



AN ACT GENERALLY REVISING LAWS RELATED TO THE ADMINISTRATION OF THE PUBLIC EMPLOYEE RETIREMENT SYSTEMS ADMINISTERED BY THE PUBLIC EMPLOYEES' RETIREMENT BOARD; REVISING PROVISIONS RELATED TO ALTERNATE PAYEE RIGHTS UNDER FAMILY LAW ORDERS, REQUIRED BENEFIT DISTRIBUTIONS UNDER FEDERAL LAW, AND MILITARY SERVICE PURCHASE ELIGIBILITY; CLARIFYING WHEN GUARANTEED ANNUAL BENEFIT ADJUSTMENTS MAY COMMENCE; CLARIFYING THE AMOUNT OF THE GUARANTEED ANNUAL BENEFIT ADJUSTMENT PAYABLE UNDER THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM DEFINED BENEFIT PLAN; CLARIFYING PROVISIONS GOVERNING LONG-TERM DISABILITY BENEFIT PAYMENTS UNDER THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM DEFINED CONTRIBUTION PLAN; AMENDING SECTIONS 19-2-907, 19-2-908, 19-2-1007, 19-3-503, 19-3-1605, 19-3-2114, 19-3-2124, 19-3-2141, 19-5-410, 19-6-801, 19-7-803, 19-8-901, 19-9-403, AND 19-13-403, MCA; AND PROVIDING AN EFFECTIVE DATE.

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

Section 1. Section 19-2-907, MCA, is amended to read:

"19-2-907. Alternate payees -- family law orders -- rulemaking. (1) A participant in a retirement system may have the participant's rights modified or recognized by a family law order.

(2) For purposes of this section:

(a) "family law order" means a judgment, decree, or order of a court of competent jurisdiction under Title 40 concerning child support, parental support, spousal maintenance, or marital property rights that includes a transfer of all or a portion of a participant's payment rights in a retirement system to an alternate payee in compliance with this section and with section 414(p) of the Internal Revenue Code, 26 U.S.C. 414(p); and

(b) "participant" means an identified person who is a member or an actual or potential beneficiary,

survivor, or contingent annuitant of a retirement system or plan designated pursuant to Title 19, chapter 3, 5, 6, 7, 8, 9, 13, or 17.

(3) A family law order must identify a participant and an alternate payee by full name, current address, date of birth, and social security number. An alternate payee's rights and interests granted in compliance with this section are not subject to assignment, execution, garnishment, attachment, or other process. An alternate payee's rights or interests may be modified only by a family law order amending the family law order that established the right or interest.

(4) Except as provided in subsection (6)(a), a family law order may not require:

(a) a type or form of benefit, option, or payment not available to the affected participant under the appropriate retirement system or plan; or

(b) an amount or duration of payment greater than that available to a participant under the appropriate retirement system or plan.

(5) With respect to a defined benefit plan, a family law order may provide for payment to an alternate payee only as follows:

(a) Retirement benefit payments or refunds may be apportioned by directing payment of either a percentage of the amount payable or a fixed amount of no more than the amount payable to the participant. Payments to an alternate payee may be limited to a specific amount each month if the number of payments is specified.

(b) The maximum amount of disability or survivorship benefits that may be paid to alternate payees is the monthly benefit amount that would have been payable on the date of termination of service if the member had retired without disability or death. The maximum amount paid may be zero, depending on the member's age and service credit at the time of disability or death. Conversion of a disability retirement to a service retirement pursuant to 19-2-406(5), 19-3-1015(2), 19-6-612(2), or 19-8-712(2) does not increase the maximum monthly amount that may be paid to an alternate payee.

(c) Retirement benefit adjustments for which a participant is eligible after retirement may be paid as a percentage only if existing benefit payments are paid as a percentage. The adjustments must be paid as a percentage in the same ratio as existing benefit payments unless the family law order specifies that the alternate payee is not entitled to benefit adjustments.

(d) The participant may be required to choose a specified form of benefit payment or designate a beneficiary or contingent annuitant if the retirement system or plan allows for that option.

