



AN ACT GENERALLY REVISING ADMINISTRATIVE AND TAX QUALIFICATION PROVISIONS OF THE TEACHERS' RETIREMENT SYSTEM; CLARIFYING THE REPORTING DUTIES OF EMPLOYERS; CLARIFYING ELECTIVE MEMBERSHIP DEFERRAL FOR CERTAIN POSITIONS; CLARIFYING ACTIVE MEMBERSHIP AND DORMANT MEMBER STATUS; CLARIFYING THE PURCHASE OF DEFERRED ELECTIVE SERVICE; REVISING MANDATORY DISTRIBUTION PROVISIONS TO CONFORM WITH FEDERAL LAW; CLARIFYING DISABILITY RETIREMENT ALLOWANCE CALCULATIONS; PROVIDING DEFINITIONS; AMENDING SECTIONS 19-20-101, 19-20-208, 19-20-302, 19-20-303, 19-20-417, 19-20-703, AND 19-20-905, MCA; AND PROVIDING AN EFFECTIVE DATE.

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

Section 1. Section 19-20-101, MCA, is amended to read:

"19-20-101. Definitions. As used in this chapter, unless the context clearly indicates otherwise, the following definitions apply:

(1) "Accumulated contributions" or "account balance" means the sum of all the amounts deducted from the compensation of a member or paid by a member and credited to the member's individual account in the annuity savings account, together with interest, minus any amount deducted for correction of errors and the aggregate amount of all retirement benefit payments and refunds of accumulated contributions paid to or on behalf of the member.

(2) "Actuarial equivalent" means a benefit of equal value when computed upon the basis of the mortality table and interest rate assumption set by the retirement board.

(3) "Alternate beneficiary" means an estate or an individual not designated as a beneficiary but that becomes a beneficiary pursuant to 19-20-1005.

(4) "Average final compensation" means a member's highest average earned compensation,

determined pursuant to 19-20-805, on which all required contributions have been made.

(5) "Beneficiary designation" means the process that the retirement system prescribes pursuant to this chapter by which a person authorized by law designates one or more beneficiaries.

(6) "Beneficiary designation record" means either the hard copy form or electronic record prescribed by the retirement system and used by a person authorized by law to designate one or more beneficiaries.

(7) "Benefit recipient" means a retired member, a joint annuitant, or a beneficiary who is receiving a retirement allowance.

(8) "Contingent beneficiary" means a designated beneficiary with the right to receive any benefit or refund of accumulated contributions payable if there is no eligible primary beneficiary.

(9) "Creditable service" is that service defined by 19-20-401.

(10) "Date of termination" or "termination date" means the last date on which a member performed service in a position reportable to the retirement system.

(11) "Designated beneficiary" means one or more primary beneficiaries or contingent beneficiaries designated pursuant to 19-20-1006.

(12) (a) "Earned compensation" means, except as limited by subsections (12)(b) and (12)(c) or by 19-20-715, remuneration paid for the service of a member out of funds controlled by an employer before any pretax deductions allowed under the Internal Revenue Code are deducted.

(b) Earned compensation does not include:

(i) direct employer premium payments on behalf of members for medical, pharmaceutical, disability, life, vision, dental, or any other insurance;

(ii) any direct employer payment or reimbursement for:

(A) professional membership dues;

(B) maintenance;

(C) housing;

(D) day care;

(E) automobile, travel, lodging, or entertaining expenses; or

(F) any similar form of maintenance, allowance, or expenses;

