**§18406. Liability for payment of benefits**

**1. Retirement system.**  The retirement system's liability for payment of benefits is governed as follows.

A. The retirement system is not liable for the payment of any benefits to employees or retirees of any participating local district for which reserves have not been previously created from funds contributed by the participating local district or its employees for those benefits. [PL 1985, c. 801, §§ 5, 7 (NEW).]

B. The retirement system is liable for payment of survivor benefits to beneficiaries of a participating local district member if the participating local district has elected survivor benefits. [PL 1985, c. 801, §§ 5, 7 (NEW).]

[PL 1985, c. 801, §§ 5, 7 (NEW).]

**2. Participating local districts.**  If, when the contributions of a participating local district are computed for any fiscal year in accordance with sections 18302 and 18303, any of the reserve funds of the participating local district are less than the liabilities of the reserve fund, then the amount of the contributions to be paid shall be increased either:

A. By the amount the liabilities exceed the reserve funds; or [PL 1985, c. 801, §§ 5, 7 (NEW).]

B. At the option of the participating local district, by the total amount of benefits payable during the fiscal year from the reserve funds that have a deficit. [PL 1985, c. 801, §§ 5, 7 (NEW).]

[PL 1985, c. 801, §§ 5, 7 (NEW).]

SECTION HISTORY

PL 1985, c. 801, §§5,7 (NEW).

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