(6) With respect to a defined contribution plan, a family law order may provide for payment to an alternate payee only as follows:

(a) The vested account of the participant may be apportioned by directing payment of either a percentage or a fixed amount. The total amount paid may not exceed the amount in the participant's vested account. The alternate payee may receive the payment only as a direct payment, rollover, or transfer. The alternate payee's portion must be totally disbursed to the alternate payee as soon as administratively feasible upon the board's approval of the family law order.

(b) If the participant is receiving periodic payments or an annuity provided under the plan, those payments may be apportioned as a percentage of the amount payable to the participant. Payments to the alternate payee may be limited to a specific amount each month if the number of payments is specified. Payments may not total more than the amount payable to the payee.

(7) The duration of monthly payments paid from a defined benefit or defined contribution plan participant to an alternate payee may not exceed the lifetime of the appropriate participant. The duration of the monthly payments may be further limited only to a specified maximum time, the life of the alternate payee, or the life of another specified participant. ~~The~~ Unless a family law order specifies the alternate payee's rights and interests revert to the participant upon the alternate payee's death, the alternate payee's rights and interests survive the alternate payee's death and may be transferred by inheritance or by designation of a beneficiary.

(8) The board may assess a participant or an alternate payee for all costs of reviewing and administering a family law order, including reasonable attorney fees. The board may adopt rules to implement this section.

(9) Each family law order establishing a final obligation concerning payments by the retirement system must contain a statement that the order is subject to review and approval by the board.

(10) The board shall adopt rules to provide for the administration of family law orders."

Section 2. Section 19-2-908, MCA, is amended to read:

"19-2-908. Time of commencement of benefit -- rulemaking. (1) (a) The board shall grant a

benefit to any active or inactive member who is vested, or the member's statutory or designated beneficiary, who has fulfilled all eligibility requirements, terminated service, and filed the appropriate written application with the board. However, the board may, on its own accord and without a written application, begin benefit payments to a member or beneficiary in order to comply with section 401(a)(9) of the Internal Revenue Code.

(b) A member may apply for retirement benefits before termination from employment, but commencement of the benefits must be as provided in this section.

(2) (a) Except as provided in subsection (2)(b), the service retirement benefit may commence on the first day of the month following the eligible member's last day of employment or, if requested by the member in writing, on the first day of a later month.

(b) If an elected official's term of office expires before the 15th day of the month, the official may elect that service retirement benefits from a defined benefit plan commence on the first day of the month following the official's last full month in office. An official electing this option shall file a written application with the board. An official electing this option may not earn membership service, service credit, or compensation for purposes of calculating highest average compensation or final average compensation, as defined under the provisions of the appropriate retirement system, in the partial month ending the official's term, and compensation earned in that partial month is not subject to employer or employee contributions.

(3) (a) Subject to the provisions of subsection (3)(b), the disability retirement benefit payable to a member must commence on the day following the member's termination from employment.

(b) If a disabled member continues with a purchase of service or chooses to purchase service following termination of employment, the member's disability benefit may not commence until the service purchase is completed.

(4) If a member begins receiving retirement benefits payments later than when the member is initially eligible, the guaranteed annual benefit adjustment payable pursuant to 19-3-1605, 19-5-901, 19-6-710, 19-6-711, 19-7-711, 19-8-1105, 19-9-1009, 19-9-1010, 19-9-1013, 19-13-1010, and 19-13-1011 does not commence until January 1 of the year after the year in which the member ~~begins to receive the member's retirement benefit payment~~ has received a monthly retirement benefit payment in each of the year's 12 months. The guaranteed annual benefit adjustment may not be paid retroactively.

(5) A designated beneficiary eligible to receive a death payment may instead elect a survivorship

benefit if the designated beneficiary is a natural person and notifies the board of the designated beneficiary's election in writing within 90 days after the designated beneficiary receives notice that the designated beneficiary is eligible to receive a death payment. Monthly survivorship benefits from a defined benefit plan must commence on the day following the death of the member.

