WELCOME NEW PERS MEMBERS

DEFINED CONTRIBUTION
RETIREMENT PLAN (DCRP)

DEFINED BENEFIT
RETIREMENT PLAN (DBRP)

MONTANA UNIVERSITY SYSTEM
RETIREMENT PROGRAM (MUS-RP)

457 DEFERRED COMPENSATION
SUPPLEMENTAL RETIREMENT PLAN

MPERA

MONTANA PUBLIC EMPLOYEE
RETIREMENT ADMINISTRATION
(MPERA)

FEATURE	DEFINED BENEFIT RETIREMENT PLAN (DBRP)	DEFINED CONTRIBUTION RETIREMENT PLAN (DCRP)	MONTANA UNIVERSITY SYSTEM RETIREMENT PLAN (MUS-RP)
Employee contributions [1]	7.9% of gross compensation	7.9% of gross compensation	7.9% of gross compensation
Tax status of contributions	Pre-tax	Pre-tax	Pre-tax
Tax status of earnings	Tax-deferred	Tax-deferred	Tax-deferred
Tax status of distributions	Taxable	Taxable	Taxable
Disability benefit	Provided in plan	Provided in plan	Not provided
Employer contributions [2]	8.47% of covered payroll	8.47% of covered payroll	8.47% of compensation
Allocation of employer contributions as determined by statutes. § 19-3-316, MCA.	6.90% - Pension trust fund: - Administrative costs - Normal costs - Disability benefits - Education fund 1.57% - Temporary Add'l Contribution 8.47% Total	6.56% - Individual account [3] 0.30% - Disability fund 0.04% - Education fund 1.57% - Temporary Add'l Contribution [2] 8.47% Total	6.86% - Individual account [4] 0.04% - Education fund 1.57% - Temporary Add'l Contribution [2] 8.47% Total

[1] 1 Member contributions will be decreased to 6.9% on January 1 following actuary valuation results showing the amortization period has dropped below 25 years and remains below 25 years following the reduction of both the employer and member contribution rates.

[2] PERS employer contributions will increase by .1% each July 1 through July 1, 2023 or until the annual actuary valuation results show the PERS Defined Benefit Retirement Plan's amortization period has dropped below 25 years and remains below 25 years following the reduction of both the employer and member contributions. At that time PERS employer contributions will decrease to 6.9%.

Administrative Costs	Paid out of the Pension Trust Fund and currently capped at 1.5% of all benefits paid per year.	Administrative costs are currently 0.20% per year on account balance, individual investment options and change fees	Taken from quarterly returns on investments and currently range from 0.32% to 1.00% of assets.
Benefit determined by	Formula	Individual account balance	Individual account balance
Benefit guarantee	Guaranteed for life	None: depends on account balance	None: depends on account balance
Benefit adjustments	Guaranteed Annual Benefit Adjustment (GABA) could range from 0% to 1.5%	Individual determines account distribution method, frequency and amount.	Individual determines account distribution method, frequency and amount.
Eligibility	<u>Service Retirement</u> • Age 65 & 5 years membership service, or • Age 70 <u>Early Retirement</u> • Age 55 & 5 years membership	<u>Individual account available upon:</u> • Termination of service • Retirement • Death	<u>Individual account available upon:</u> • Termination of service • Retirement • Death
Vesting	5 years - Entitles employee to lifetime monthly benefit at retirement age or refund of employee contributions plus interest only	5 years - Entitles employee to employer contributions in the individual account	Vested immediately

[3] PERS employer contributions will increase by .1% each July 1 through July 1, 2023 or until the annual actuary valuation results show the PERS Defined Benefit Retirement Plan's amortization period has dropped below 25 years and remains below 25 years following the reduction of both the employer and member contributions. At that time PERS employer contributions will decrease to 6.9% with 6.56% going to the DCRP member's individual account.

[4] PERS employer contributions will increase by .1% each July 1 through July 1, 2023 or until the annual actuary valuation results show the PERS Defined Benefit Retirement Plan's amortization period has dropped below 25 years and remains below 25 years following the reduction of both the employer and member contributions. At that time PERS employer contributions will decrease to 6.9% with 6.86% going to the MUS-RP member's individual account.

