under that system is a 3% benefit increase.

25 (b) The applicable percentage increase under subsection (1) is 1.5% if the member was hired or  
26 assumed office on or after July 1, 2007, and before June 30, 2013, and the benefit recipient is not otherwise  
27 covered under subsection (4)(a)(ii).

28 (c) The applicable percentage increase under subsection (1) is 1.5% if the member was hired or

1 assumed office on or after July 1, 2013, subject to reduction as provided in subsection (5).

2 (5) (a) ~~Except as provided in subsection (5)(b), if~~ If the most recent actuarial valuation of the  
3 retirement system shows that retirement system liabilities are less than 90% funded, the applicable percentage  
4 increase in subsection (4)(c) must be reduced by 0.1% for each 2% below that 90% funding level.

5 ~~(b) If the amortization period is 40 years or greater, the applicable percentage increase in subsection~~  
6 ~~(4)(c) must be reduced to 0% and the retirement allowance may not be increased.~~

7 (6) The board shall adopt rules to administer the provisions of this section."  
8

9 **Section 10.** Section 19-3-2111, MCA, is amended to read:

10 **"19-3-2111. Plan membership -- written election required -- failure to elect -- effect of election.**

11 (1) Except as otherwise provided in this part:

12 (a) a member who was an inactive member of the defined benefit plan on the effective date of the  
13 defined contribution plan and who is rehired into covered employment after the plan effective date may, within  
14 the 12-month period provided for in subsection (2)(a), elect to transfer to and become a member of the plan  
15 regardless of whether the member remains active, becomes inactive, or terminates employment and plan  
16 membership within the 12-month period;

17 (b) a member who is initially hired into covered employment on or after the effective date of the  
18 defined contribution plan may, within the 12-month period provided for in subsection (2)(a), elect to become a  
19 member of the plan regardless of whether the member remains active, becomes inactive, or terminates  
20 employment and plan membership within the 12-month period.

21 (2) (a) Elections made pursuant to this section must be made on a form prescribed by the board  
22 and must be made within 12 months from the month that the employer properly reports the new or rehired  
23 member to the board.

24 (b) A member failing to make an election prescribed by this section remains a member of the  
25 defined-benefit contribution plan.

26 (c) An election under this section, including the default election pursuant to subsection (2)(b), is a  
27 one-time irrevocable election. Subject to 19-3-2113, this subsection (2)(c) does not prohibit a new election after  
28 a member has terminated membership in either plan and returned to covered employment.

**Amendment - 1st Reading-white - Requested by: Terry Moore - (H) Appropriations**

- 2023

68th Legislature 2023

Drafter: Rebecca Power,

HB0226.002.002

1           (3)     A member in either the defined benefit plan or the defined contribution plan who becomes  
2 inactive after an election under this section and who returns to active membership remains in the plan  
3 previously elected.

4           (4)     A system member may not simultaneously be a member of the defined benefit plan and the  
5 defined contribution plan and must be a member of either the defined benefit plan or the defined contribution  
6 plan. A period of service may not be credited in more than one retirement plan within the system.

7           (5)     The provisions of this part do not prohibit the board from adopting rules to allow an employee  
8 to elect the defined contribution plan from the first day of covered employment.

9           (6)     A member of the defined benefit plan who is subject to a family law order pursuant to 19-2-907  
10 or an execution or income-withholding order pursuant to 19-2-909 may not transfer to the defined contribution  
11 plan unless the order is modified to apply under the defined contribution plan.

12           (7)     (a) A member of the defined benefit plan who is purchasing service credit through installment  
13 payments, either made directly to the board or pursuant to a payroll deduction agreement, may not transfer  
14 membership to the defined contribution plan unless the member first completes or terminates the contract for  
15 purchase of service credit.

16           (b)     A member who files an election to transfer membership may make a lump-sum payment for up  
17 to the balance of the service credit remaining to be purchased prior to transferring, subject to the limitations of  
18 section 415 of the Internal Revenue Code. The lump-sum payment, unless made by a rollover pursuant to 19-2-  
19 708, must be made with after-tax dollars.

20           (c)     If a member who files an election to transfer membership fails to complete or terminate the  
21 contract for purchase of service credit by the end of the member's 12-month election window, the board shall  
22 terminate the service purchase contract and credit the member with the prorated amount of service credit  
23 purchased under the contract."

24

25           **Section 11.** Section 19-3-2117, MCA, is amended to read:

26           **"19-3-2117. Allocation of contributions and forfeitures.** (1) The member contributions made under  
27 19-3-315 and additional contributions paid by the member for the purchase of service must be allocated to the  
28 plan member's retirement account.