(6) Estimated and finalized benefit payments must be issued as provided in rules adopted by the board.

(7) With respect to the defined contribution plan, the board shall adopt rules regarding the commencement of benefits that are consistent with applicable provisions of the Internal Revenue Code and its implementing regulations."

Section 3. Section 19-2-1007, MCA, is amended to read:

"19-2-1007. Required distributions. The benefits payable by a retirement system or plan subject to this chapter are subject to the requirements of section 401(a)(9) of the Internal Revenue Code as follows:

(1) (a) Benefits must begin by ~~the later of~~ April 1 of the calendar year following the later of:

(i) the calendar year in which the member reaches 70 1/2 years of age if the member was born before July 1, 1949, or 72 years of age if the member was born after June 30, 1949; or April 1 of

(ii) the calendar year following the calendar year in which the member terminates employment.

(b) If a member fails to apply for retirement benefits by April 1 of the year following the calendar year in which the member attains age 70 1/2 or April 1st of the year following the calendar year in which the member terminates employment, whichever is later benefits must begin under subsection (1)(a), the board shall begin distribution of the benefit benefits as required by the retirement system or plan to which the member belongs or, subject to subsection (2), as an option 4 benefit in chapters 3, 5, 7, and 8 of this title.

(2) The member's entire interest in a retirement system or plan must be distributed over the life of the member or the lives of the member and a designated beneficiary or over a period not extending beyond the life expectancy of the member or the life expectancy of the member and a designated beneficiary. Death benefits must be distributed in accordance with section 401(a)(9) of the Internal Revenue Code and the regulations implementing that section.

(3) The life expectancy of a member or the member's beneficiary may not be recalculated after

payment of the benefits has begun.

(4) When a member dies after distribution of benefits has begun, the remaining portion of the member's interest must be distributed beginning within 3 months of notification to the board of the death of the member and, if necessary, the identification of the beneficiary pursuant to 19-2-802 and must be distributed at least as rapidly as under the method of distribution prior to the member's death.

(5) When a member dies before distribution of benefits has begun, the entire interest of the member must be distributed within 5 years of the member's death. The 5-year payment rule does not apply to any portion of the member's interest that is payable to a designated beneficiary over the life or life expectancy of the beneficiary and that begins within 1 year after the date of the member's death. The 5-year payment rule does not apply to any portion of the member's interest that is payable to a surviving spouse, that is payable over the life or life expectancy of the spouse, and that begins no later than the date the member would have reached 70 1/2 years of age if the member was born before July 1, 1949, or 72 years of age if the member was born after June 30, 1949. Distributions to a member's beneficiary must begin as soon as administratively feasible, but must begin no later than December 31 of the calendar year immediately following the calendar year in which the member died. If the beneficiary has not elected the form of payment by that date, payment to the beneficiary must be made in the form of a lifetime monthly benefit payment if the beneficiary is eligible for a monthly benefit or in a lump sum if that is the only benefit payable to the beneficiary.

(6) The benefits payable must meet the minimum distribution incidental benefit requirements of section 401(a)(9)(G) of the Internal Revenue Code."

Section 4. Section 19-3-503, MCA, is amended to read:

"19-3-503. Application to purchase military service. (1) (a) Except as provided in subsection (1)(b) and subject to 19-3-514, a member with at least 5 years of membership service may, at any time prior to retirement, file a written application with the board to purchase service credit and membership service for up to 5 years of the member's active service in the armed forces of the United States, including the first special service force or the American merchant marine in oceangoing service during the period of armed conflict, December 7, 1941, to August 15, 1945.

(b) A member is not eligible to purchase active military service credit and membership service under

subsection (1)(a) if the member:

- (i) ~~has retired from active duty in the armed forces of the United States, including the first special service force or the American merchant marine in oceangoing service during the period of armed conflict, December 7, 1941, to August 15, 1945, with a military service retirement benefit based on that military service;~~
- (ii) ~~is eligible, pursuant to 19-2-707, to receive credit in the system for that service under 19-2-707; or~~
- (iii) ~~is eligible to receive credit for that service in any other retirement system or plan.~~

(2) (a) Except as provided in subsection (2)(b) and subject to 19-3-514, a member with at least 5 years of membership service may, at any time prior to retirement, file a written application with the board to purchase service credit and membership service for up to 5 years of the member's reserve military service in the armed forces of the United States.