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NOTICE

This handbook is an educational tool for PERS members who are evaluating the **PERS Retirement Plans**. It is intended to provide you with a general idea of possible benefits under each plan and to assist you in making your retirement plan election. This handbook reflects applicable laws and rules as they exist at the time of publication. **THIS HANDBOOK SHOULD NOT BE TAKEN AS FINAL LEGAL AUTHORITY.** If any information in this publication conflicts with the Public Employees' Retirement Board's (Board) interpretation of a statute or rule, the statute or rule will apply.

Neither the Montana Public Employee Retirement Administration (MPERA) nor the Board provide professional financial planning advice or tax-related services. We encourage you to compare the PERS plans based on your personal situation, and to consult with a financial planner and/or tax advisor as needed.

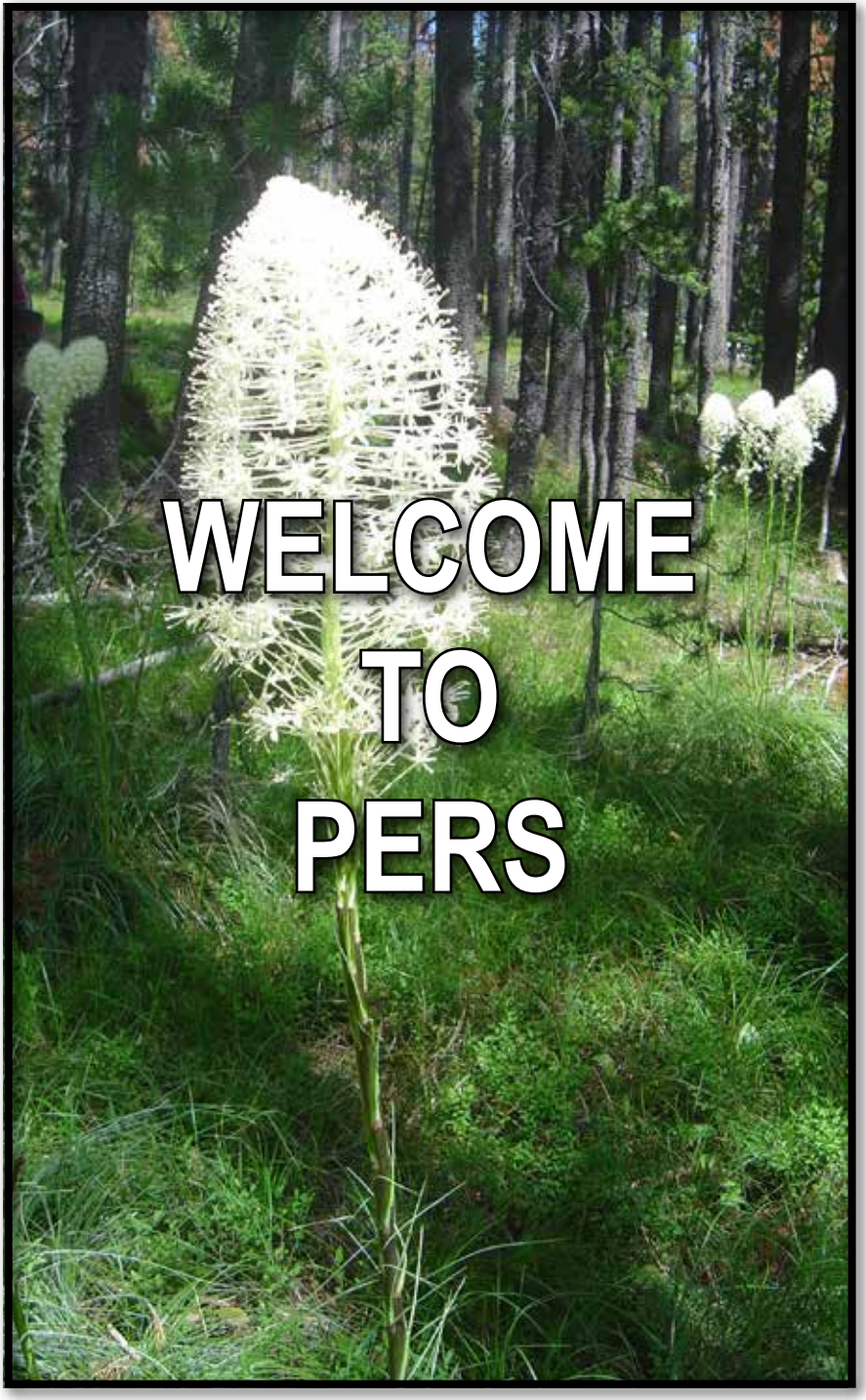
Permission is granted to reproduce, copy, or duplicate the information in this publication for use by others while making their PERS retirement plan decision, provided credit is given to MPERA. Reproduction for personal use by members is not only permitted, but encouraged.

