

Teachers' Retirement System 2015 Legislative Proposals

Proposal Number	Short Title	Bill Section	MCA Sections	Rationale
1	Revise teachers' retirement system administrative and tax qualification laws	1	19-20-401	Clarify that following first retirement, a member returning to active member status under a second benefit is not eligible to make a redeposit or purchase service unless it for active military service pursuant to federal law - USERRA
		2	19-20-402	Make language consistent in all provisions for purchase of creditable service when a member has 5 years of membership service.
		3	19-20-404	Make language consistent in all provisions for purchase of creditable service when a member has 5 years of membership service.
		5	19-20-410	Make language consistent in all provisions for purchase of creditable service when a member has 5 years of membership service.
		4	19-20-405	Clarify that the aggregate number of years of creditable service that may be credited under 19-20-402 through 19-20-404, 19-20-408, 19-20-410, 19-20-410(1), and 19-20-426 may not exceed 5 years.
		6	19-20-702	Clarify that a TRS retiree may revert to the normal form benefit and potentially make a new joint annuitant designation only if the original joint annuitant has no further legal right or interest to receive any benefits on behalf of the member. These amendments do not modify legal rights or obligations or change how the provisions have routinely been applied by TRS.
		7	19-20-705	Establish a statute of limitations on actions taken by TRS to recover overpaid benefits, unpaid employer contributions and unpaid employee contributions.
		8	19-20-715	Clarify that the 10% cap on salary increases applies to all years of compensation used to calculate average final compensation. Removes unnecessary reference to "3 years". Average final compensation will be calculated based on membership tier (3 or 5 years).
		9	19-20-718	HEART Act amendment. IRS qualification standards require differential pay to active duty military members be treated as earned compensation for pension purposes. Exact language from agreed to voluntary correction plan approved by IRS in 2013.
		10	19-20-904	Corrects reference in current statute regarding earnings limitations for disability retirees from "median salary" to "median average final compensation". Median salary was never intended and has never been applied by TRS.
		11	19-20-1001	Provides for the same monthly benefits in lieu of a refund of contributions to the beneficiary of a Tier Two member as are provided for Tier One members. Current language requires death of a Tier Two member within one year of last active service in order to provide a monthly benefit to Tier Two beneficiary.

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1	Revise teachers' retirement system administrative and tax qualification laws	12	19-20-1101	Clarify that payment of an amount withheld from a retiree's monthly benefit and remitted to the retiree's former employer to pay the premium for employer-sponsored retiree health benefits will only be sent only to the employer – it will not be sent to the insurance carrier.
		13	Retro Effective Date	Necessary to make the HEART Act provision in Section 9 effective retroactive to January 1, 2009, the date it is required to be effective for IRS qualification purposes.
		14	Effective Date	July 1st effective date so plan terms become effective concurrent with the beginning of a new fiscal year for TRS and its employers.
2	Increase university supplemental contribution rate to teachers' retirement system	1	19-20-621	Section 19-20-621, MCA, requires each employer within the university system with employees participating in the optional retirement program to contribute to TRS a supplemental employer contribution sufficient to amortize, by July 1, 2033, the past service liability of the teachers' retirement system for the university system members who do not participate in TRS. The law also requires that the supplemental rate be periodically reviewed and updated. Based on the 2012 valuation of the university supplemental rate, the current rate needs to be increase from 4.72% to 9.04%; however, <u>the actual rate required will not be known until after the July 1, 2014 valuation has been completed.</u>