(b) A member is not eligible to purchase reserve military service credit and membership service under subsection (2)(a) if the member is eligible, ~~pursuant to 19-2-707, to receive credit in the system for that service under 19-2-707.~~

(3) To purchase service credit and membership service under this section, the member shall pay the actuarial cost of the member's active or reserve military service credit based on the system's most recent actuarial valuation."

Section 5. Section 19-3-1605, MCA, is amended to read:

"19-3-1605. Guaranteed annual benefit adjustment. (1) Subject to subsection (2), on January 1 of each year, the permanent monthly benefit payable during the preceding January to each recipient who is eligible under subsection (3) must be increased by the applicable percentage provided in subsection (4).

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

(b) If a recipient's benefit payable during the preceding January has been increased by one or more adjustments not provided for in this section and the increases amount to more than an annualized increase of

the applicable percentage provided in subsection (4), then the benefit increase provided under this section must be 0%.

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

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

~~(4) (a) Subject to subsection (5), the applicable percentage rate is 1.5% for benefit recipients hired or assuming office:~~

~~(i) before July 1, 2007;~~

~~(ii) on or after July 1, 2007, and prior to July 1, 2013, if the benefit recipient is an existing member of a benefit plan for which the applicable percentage before July 1, 2013, was either 3% or 1.5%; or~~

~~(iii) on or after July 1, 2013.~~

~~(b) The applicable percentage rate for a contingent annuitant described in subsection (2)(c) is the same as the applicable percentage rate applicable to the original payee under subsection (4)(a). The applicable percentage increase under subsection (1) is 3% if the member was hired or assumed office:~~

~~(i) before July 1, 2007; or~~

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

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

~~(c) The applicable percentage increase under subsection (1) is 1.5% if the member was hired or assumed office on or after July 1, 2013, subject to reduction as provided in subsection (5).~~

(5) (a) Except as provided in subsection (5)(b), if the most recent actuarial valuation of the retirement

system shows that retirement system liabilities are less than 90% funded, the applicable percentage ~~rate~~ increase in subsection (4)(c) must be reduced by 0.1% for each 2% below that 90% funding level.

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

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

Section 6. Section 19-3-2114, MCA, is amended to read:

"19-3-2114. Amount available to transfer. ~~(1) (a) For an employee who was an active member of the system on the day before the effective date of the defined contribution plan and who elects to transfer to the plan:~~

~~(i) for amounts contributed prior to July 1, 2002, the board shall transfer from the defined benefit plan to the member's retirement account the employee's contributions and the percentage of the employer's contributions specified in subsection (1)(b), plus 8% compounded annual interest on the total of the transferred employee and employer contributions from the month that the contributions were received; and~~

~~(ii) for amounts contributed on or after July 1, 2002, the board shall transfer from the defined benefit plan to the member's retirement account an amount equal to the amount that would have been allocated to the member's account pursuant to 19-3-2117, plus 8% compounded annual interest from the month that the contributions were received.~~

~~(b) Based on the contribution amount historically available to pay unfunded liabilities in the defined benefit plan and the transferring member's years of membership service, the percentage of the employer contributions that may be transferred are as follows:~~

Years of membership service	Percentage of employer contributions available to transfer
Less than 5 years	65.53%
5 to 9 years	58.59%
10 to 14 years	55.26%
15 to 19 years	55.42%
20 or more years	57.53%

~~(2) For an employee hired on or after the effective date of the defined contribution plan who elects to become a member of the plan, the board shall transfer from the defined benefit plan to the member's retirement account an amount equal to the amount that would have been allocated to the member's account pursuant to 19-3-2117 had the employee become a plan member on the employee's hire date, plus:~~

~~(a) 8% compounded annual interest from the initial month that the contributions were received through the last month that the contributions were received prior to July 1, 2011; and~~