- (iii) the imputed value of health, life, or disability insurance or any other fringe benefits;
- (iv) any noncash benefit provided by an employer to or on behalf of a member;
- (v) termination pay unless included pursuant to 19-20-716;
- (vi) compensation paid to a member from a plan for the deferral of compensation under section 457(f) of the Internal Revenue Code, 26 U.S.C. 457(f);
- (vii) payment for sick, annual, or other types of leave paid to a member prior to termination from employment or accrued in excess of that normally allowed;
- (viii) incentive or bonus payments paid to a member that are not part of a series of annual payments;
- (ix) a professional stipend paid pursuant to 20-4-134; or
- (x) any similar payment or reimbursement made to or on behalf of a member by an employer; or
- (c) (i) Adding a direct employer-paid or noncash benefit to an employee's contract or subtracting the same or a similar amount as a pretax deduction is considered a fringe benefit and not earned compensation.
- (ii) Cash paid in lieu of any direct employer-paid or noncash benefit that has previously been or would be paid or provided to or on behalf of the employee at the employee's request or direction is considered a fringe benefit and not earned compensation.
- (13) "Employer" means:
 - (a) the state of Montana;
 - (b) a public school district, as provided in 20-6-101 and 20-6-701;
 - (c) the office of public instruction;
 - (d) the board of public education;
 - (e) an education cooperative;
 - (f) the Montana school for the deaf and blind, as described in 20-8-101;
 - (g) the Montana youth challenge program, as defined in 10-1-101;
 - (h) a correctional facility, as defined in 41-5-103;
 - (i) the Montana university system;
 - (j) a community college; or

(k) any other agency, political subdivision, or instrumentality of the state that employs a person who is designated a member of the retirement system pursuant to 19-20-302.

(14) "Extra duty service" means:

(a) _____ service in an educational services capacity that is not compensated as part of the normally assigned duties and functions of a school district teacher, administrator, or other employee but is regularly assigned to one or more school district teachers, administrators, or other employees as part of the regular operation of the school district's curricular, cocurricular, ~~and~~ or extracurricular programs; or

(b) _____ service not in an educational services capacity that is regularly assigned to a school district teacher, teacher's aide, paraprofessional, or administrator for the purposes of student supervision during school functions that are not part of the school district's regular curricular, cocurricular, or extracurricular programs.

(c) _____ For the purposes of this subsection (14), "educational services capacity" has the same meaning as provided in 19-20-302(10).

(15) "Full-time service" means service that is:

(a) at least 180 days in a fiscal year;

(b) at least 140 hours a month during at least 9 months in a fiscal year; or

(c) at least 1,080 hours in a fiscal year under an alternative school calendar adopted by a school board and reported to the office of public instruction as required by 20-1-302. The standard for full-time service for a school district operating under an alternative school calendar must be applied uniformly to all employees of the school district required to be reported to the retirement system.

(16) "Individual" means a human being.

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

(18) "Joint annuitant" means the one person that a retired member who has elected an optional allowance under 19-20-702(2), (4), or (5) has designated to receive a retirement allowance upon the death of the retired member.

(19) "Member" means a person who has an individual account in the annuity savings account. Unless otherwise specified, "member" refers to a tier one member or a tier two member.

(20) "Normal form" or "normal form benefit" means a monthly retirement benefit payable only for the lifetime of the retired member.

- (21) "Normal retirement age" means an age no earlier than 60 years of age.
- (22) "Part-time service" means service that is not full-time service. Part-time service must be credited in the proportion that the actual time worked compares to full-time service.
- (23) "Position reportable to the retirement system" means a position in which an individual performs duties that would entitle the person to active membership in the retirement system under the provisions of 19-20-302.
- (24) "Primary beneficiary" means a designated beneficiary with a first right to receive any benefit or refund of accumulated contributions payable upon the death of the individual authorized by law to make the designation.
- (25) "Regular interest" means interest at a rate set by the retirement board in accordance with 19-20-501(2).
- (26) "Retired", "retired member", or "retiree" means a person who is considered in retired member status under the provisions of 19-20-810.
- (27) "Retirement allowance" or "retirement benefit" means a monthly payment due to a retired member who has qualified for service or disability retirement or due to a joint annuitant or beneficiary.
- (28) "Retirement board" or "board" means the retirement system's governing board provided for in 2-15-1010.
- (29) "Retirement system", "system", or "plan" means the teachers' retirement system of the state of Montana provided for in 19-20-102.
- (30) "Service" means the performance of duties that would entitle the person to active membership in the retirement system under the provisions of 19-20-302.
- (31) "Termination" or "terminate" means that the employment relationship between the member and the member's employer has been terminated as required in 19-20-810.
- (32) (a) "Termination pay" means any form of bona fide vacation leave, sick leave, severance pay, amounts provided under a window or early retirement incentive plan, or other payments contingent on the employee terminating employment.
- (b) Termination pay does not include:
- (i) amounts that are not wages under section 3121 of the Internal Revenue Code, determined

without regard to the wage base limitation; and

(ii) amounts that are payable to a member from a plan for the deferral of compensation under section 457(f) of the Internal Revenue Code, 26 U.S.C. 457(f).

