I. Board Policy

A. The campuses and agencies of the Montana University System are authorized to establish "Retirement Costs Revolving Accounts" in the Designated Subfund for the purpose of managing the General Operating Subfund costs of employee retirement payouts.

B. The Retirement Costs Revolving Account will be utilized exclusively for:
   1. the systematic deposit of General Operating funds according to an approved Business Plan;
   2. the regular transfer of funds from this Account to cover recorded costs of retirement payouts in the General Operating Subfund; and
   3. to record short term loans in the event that retirement payout costs exceed current deposits in the Retirement Costs Revolving Account, according to an approved Loan Repayment Business Plan.

C. Requests for such an account must be accompanied by a Retirement Costs Business Plan, and be approved annually by the Commissioner of Higher Education.

D. Requests to record a loan within this account must be accompanied by a Loan Repayment Business Plan, and be approved by the Commissioner of Higher Education.

II. Procedures

A. All Fiscal Year Business Plans must contain the following:

   1. A pledge that the account will be reserved exclusively for the deposit of General Operating funds, which will be used exclusively to cover the costs of retirement payouts in General Operating accounts.
   2. A schedule outlining the Fiscal Year budget for deposits, and the timing for all transfers, in accordance with a projection of revenue receipts.
   3. A detailed calculation of the annual budget amount, which must be based either on a calculated average cost of recent years, a projection drawn from years-of-service personnel records, or similar means.

B. As retirement costs in general operations accounts are incurred, they will be paid out of the appropriate General Operating Subfund accounts. At fiscal year end an amount of funds sufficient to cover all retirement costs will be transferred from the revolving account, back to the general operations accounts.

C. Any balance remaining in the revolving account will be retained for use in future years and considered in the calculation of the next year's Business Plan.

D. All Loan Repayment Business Plans must contain the following:

   1. A specific proposal to transfer funds into the Retirement Costs Revolving Account, from other Designated, Auxiliary or Plant funds, as a loan, because the costs for the current (or just completed) year exceed the amount of funds set aside in the revolving account, or which are available in the balance of general operating funds.
   2. The pledge that this transfer will be officially booked as a loan and interest paid, in accordance with 17-2-107 MCA.
3. A pledge that the institution will fully repay the loan during the next fiscal year; or,
4. If the institution desires to repay the loan over a period exceeding the next fiscal year, a justification for this, and a detailed repayment plan.

History:

Item 105-100-R1199, Retirement Costs Revolving Account; Montana University System (NEW Board Policy), approved November 18, 1999 (Item 104-103-R0999), as amended January 16, 2004 (Item 122-108-R0104).