~~(b) 7.75% compounded annual interest from July 1, 2011, forward compounded annual interest equal to the assumed rate of return on investments adopted by the board as of the effective date of the transfer.~~

~~(3) For an employee who was an inactive member of the defined benefit plan on the date that the defined contribution plan became effective and who after that date became an active member and elected to transfer to the defined contribution plan:~~

~~(a) for amounts contributed prior to July 1, 2002, the board shall transfer from the defined benefit plan to the member's retirement account the employee's contributions and the percentage of the employer's contributions specified in subsection (1)(b), plus 8% compounded annual interest on the total of the transferred employee and employer contributions from the month that the contributions were received; and~~

~~(b) for amounts contributed on or after July 1, 2002, the board shall transfer from the defined benefit plan to the member's retirement account an amount equal to the amount that would have been allocated to the member's account pursuant to 19-3-2117, plus:~~

~~(i) 8% compounded annual interest from the initial month that the contributions were received through the last month that the contributions were received prior to July 1, 2011; and~~

~~(ii) 7.75% compounded annual interest from July 1, 2011, forward."~~

Section 7. Section 19-3-2124, MCA, is amended to read:

"19-3-2124. Distribution options for plan members -- rulemaking -- minimum distribution requirements -- restrictions. (1) Subject to 19-3-2116, 19-3-2126, and 19-3-2142, a member may, after termination of service, leave the member's vested account balance in the plan, and the member is eligible for a distribution as provided in this section.

(2) After termination of service and upon filing a written application with the board, a member may, if

provided for by the board, select a distribution option offered pursuant to a contract negotiated by the board with a plan vendor or vendors.

(3) A member who is less than 70 1/2 years of age if the member was born before July 1, 1949, or less than 72 years of age if the member was born after June 30, 1949, who returns to service may not continue to receive a distribution under this section while actively employed in a covered position.

(4) The board shall adopt rules to administer this section and to provide that distributions comply with the minimum distribution requirements established in the Internal Revenue Code and applicable under 19-2-1007."

Section 8. Section 19-3-2141, MCA, is amended to read:

"19-3-2141. Long-term disability plan -- benefit amount -- eligibility -- administration and rulemaking. (1) For members hired prior to July 1, 2011:

(a) except as provided in subsection (1)(b), a disabled member eligible under the provisions of this section is entitled to a disability benefit equal to one fifty-sixth of the member's highest average compensation, as defined in 19-3-108, multiplied by the member's years of service credit, including any service credit purchased under 19-3-513;

(b) an eligible member with at least 25 years of membership service is entitled to a disability benefit equal to 2% of the member's highest average compensation, as defined in 19-3-108, multiplied by the member's years of service credit, including any service credit purchased under 19-3-513.

(2) For members hired on or after July 1, 2011, the monthly disability benefit payable to a disabled member eligible under the provisions of this section who has:

(a) more than 5 but less than 10 years of membership service is equal to 1.5% of the member's highest average compensation multiplied by the member's years of service credit, including any additional service credit purchased under 19-3-513;

(b) 10 or more but less than 30 years of membership service is equal to one fifty-sixth of the member's highest average compensation multiplied by the member's years of service credit, including any additional service credit purchased under 19-3-513; or

(c) 30 or more years of membership service is equal to 2% of the member's highest average

compensation multiplied by the member's years of service credit, including any additional service credit purchased under 19-3-513.

(3) Payment of the disability benefit provided in this section is subject to the following:

(a) the member must be vested in the plan as provided in 19-3-2116;

(b) for members hired prior to July 1, 2011:

(i) if the member's disability occurred when the member was 60 years of age or less, the benefit may be paid only until the member reaches 65 years of age; and

(ii) if the member's disability occurred after the member reached 60 years of age, the benefit may be paid for no more than 5 years;

(c) for members hired on or after July 1, 2011:

(i) if the member's disability occurred when the member was less than 65 years of age, the benefit may be paid only until the member reaches 70 years of age; and

(ii) if the member's disability occurred after the member reached 65 years of age, the benefit may be paid for no more than 5 years;

(d) the provisions of 19-3-1103 and 19-3-1104; and

~~(d)~~(e) the member shall satisfy the other applicable requirements of this section and the board's rules adopted to implement this section.