(33) "Tier one member" means a person who became a member before July 1, 2013, and who has not withdrawn the member's account balance.

(34) "Tier two member" means a person who became a member on or after July 1, 2013, or who, after withdrawing the member's account balance, became a member again after July 1, 2013.

(35) "Vested" means that a member has been credited with at least 5 full years of membership service upon which contributions have been made and has a right to a future retirement benefit.

(36) "Written application" or "written election" means a written instrument, required by statute or the rules of the board, properly signed and filed with the board, that contains all the required information, including documentation that the board considers necessary."

Section 2. Section 19-20-208, MCA, is amended to read:

"19-20-208. Duties and liability of employer. (1) Each employer shall:

(a) (i) each month, report the name, social security number, time worked, and gross earnings of each employed member; and

(ii) pick up the contributions of each employed member at the rate prescribed pursuant to 19-20-602 and 19-20-608 and transmit the contributions to the executive director of the retirement board;

(b) transmit to the retirement system the employer's contributions prescribed by 19-20-605 and 19-20-609 at the time that the employee contributions are transmitted;

(c) keep records and, as required by the retirement system, furnish information that is required in the discharge of the retirement system's duties, including financial, personal services, or other information or documentation requested by the retirement system to verify proper retirement system reporting and contribution remittance related to any individual hired by, working for, or paid by the employer, whether as a common law employee, an independent contractor, an employee or contractor of a third party, a volunteer, or in any other capacity;

(d) on the employment of a person who is required to become a member of the retirement system,

inform the person of the rights and obligations relating to the retirement system;

(e) each month, report the name, social security number, time worked, and gross earnings of each retired member of the system who has been employed in a position that is reportable to the retirement system pursuant to 19-20-731;

(f) whenever applicable, inform an employee of the right to elect to participate in the university system retirement program under Title 19, chapter 21; ~~and~~

(g) at the request of the retirement system, certify the names of all persons who are eligible for membership or who are members of the retirement system; and

(h) each month, report the name, social security number, time worked, and gross earnings of each substitute teacher, teacher's aide, and paraprofessional who, pursuant to 19-20-302(4), has elected not to participate in the retirement system prior to completing 210 hours of employment in any fiscal year.

(2) An employer shall submit a wage and contribution report to the retirement system every month, including for any month in which the employer does not pay compensation reportable to the retirement system."

Section 3. Section 19-20-302, MCA, is amended to read:

"19-20-302. Active membership. (1) Unless otherwise provided by this chapter, the following persons employed by an employer must be active members of the retirement system:

- (a) a person who is a teacher, principal, or district superintendent as defined in 20-1-101;
- (b) a person who is an administrative officer or a member of the instructional or scientific staff of a unit of the Montana university system and who has not elected or is not required to participate in the university system retirement program under Title 19, chapter 21;
- (c) a person employed as a speech-language pathologist, school nurse, professionally qualified person as defined in 20-7-901, paraprofessional who provides instructional support, dean of students, or school psychologist;
- (d) a person employed in a teaching or an educational services capacity by the office of a county superintendent, an education cooperative, a public institution of the state of Montana, the Montana state school for the deaf and blind, or a school district;
- (e) a person who is an administrative officer or a member of the instructional staff of the board of

public education;

(f) the superintendent of public instruction or a person employed as a teacher or in an educational services capacity by the office of public instruction;

(g) except as provided in subsection (2), a person elected to the office of county superintendent of schools;

(h) a person who is an administrative officer or a member of the instructional or scientific staff of a community college; and

(i) a person employed in a nonclerical position and who is reported on an employer's annual data collection report submitted to the office of public instruction.

