

Summary of LCsa07 (PERS)
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All Employee Contributions Same

	Hired prior to 7/1/2011	Hired on or after 7/1/2011
Employee (EE) contribution <i>- Decreased to 6.9% if amortization period is and can remain at less than 25 yrs</i>	Increased from 6.9% to 7.9% - new	7.9% - no change
Employer (ER) contribution	Increased from 6.9% to 7.9%	

Provides Additional Funding

1. Unallocated coal severance taxes are statutorily appropriated to PERS-DB plan
2. Local employers required to contribute to PERS-DB plan "actuarially determined contribution" (i.e., the ARC shortfall after counting all other statutory contributions).

Staff Legal Note

The bill increases contributions for current members as of July 1, 2011, thus raising the following questions related to a potential contract impairment challenge:¹

1. Is the proposed benefit reduction or contribution increase both "reasonable and necessary to serve an important public purpose"?
2. Have non-impairing alternatives been enacted and/or seriously analyzed and considered, but proven to be insufficient?
3. Have less-impairing alternatives been seriously analyzed and considered, but proven to be insufficient?

¹ David Niss, Legal Memorandums dated May 21, 2012, January 5, 2012, August 14, 2009, August 28, 2009 (Addendum), and February 27, 1998, Montana Legislative Services Division, (406) 444-3064, or visit www.leg.mt.us and contact staff for the State Administration and Veterans' Affairs Interim Committee. See also U.S. Trust Company of New York v. New Jersey, 431 U.S. 1 (1977).

Note on Defined Contribution Plan

As drafted, the increase and any decrease in the employee contributions also applies to members of the PERS-DC plan.

Staff Administrative Notes

1. Preamble - yes or no?
2. Internal references not final checked