(4) Application for a disability benefit must be made in accordance with 19-2-406.

(5) The board shall make determinations on disability claims and conduct medical reviews in a manner consistent with the provisions of 19-2-406 and 19-3-1015. A member may seek review of a board determination as provided in rules adopted by the board.

(6) If a member receiving a disability benefit under this section dies, the disability benefit payments cease and the member's beneficiary is entitled to death benefits only as provided for in 19-3-2125. Any disability benefits paid in error after the member's death may be recovered by the board pursuant to 19-2-903.

(7) The board shall establish a long-term disability plan trust fund from which disability benefit costs pursuant to this section must be paid. The trust fund must be entirely separate and distinct from the defined benefit plan trust fund.

(8) The board shall perform the duties, exercise the powers, and adopt reasonable rules to implement

the provisions of this section."

Section 9. Section 19-5-410, MCA, is amended to read:

"19-5-410. Application to purchase military service credit. (1) (a) Except as provided in subsection (1)(b) and subject to 19-5-411, a member with at least 5 years of membership service may, at any time prior to retirement, file a written application with the board to purchase service credit and membership service for up to 5 years of the member's active service in the armed forces of the United States.

(b) A member is not eligible to purchase active military service credit and membership service under subsection (1)(a) if the member:

(i) ~~has retired from active duty in the armed forces of the United States with military retirement benefits based on that military service;~~

(ii) ~~is eligible, pursuant to 19-2-707, to receive credit in the system for that service under 19-2-707; or~~

(iii) ~~is eligible to receive credit for that service in any other retirement system or plan.~~

(2) (a) Except as provided in subsection (2)(b) and subject to 19-5-411, a member with at least 5 years of membership service may, at any time prior to retirement, file a written application with the board to purchase service credit and membership service for up to 5 years of the member's reserve military service in the armed forces of the United States.

(b) A member is not eligible to purchase reserve military service credit and membership service under subsection (2)(a) if the member is eligible, pursuant to 19-2-707, to receive credit in the system for that service under 19-2-707.

(3) To purchase service credit and membership service under this section, the member shall pay the actuarial cost of the member's active or reserve military service credit based on the system's most recent actuarial valuation."

Section 10. Section 19-6-801, MCA, is amended to read:

"19-6-801. Application to purchase military service. (1) (a) Except as provided in subsection (1)(b) and subject to 19-6-805, an eligible member may, at any time prior to retirement, file a written application with the board to purchase service credit and membership service for up to 5 years of the member's active service in

the armed forces of the United States.

(b) A member is not eligible to purchase active military service credit and membership service under subsection (1)(a) if the member:

~~(i) has retired from active duty in the armed forces of the United States with military retirement benefits based on that military service;~~

~~(ii) is eligible, pursuant to 19-2-707, to receive credit in the system for that service under 19-2-707; or~~

~~(iii) is eligible to receive credit for that service in any other retirement system or plan.~~

(2) (a) Except as provided in subsection (3) and subject to subsection (2)(b) and 19-6-805, a member may, at any time prior to retirement, file a written application with the board to purchase service credit and membership service for up to 5 years of the member's reserve military service in the armed forces of the United States.

(b) A member must have at least the following years of membership service to apply to purchase service credit under subsection (2)(a):

(i) for a member hired before July 1, 2013, 5 years; and

(ii) for a member hired on or after July 1, 2013, 10 years.

(3) A member is not eligible to purchase reserve military service credit and membership service under subsection (2)(a) if the member is eligible, pursuant to 19-2-707, to receive credit in the system for that service under 19-2-707.