(2) A retired member elected to the office of county superintendent of schools or appointed to complete the term of an elected county superintendent of schools after July 1, 1995, is not eligible for optional membership in the public employees' retirement system under the provisions of 19-3-412 or 19-3-413 and shall, within 30 days of taking office, file an irrevocable written election to become or to not become an active member of the teachers' retirement system. The retirement system membership of an elected county superintendent of schools as of June 30, 1995, must remain unchanged for as long as the person continues to serve in the capacity of county superintendent of schools.

(3) In order to be eligible for active membership, a person described in subsection (1) or (2) must:

(a) be employed in the capacity prescribed for the person's eligibility for at least 30 days in any fiscal year; and

(b) have the compensation for the person's creditable service totally paid by an employer.

(4) (a) A substitute teacher, or a part-time teacher's aide, or paraprofessional who is not already an active, inactive, or retired member of the retirement system shall make an irrevocable written election to become an active member of the retirement system on the first day of employment or to defer membership in the retirement system until the individual has completed 210 hours of service in any fiscal year.

~~(i) shall file an irrevocable written election determining whether to become an active member of the retirement system on the first day of employment; or~~

~~(ii) is required to become an active member of the retirement system after completing 210 hours of employment in any fiscal year if the substitute teacher or part-time teacher's aide has not elected membership~~

~~under subsection (4)(a)(i).~~

(b) ~~Once a part-time teacher's aide becomes a member, the aide is required to remain an active member as long as the aide is employed in that capacity. Once a substitute teacher becomes a member, the substitute teacher is required to remain a member as long as the teacher is available for employment in that capacity.~~ Upon completing 210 hours of service in a fiscal year for one employer or in aggregate for two or more employers, the individual shall become an active member of the retirement system. Active membership is effective the first day of the month following the month in which aggregate service reported by all employers equals or exceeds 210 hours. After a substitute teacher, part-time teacher's aide, or paraprofessional becomes a member, the individual shall remain an active or inactive member until the individual meets the requirements to withdraw from the retirement system or become a retired member.

(c) ~~The employer shall give written notification to a substitute teacher or part-time teacher's aide on the first day of employment of the option to elect membership under subsection (4)(a)(i).~~ An employer shall provide an election form to an eligible substitute teacher, part-time teacher's aide, or paraprofessional on the first day of employment. The employer shall require submission of the election form back to the employer and shall maintain the election form permanently.

(d) ~~—— If a substitute teacher or part-time teacher's aide declines to elect membership during the election period, the teacher or part-time teacher's aide shall file a written statement with the employer waiving membership and the employer shall retain the statement.~~

(5) A school district clerk or business official may not become a member of the teachers' retirement system. A school district clerk or business official who is a member of the system on July 1, 2001, is required to remain an active member of the system while employed in that capacity, and any postretirement earnings from employment as a school district clerk or school business official are subject to the limit on earnings provided in 19-20-731.

(6) At any time that a person's eligibility to become a member of the retirement system is in doubt, the retirement board shall determine the person's eligibility for membership. All persons in similar circumstances must be treated alike.

(7) As used in this section, "part-time teacher's aide" or "paraprofessional" means an individual who works less than 7 hours a day ~~assisting a certified teacher in a classroom.~~

(8) (a) An active member of the system concurrently employed in a position identified in subsection (1)(b) may not elect to participate in the university system retirement program under Title 19, chapter 21.

(b) An employee of the Montana university system who is a participant in the university system retirement program under Title 19, chapter 21, and who is concurrently employed in a position identified in ~~subsections~~ subsection (1)(a) or ~~subsections~~ (1)(c) through (1)(i) is ineligible to be an active member of ~~this the~~ teachers' retirement system.

(9) (a) A position is not reportable to the retirement system if the position is a bona fide volunteer position.

