

Unofficial Draft Copy

As of: November 29, 2005 (2:52pm)

LC3001-01

**** Bill No. ****

Introduced By *****

By Request of the State Administration and Veterans' Affairs Interim Committee

1 A Bill for an Act entitled: "An Act revising the limitations under which a retired member of
2 the teachers' retirement system may return to work in a position eligible to participate in
3 the retirement system; clarifying the maximum amount of compensation a retired
4 member of the teachers' retirement system may earn under certain circumstances;
5 amending section 19-20-731, MCA; and providing an immediate effective date."

6

7 *Staff summary of this draft: This draft revises 19-20-731, MCA, from the way it appears in*
8 *LC2005-3 by requiring that a TRS retiree must be retired for at least the 12 months immediately*
9 *preceding the retiree's return to a TRS-eligible position for the retiree's retirement benefit to not*
10 *be reduced.*

11

12 Be it enacted by the Legislature of the State of Montana:

13

14 **Section 1.** Section 19-20-731, MCA, is amended to read:

15 **"19-20-731. Postretirement employment limitations -- cancellation and**

16 **recalculation of benefits.** (1) (a) Except as otherwise provided in this section, a retired
17 member who has been retired from the system for at least the immediately preceding 12
18 months may be employed part-time by a school district, state agency, or unit of the
19 university system in a position eligible to participate in the retirement system and may
20 earn, without an adjustment of retirement benefits, an amount not to exceed the greater
21 of:

22 (a)(i) one-third of the sum of the member's average final compensation; or

23 (b)(ii) one-third of the median of the average final compensation for members

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1 retired during the preceding fiscal year as determined by the retirement board.

2 (b) For the purpose of this subsection (1), the maximum compensation a retired
3 member may earn under subsection (1)(a), without an adjustment of retirement benefits,
4 includes all remuneration paid to the retired member, including annuities and all
5 allowances for motor vehicles and housing, plus the value of all taxable fringe benefits,
6 including but not limited to:

7 (i) professional membership dues;

8 (ii) maintenance;

9 (iii) day care;

10 (iv) reimbursements for nonwork-related motor vehicle, travel, lodging, or
11 entertaining expenses; or

12 (v) any similar payment for any form of maintenance, allowance, or expense.

13 (2) On July 1 of each year following the member's retirement effective date, the
14 maximum that a retired member may earn under subsection (1)(a) is increased by an
15 amount equal to the consumer price index increase for urban wage earners compiled by
16 the bureau of labor statistics of the United States department of labor or its successor
17 agency in the preceding calendar year.

18 (3) Except as provided in subsection (5), the retirement benefit of a retired
19 member:

20 (a) employed in a part-time position or earning more than allowed by
21 subsections (1) and (2) must be temporarily reduced by \$1 for each dollar earned over
22 the maximum allowed. Monthly benefits must be reduced beginning as soon as practical
23 after the excess earnings have been reported to the retirement system by the employer.
24 The retirement benefit must be canceled if the retired member's earnings over the
25 maximum allowed exceed the gross monthly benefit amount.

26 (b) employed in a full-time position must be canceled beginning in the month in
27 which the retired member returns to full-time employment.

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1 (4) Upon termination and retirement subsequent to a cancellation of benefits
2 pursuant to subsection (3), the retirement benefit of a member:

3 (a) who was reemployed and earned less than 1 year of creditable service must
4 be reinstated beginning either the first of the month following termination or on July 1
5 following the date on which the retired member was reemployed, whichever is later. The
6 reinstated retirement benefit is the amount and option that the retired member would
7 have been entitled to receive had the retired member not returned to employment.

8 (b) who was reemployed and earned at least 1 year of creditable service must
9 be recalculated under 19-20-804 if the member has attained normal retirement age or
10 under 19-20-802 if the member has not attained normal retirement age but is eligible for
11 early retirement. The recalculated benefit is based on the service credit accumulated at
12 the time of the member's previous retirement, plus any service credit accumulated
13 subsequent to reemployment. The recalculated normal form benefit amount must be
14 increased by the amount of any benefit enhancement received pursuant to 19-20-719
15 that the retired member was receiving when the member's benefits were canceled.

16 (5) If an early-retired member under 19-20-802 is reemployed with the same
17 employer within 30 days from the member's effective date of retirement or if the
18 early-retired member is guaranteed reemployment with the same employer, the member
19 must be considered to have continued in the status of an active member and not to
20 have separated from service. Any retirement allowance payments received by the
21 member must be repaid to the system, together with interest, at the actuarially assumed
22 rate, and the retirement allowance must be canceled."

23 {Internal References to 19-20-731:
24 19-20-208 19-20-302 19-20-806 ok/ddb}

25

26 NEW SECTION. **Section 2. {standard} Effective date.** [This act] is effective on
27 passage and approval.

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2 {Name : Dave Bohyer
3 Title : Research Director
4 Agency : Legislative Service Division
5 Phone : 444-3064
6 E-Mail : dbohyer@mt.gov}

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