(4) To purchase service credit and membership service under this section:

(a) a member with at least 15 years of service credit who is not covered by 19-6-710 shall contribute the amount determined by the board to be due based on the member's compensation and regular contribution rate in the member's 16th year for the 1st year purchased and, for each subsequent year purchased, an amount based on the member's compensation and contribution rate in each of as many years succeeding the member's 16th year as are required to complete the purchase, with regular interest from the date the member becomes eligible for this benefit to the date the purchase is complete. The combined total of active and reserve military service credit and membership service that a member may purchase may be no more than the member's service credit in excess of 15 years or 5 years, whichever is less.

(b) (i) a member with at least 5 years of membership service who is covered by 19-6-710 shall pay

the actuarial cost of the member's active or reserve military service credit based on the system's most recent actuarial valuation;

(ii) a member with at least 10 years of membership service who is covered by 19-6-712 shall pay the actuarial cost of the member's active or reserve military service credit based on the system's most recent actuarial valuation."

Section 11. Section 19-7-803, MCA, is amended to read:

"19-7-803. Application to purchase military service. (1) (a) Except as provided in subsection (1)(b) and subject to 19-7-805, a member with at least 5 years of membership service may, at any time prior to retirement, file a written application with the board to purchase service credit and membership service for up to 5 years of the member's active service in the armed forces of the United States.

(b) A member is not eligible to purchase active military service credit and membership service under subsection (1)(a) if the member:

(i) ~~has retired from active duty in the armed forces of the United States with military retirement benefits based on that military service;~~

(ii) ~~is eligible, pursuant to 19-2-707, to receive credit in the system for that service under 19-2-707; or~~

(iii) ~~is eligible to receive credit for that service in any other retirement system or plan.~~

(2) (a) Except as provided in subsection (2)(b) and subject to 19-7-805, a member with at least 5 years of membership service may, at any time prior to retirement, file a written application with the board to purchase service credit and membership service for up to 5 years of the member's reserve military service in the armed forces of the United States.

(b) A member is not eligible to purchase reserve military service credit and membership service under subsection (2)(a) if the member is eligible, ~~pursuant to 19-2-707, to receive credit in the system for that service under 19-2-707.~~

(3) To purchase service credit and membership service under this section, the member shall pay the actuarial cost of the member's active or reserve military service credit based on the system's most recent actuarial valuation."

Section 12. Section 19-8-901, MCA, is amended to read:

"19-8-901. Application to purchase military service. (1) (a) Except as provided in subsection (1)(b) and subject to 19-8-906, a member with at least 5 years of membership service may, at any time prior to retirement, file a written application with the board to purchase service credit and membership service for up to 5 years of the member's active service in the armed forces of the United States.

(b) A member is not eligible to purchase active military service credit and membership service under subsection (1)(a) if the member:

~~(i) has retired from active duty in the armed forces of the United States with military retirement benefits based on that military service;~~

~~(ii) is eligible, pursuant to 19-2-707, to receive credit in the system for that service under 19-2-707; or~~

~~(iii) is eligible to receive credit for that service in any other retirement system or plan.~~

(2) (a) Except as provided in subsection (2)(b) and subject to 19-8-906, a member with at least 5 years of membership service may, at any time prior to retirement, file a written application with the board to purchase service credit and membership service for up to 5 years of the member's reserve military service in the armed forces of the United States.

(b) A member is not eligible to purchase reserve military service credit and membership service under subsection (2)(a) if the member is eligible, pursuant to 19-2-707, to receive credit in the system for that service under 19-2-707.

(3) To purchase service credit and membership service under this section, the member shall pay the actuarial cost of the member's active or reserve military service based on the system's most recent actuarial valuation."

Section 13. Section 19-9-403, MCA, is amended to read:

"19-9-403. Application to purchase military service. (1) (a) Except as provided in subsection (1)(b) and subject to 19-9-406, a member with at least 5 years of membership service may, at any time prior to retirement, file a written application with the board to purchase service credit and membership service for up to 5 years of the member's active duty service in the armed forces of the United States.