(b) A position is a bona fide volunteer position if all of the following criteria are met:

(i) The individual in the position receives no salary, stipend, remuneration of any kind, reimbursement of expenses, or in-kind benefits or services for service in the position. Employer payments of premiums for required insurance coverage directly related to the volunteer service, such as workers' compensation coverage or personal or professional liability coverage, do not constitute remuneration.

(ii) The position was not a paid position with the employer within the 12 months prior to being designated as a volunteer position by the employer.

(iii) The position does not become a paid position for at least 12 months following the employer's designation of the position as a volunteer position.

(iv) The employer does not have any other individual working as a paid employee in the same position while the position is designated as a volunteer position.

(v) The individual in the position does not perform work in the volunteer position in excess of:

(A) 4 hours in a day, 12 hours in a week, and 312 hours in a fiscal year if the service is performed during regular business days of the employer; or

(B) 312 hours in a fiscal year if the service is performed primarily at times other than during regular business days of the employer.

(c) The retirement system may require the employer to provide information and documentation to verify that a position designated as a volunteer position meets all requirements set forth in this subsection (9).

(10) As used in this section, "educational services capacity" refers to an individual who:

(a) directly instructs students;

(b) provides professional or education-related services that help students participate in or receive the full benefit of an educational program;

(c) evaluates the competencies or proper placement of students, determines or implements student-specific educational programs or plans, or provides direct or indirect support for academic or behavior intervention;

(d) determines the proper curriculum or educational standards applicable to the program, determines the appropriate educational and instructional methodologies, selects or creates the instructional materials; or trains teachers or other staff responsible for implementing the curriculum, standards, and methodologies of the program;

(e) directs, supervises, or oversees the work of other individuals employed in an educational or instructional services capacity; or

(f) is the primary administrator of an employer that provides educational services or is the primary administrator of an educational program of an employer that provides educational services."

Section 4. Section 19-20-303, MCA, is amended to read:

"19-20-303. Inactive membership -- dormant membership status. (1) A nonvested or vested member's active membership in the retirement system terminates and the member becomes an inactive member when the member ceases to be employed in a position reportable to the retirement system.

(2) A vested member becomes an inactive member of the teachers' retirement system if the member becomes an active member of another retirement or pension system supported wholly or in part by the money of another government agency, except the federal social security retirement system, and the membership in the other retirement system would allow credit for the same employment service in both retirement systems. However, the member may not be excluded from active membership in the teachers' retirement system solely because the person is receiving or is eligible to receive retirement benefits from another retirement system.

(3) A vested inactive member must be transferred to dormant membership status if, by the member's required minimum distribution beginning date, the member cannot be located for involuntary retirement as described in 19-20-703(3) or has not taken one of the following actions ~~the member fails to take~~

~~one of the following actions by April 1 following the calendar year in which the member attains the age of 70 1/2 if the member was born before July 1, 1949, or the age of 72 if the member was born on or after July 1, 1949:~~

(a) elect to terminate membership by withdrawing from the retirement system and taking a refund of the member's accumulated contributions under 19-20-603;

(b) apply to receive retirement benefits under part 8 or part 9 of this chapter; or

(c) return to active membership.

(4) A nonvested inactive member must be transferred to dormant membership status if the member fails to take one of the following actions within 7 years after becoming an inactive member:

(a) elect to terminate membership by withdrawing from the retirement system and taking a refund of the member's accumulated contributions under 19-20-603; or

(b) return to active membership.

(5) With respect to a member in dormant membership status:

(a) the retirement system shall no longer attempt to locate or contact the member or send communications or annual statements to the member; and

(b) the retirement system shall transfer the amount in the member's annuity savings account to the pension accumulation account and the amount may not be credited with additional interest while the member is in a dormant membership status.

(6) If a vested inactive member in dormant membership status takes an action described in subsection (3), the member is no longer in dormant membership status and the retirement system shall restore the member's account balance ~~to the member's annuity savings account and credit the account balance with the interest that would have been earned if the amount had remained in the annuity savings account~~ member had not been transferred to dormant status.

(7) If a nonvested inactive member in dormant membership status takes an action described in subsection (4), the member is no longer in dormant membership status and the retirement system shall restore the member's account balance ~~to the member's annuity savings account and credit the account balance with the interest that would have been earned if the amount had remained in the annuity savings account~~ member had not been transferred to dormant status.