**Amendment - 1st Reading-white - Requested by: Terry Moore - (H) Appropriations**

- 2023

68th Legislature 2023

Drafter: Rebecca Power,

HB0226.002.002

1           (2)     ~~Subject to subsections (3) and (4), of the employer contributions under 19-3-316 received: The~~  
2     ~~employer's contribution received under 19-3-316(2) must be allocated as follows:~~

3           ~~(a) an amount equal to:~~

4           ~~(i)(a)   4.19% the percentage of compensation specified under 19-3-316(3)(a) minus the amounts~~  
5     ~~specified in subsections (2)(b) and (2)(c) of this section must be allocated to the member's retirement account;~~

6           ~~(ii) 2.37% of compensation must be allocated to the defined benefit plan as the plan choice rate;~~

7           ~~(iii)(b)  0.04% of compensation must be allocated to the education fund as provided in 19-3-112(1)(b);~~

8     and

9           ~~(iv)(c)  0.3% of compensation must be allocated to the long-term disability plan trust fund established~~  
10    ~~pursuant to 19-3-2141;~~

11          ~~(b) on July 1, 2009, continuing until the additional employer contributions terminate pursuant to 19-3-~~  
12    ~~316(4)(b), the percentage specified in subsection (3) of this section of compensation must be allocated to the~~  
13    ~~defined benefit plan to eliminate the plan choice rate unfunded actuarial liability;~~

14          ~~(c) on July 1, 2013, and continuing until June 30, 2015, an amount equal to 1% of compensation must~~  
15    ~~be allocated to the defined benefit plan unfunded liabilities; and~~

16          ~~(d) on July 1, 2015, and continuing until the plan choice rate unfunded actuarial liability in the defined~~  
17    ~~benefit plan is fully paid, an amount equal to 1% of compensation must be allocated to the defined benefit plan~~  
18    ~~as part of the plan choice rate. Effective the first full pay period in the month following the board's verification~~  
19    ~~that the plan choice rate unfunded actuarial liability is paid off, the amount equal to 1% of compensation must~~  
20    ~~be allocated to the member's retirement account until the additional employer contributions terminate pursuant~~  
21    ~~to 19-3-316(4)(b).~~

22          ~~(3) The percentage of compensation to be contributed under subsection (2)(b) is 0.27% for fiscal year~~  
23    ~~2014 and increases by 0.1% each fiscal year through fiscal year 2024. For fiscal years beginning after June 30,~~  
24    ~~2024, the percentage of compensation to be contributed under subsection (2)(b) is 1.27%.~~

25          ~~(4) Effective the first full pay period in the month following the board's verification that the plan choice~~  
26    ~~rate unfunded actuarial liability is paid off, the 2.37% of compensation in subsection (2)(a)(ii) and the~~  
27    ~~percentage of compensation in subsection (3), if any, must be allocated to the member's retirement account.~~

28          ~~(5)(3) Forfeitures of employer contributions and investment income on the employer contributions~~

1 may not be used to increase a member's retirement account. The board shall allocate the forfeitures under 19-  
2 3-2116 to meet the plan's administrative expenses, including startup expenses."

3

4 **Section 12.** Section 19-21-214, MCA, is amended to read:

5 **"19-21-214. Contributions and allocations for employees in positions covered under public**  
6 **employees' retirement system.** (1) The contribution rates for employees in positions covered under the public  
7 employees' retirement system who elect to become program members pursuant to 19-3-2112 are as follows:

8 (a) the member's contribution rate must be the rate provided in 19-3-315; and

9 (b) the employer's contribution rate must be the rate provided in 19-3-316(3).

10 (2) ~~Subject to subsections (3) and (4), of the~~ The employer's contribution received under 19-3-  
11 316(3):

12 ~~(a) an amount equal to:~~ must be allocated as follows:

13 ~~(i)(a) 4.49%~~ the percentage of compensation specified under 19-3-316(3)(a) minus the amount  
14 specified in subsection (2)(b) of this section must be allocated to the participant's program account;

15 ~~(ii) 2.37% of compensation must be allocated to the defined benefit plan under the public employees'~~  
16 ~~retirement system as the plan choice rate; and~~

17 ~~(iii)(b) 0.04% of compensation must be allocated to the education fund pursuant to 19-3-112(1)(b);~~

18 ~~(b) on July 1, 2009, continuing until the additional employer contributions terminate pursuant to 19-3-~~  
19 ~~316(4)(b), an amount equal to 0.27% of compensation must be allocated to the defined benefit plan to eliminate~~  
20 ~~the plan choice rate unfunded actuarial liability;~~

21 ~~(c) on July 1, 2013, and continuing until June 30, 2015, an amount equal to 1% of compensation must~~  
22 ~~be allocated to the defined benefit plan unfunded liabilities; and~~

23 ~~(d) on July 1, 2015, and continuing until the plan choice rate unfunded actuarial liability in the defined~~  
24 ~~benefit plan is fully paid, an amount equal to 1% of compensation must be allocated to the defined benefit plan~~  
25 ~~as part of the plan choice rate. Effective the first full pay period in the month following the board's verification~~  
26 ~~that the plan choice rate unfunded actuarial liability is paid off, the amount equal to 1% of compensation must~~  
27 ~~be allocated to the member's retirement account until the additional employer contributions terminate pursuant~~  
28 ~~to 19-3-316(4)(b).~~

