

**Unofficial Draft Copy**

As of: November 29, 2005 (3:11pm)

LC3003-01

\*\*\*\* Bill No. \*\*\*\*

Introduced By \*\*\*\*\*

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

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

5  
6 *Staff summary of this draft: This draft revises 19-20-731, MCA, from the way it appears in*  
7 *LC2005-3 by requiring that the compensation paid to a TRS retiree returning to work in a TRS-*  
8 *eligible position for the retiree's retirement benefit to not be reduced must include the value of*  
9 *all fringe benefits, not just taxable fringe benefits.*

10  
11 Be it enacted by the Legislature of the State of Montana:

12  
13 **Section 1.** Section 19-20-731, MCA, is amended to read:

14 **"19-20-731. Postretirement employment limitations -- cancellation and**  
15 **recalculation of benefits.** (1) (a) Except as otherwise provided in this section, a retired  
16 member may be employed part-time by a school district, state agency, or unit of the  
17 university system in a position eligible to participate in the retirement system and may  
18 earn, without an adjustment of retirement benefits, an amount not to exceed the greater  
19 of:

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

21 (b)(ii) one-third of the median of the average final compensation for members  
22 retired during the preceding fiscal year as determined by the retirement board.

23 (b) For the purpose of this subsection (1), the maximum compensation a retired

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

5 (i) professional membership dues;

6 (ii) maintenance;

7 (iii) day care;

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

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

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

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

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

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

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

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

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

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

21 {Internal References to 19-20-731:  
22 19-20-208 19-20-302 19-20-806 ok/ddb}

23  
24 **NEW SECTION. Section 2. {standard} Effective date.** [This act] is effective  
25 on passage and approval.

26 - END -

27 {Name : Dave Bohyer  
28 Title : Research Director

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- 1 Agency : Legislative Service Division
- 2 Phone : 444-3064
- 3 E-Mail : dbohyer@mt.gov}
  
- 4 **CI2196 5333dbxd.**