(8) Nothing in this section affects the rights, benefits, obligations, or liabilities provided for under

this chapter if a member dies in a dormant membership status."

Section 5. Section 19-20-417, MCA, is amended to read:

"19-20-417. Credit for substitute teaching service, part-time teacher's aide aid service, paraprofessional service, or other service not reported. ~~(1) A substitute teacher or part-time teacher's aide who has filed an irrevocable election with their employer not to participate in the retirement system for the first 210 hours of service under 19-20-302 and who subsequently becomes a member within the same fiscal year must be awarded creditable service for the first 210 hours of service if the member contributes the employee and employer contributions that would have been made if the member had been a member from the first date of service in that fiscal year, plus interest at the current actuarial assumed rate of investment return.~~ (1) A substitute teacher, part-time teacher's aide, or paraprofessional who has filed an irrevocable election not to participate in the retirement system for the first 210 hours of service under 19-20-302 and who later becomes an active member may be awarded creditable service for the 210 or more hours of service provided in the single fiscal year in which the 210-hour threshold results in the individual's active membership. To be awarded the creditable service, the member shall contribute the regular employee and employer contributions that would have been made if the member had elected membership from the first date of service in that fiscal year, plus interest at the current actuarial assumed rate of investment return.

(2) A person who was employed in a capacity that would have been eligible for membership except for the fact that the person was employed for less than 30 days and who subsequently becomes an active member within the same fiscal year may purchase the first 30 days of service if the member contributes the employee and employer contributions that would have been made if the person had been a member from the first date of service in that fiscal year, plus interest at the current actuarial assumed rate of investment return.

(3) If an employer fails to report a person who was eligible for membership under 19-20-302, the employee and employer shall make the contributions required by this chapter, plus interest at the current actuarial assumed rate of investment return.

(4) The contributions and interest may be made in a lump-sum payment or in installments as agreed to between the person and the board.

- (5) Only one service purchase may be made by any member under subsection (1) or (2)."

Section 6. Section 19-20-703, MCA, is amended to read:

"19-20-703. Payments to be monthly -- required minimum distributions. (1) All retirement allowances must be paid in equal monthly installments.

- (2) Except as provided in subsection (5), the retirement allowance may commence:

(a) no earlier than the first day of the month following the member's termination date or on the first day of the month following the date when the member first becomes eligible, whichever date is later; or

- (b) if requested by the inactive member in writing:

(i) on the first day of a later month; or

(ii) on the first day of the month following the member's 60th birthday.

~~(3) Distribution of an inactive member's benefit must begin by the later of the April 1 following the calendar year in which a member attains the age of 70 1/2 if the member was born before July 1, 1949, or the age of 72 if the member was born on or after July 1, 1949, or April 1 of the year following the calendar year in which the member terminates. If a member fails to apply for retirement benefits by the later of either of those dates, the board shall begin distribution of the monthly benefit as provided in 19-20-702(3)(a)(i).~~

(3) (a) Distribution of an inactive member's benefit must begin, or a refund of the member's accumulated contributions must be made, by the required minimum distribution beginning date.

- (b) The required minimum distribution beginning date is the later of:

(i) April 1 following the calendar year in which the member terminates employment in all teachers' retirement system reportable positions; or

- (ii) April 1 following the calendar year in which the member attains the age of:

(A) 70 1/2 if the member was born before July 1, 1949;

(B) 72 if the member was born between July 1, 1949, and December 31, 1950;

(C) 73 if the member was born between January 1, 1951, and December 31, 1959; or

(D) 75 if the member was born on or after January 1, 1960.

(c) If the member fails to apply to receive retirement benefits by the required minimum distribution beginning date, the retirement system shall begin distribution of the monthly benefit under the monthly benefit

option described in 19-20-702(3)(a)(i) without consideration of the member's age.

(4) The life expectancy of a member or the member's joint annuitant may not be recalculated after benefits commence.