(b) A member is not eligible to purchase active military service credit and membership service under

subsection (1)(a) if the member:

~~(i) has retired from active duty in the armed forces of the United States with a military retirement benefit based on that military service;~~

~~(ii) is eligible, pursuant to 19-2-707, to receive credit in the system for that service under 19-2-707; or~~

~~(iii) is eligible to receive credit for that service in any other retirement system or plan.~~

(2) (a) Except as provided in subsection (2)(b) and subject to 19-9-406, a member with at least 5 years of membership service may, at any time prior to retirement, file a written application with the board to purchase service credit and membership service for up to 5 years of the member's reserve military service in the armed forces of the United States.

(b) A member is not eligible to purchase reserve military service credit and membership service under subsection (2)(a) if the member is eligible, pursuant to 19-2-707, to receive credit in the system for that service under 19-2-707.

(3) To purchase service credit and membership service under this section, the member shall pay the actuarial cost of the member's active or reserve military service credit based on the system's most recent actuarial valuation."

Section 14. Section 19-13-403, MCA, is amended to read:

"19-13-403. Application to purchase military service. (1) (a) Except as provided in subsection (1)(b) and subject to 19-13-406, a member with at least 5 years of membership service may, at any time prior to retirement, file a written application with the board to purchase service credit and membership service for up to 5 years of the member's active duty service in the armed forces of the United States.

(b) A member is not eligible to purchase active military service credit and membership service under subsection (1)(a) if the member:

~~(i) has retired from active duty in the armed forces of the United States with military retirement benefits based on that military service;~~

~~(ii) is eligible, pursuant to 19-2-707, to receive credit in the system for that service under 19-2-707; or~~

~~(iii) is eligible to receive credit for that service in any other retirement system or plan.~~

(2) (a) Except as provided in subsection (2)(b) and subject to 19-13-406, a member with at least 5

years of membership service may, at any time prior to retirement, file a written application with the board to purchase service credit and membership service for up to 5 years of the member's reserve military service in the armed forces of the United States.

(b) A member is not eligible to purchase reserve military service credit and membership service under subsection (2)(a) if the member is eligible, pursuant to ~~19-2-707~~, to receive credit in the system for that service under 19-2-707.

(3) To purchase service credit and membership service under this section, the member shall pay the actuarial cost of the service credit based on the system's most recent actuarial valuation."

Section 15. Effective date. [This act] is effective July 1, 2021.

- END -

I hereby certify that the within bill,
HB 81, originated in the House.

Chief Clerk of the House

Speaker of the House

Signed this _____ day
of _____, 2021.

President of the Senate

Signed this _____ day
of _____, 2021.

HOUSE BILL NO. 81

INTRODUCED BY J. HAMILTON

BY REQUEST OF THE PUBLIC EMPLOYEES' RETIREMENT BOARD

AN ACT GENERALLY REVISING LAWS RELATED TO THE ADMINISTRATION OF THE PUBLIC EMPLOYEE RETIREMENT SYSTEMS ADMINISTERED BY THE PUBLIC EMPLOYEES' RETIREMENT BOARD; REVISING PROVISIONS RELATED TO ALTERNATE PAYEE RIGHTS UNDER FAMILY LAW ORDERS, REQUIRED BENEFIT DISTRIBUTIONS UNDER FEDERAL LAW, AND MILITARY SERVICE PURCHASE ELIGIBILITY; CLARIFYING WHEN GUARANTEED ANNUAL BENEFIT ADJUSTMENTS MAY COMMENCE; CLARIFYING THE AMOUNT OF THE GUARANTEED ANNUAL BENEFIT ADJUSTMENT PAYABLE UNDER THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM DEFINED BENEFIT PLAN; CLARIFYING PROVISIONS GOVERNING LONG-TERM DISABILITY BENEFIT PAYMENTS UNDER THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM DEFINED CONTRIBUTION PLAN; AMENDING SECTIONS 19-2-907, 19-2-908, 19-2-1007, 19-3-503, 19-3-1605, 19-3-2114, 19-3-2124, 19-3-2141, 19-5-410, 19-6-801, 19-7-803, 19-8-901, 19-9-403, AND 19-13-403, MCA; AND PROVIDING AN EFFECTIVE DATE.