(5) If a member terminates within 30 days of the last day of the school year, the member is considered to have terminated at the end of the member's contract, and the retirement allowance may not commence earlier than the first day of the month following the last scheduled pupil-instruction day or pupil-instruction-related day as described in 20-1-304, whichever is later."

Section 7. Section 19-20-905, MCA, is amended to read:

"19-20-905. Cancellation of allowance and restoration of membership. (1) If a disabled retiree is employed in a position reportable to the retirement system and earns compensation in any calendar year in excess of the limitation provided in 19-20-904, the retiree's retirement allowance must cease and the retiree must again become an active member of the retirement system effective on the first day of the month following the month in which the earnings limitation was exceeded. At this point, the member is deemed to be no longer disabled.

~~(2) — If the member is restored to active membership on or after the attainment of the age of 55 years, the member's retirement allowance upon subsequent retirement may not exceed the retirement allowance that the member would have received had the member remained in service during the period of the member's previous retirement or the sum of the retirement allowance that the member was receiving immediately prior to the member's last restoration to service and the retirement allowance that the member would have received on account of the member's service since the member's last restoration had the member entered service at that time as a new member~~

(2) (a) Upon subsequent termination of employment in all teachers' retirement system reportable positions, a member who is then eligible based on age or service for either an early retirement allowance under 19-20-802 or a regular retirement allowance under 19-20-804 may immediately apply for a retirement allowance. Eligibility for retirement based on service is determined based on the creditable service credited to the member at the time of disability retirement excluding any creditable service enhancement applied pursuant to 19-20-902(1)(b). The retirement allowance payable upon subsequent retirement is the lesser of:

(i) the early or regular service retirement allowance the member is eligible to receive based on the creditable service and earned compensation credited to the member at the time of the member's disability retirement excluding any creditable service or earned compensation enhancement applied as provided in 19-20-902(1)(b), plus the additional creditable service and earned compensation credited to the member after the return to active member status; or

(ii) an amount equal to the disability retirement benefit received prior to the return to active member status plus a second benefit amount calculated based on the creditable service accrued and average earned compensation credited for all years of service during the return to active member status.

(b) Upon subsequent termination of employment in all teachers' retirement system reportable positions, a member who is not then eligible for an early or regular service retirement allowance under subsection (2)(a) shall wait to apply for a subsequent retirement allowance until eligible under subsection (2)(a) or may make a new application for a disability retirement allowance.

(c) A member who originally retired on a disability allowance and later returned to active member status may not make, and the member's subsequent retirement allowance may not be enhanced by, any permissive service purchase not used in the calculation of the member's original disability retirement allowance."

Section 8. Effective date. [This act] is effective July 1, 2025.

- END -

I hereby certify that the within bill,
HB 67, originated in the House.

Chief Clerk of the House

Speaker of the House

Signed this _____ day
of _____, 2025.

President of the Senate

Signed this _____ day
of _____, 2025.

HOUSE BILL NO. 67

INTRODUCED BY M. BERTOGLIO

BY REQUEST OF THE TEACHERS' RETIREMENT BOARD

AN ACT GENERALLY REVISING ADMINISTRATIVE AND TAX QUALIFICATION PROVISIONS OF THE TEACHERS' RETIREMENT SYSTEM; CLARIFYING THE REPORTING DUTIES OF EMPLOYERS; CLARIFYING ELECTIVE MEMBERSHIP DEFERRAL FOR CERTAIN POSITIONS; CLARIFYING ACTIVE MEMBERSHIP AND DORMANT MEMBER STATUS; CLARIFYING THE PURCHASE OF DEFERRED ELECTIVE SERVICE; REVISING MANDATORY DISTRIBUTION PROVISIONS TO CONFORM WITH FEDERAL LAW; CLARIFYING DISABILITY RETIREMENT ALLOWANCE CALCULATIONS; PROVIDING DEFINITIONS; AMENDING SECTIONS 19-20-101, 19-20-208, 19-20-302, 19-20-303, 19-20-417, 19-20-703, AND 19-20-905, MCA; AND PROVIDING AN EFFECTIVE DATE.