The Board is an independent, seven-member board, appointed by the Governor and confirmed by the Senate, to administer PERS, eight other retirement systems, and the State's Deferred Compensation Plan. MPERA does the day-to-day work. This handbook uses the terms we, us, MPERA, and Board interchangeably.

Retirement Plan Choice Webinars

MPERA provides live Retirement Plan Choice webinars that you can attend at your convenience from your own computer. Check the MPERA website at *mpera.mt.gov* for the dates and times.

As of August 19, 2015, GABA provisions are based on the permanent injunction put in place by the District Court. Accordingly, PERS members hired on or after July 1, 2013 will be subject to the "sliding scale" GABA ranging from 0% to 1.5% as provided in HB 454 (2013). See § 19-3-1605, MCA (2015).


WELCOME
TO
PERS

WELCOME TO PERS

Now that you have been hired into a position covered by the Public Employees' Retirement System (PERS), you have **12 months** to choose the retirement option right for you. This handbook is designed to provide you with an overview of PERS, information about the State of Montana's supplemental 457(b) Deferred Compensation Plan, and some general guidance for retirement planning. Please read the information carefully to ensure you make the best choice for your personal circumstances.

PERS Plan Choices

In your new PERS-covered position, you have two[1] retirement plan options to choose from:

> The **Defined Benefit Retirement Plan (DBRP)** – Considered a typical pension plan, you and your employer contribute to a pension trust fund. When you retire, you will receive a monthly benefit based on a formula using your salary and years of service; or
>
> The **Defined Contribution Retirement Plan (DCRP)** – This plan puts you in charge of how your contributions are invested. When you retire, your benefit will depend on the size of your account. You will choose how to receive your funds.

From your first date of employment you are automatically a member in the Defined Benefit Retirement Plan. You have **12 months** from the month your employer properly reports you to MPERA to choose to remain in the Defined Benefit Retirement Plan or transfer to the Defined Contribution Retirement Plan.

Supplemental 457(b) Deferred Compensation Plan

Along with your retirement plan option, you may also be eligible to participate in your employer-sponsored supplemental retirement plan such as the State of Montana's 457(b) Deferred Compensation Plan.

General Retirement Planning

It's important to begin planning your retirement early in your career. You will want to consider all sources of income anticipated in retirement. For many people, retirement income includes:

- Employer Sponsored Retirement Plan - your PERS plan
- Supplemental Retirement such as a 457(b) or Individual Retirement Account

[1] If you are a Montana University System employee, you have a third option. See page 25 for details.

- Social Security
- Personal Assets and Savings

Your individual circumstances will play a significant role in your retirement planning.

Some things you may want to consider are:

- How much income will you need in retirement
- How long will you work in a PERS-covered position
- If you need stable/fixed monthly income or more flexible income
- If you have other sources of retirement income besides your PERS benefit
- If your spouse works and has a retirement plan
- If you have dependent children
- Your health
- Your desired retirement lifestyle

Other considerations:

- The age you plan on drawing your retirement income
- How long will you need retirement income
- When will you begin drawing Social Security
- If you have prepared for the gap between beginning to receive retirement income and Social Security
- Inflation
- Your expected tax rates

Investment knowledge:

- How much do you know about investing?
- How important is the rate of return?
- Would you tolerate a negative return?

Additional Retirement Considerations

As you start retirement planning, you may discover:

- A time gap between your PERS retirement age and your eligible age to draw Social Security
- A projected income gap between your combined PERS and Social Security income and your retirement income needs

Some methods to fill the gaps can be:

- Delaying your retirement
- Reducing your retirement income goals (needs)
- Working during retirement (part-time or periodically)
- Using or building personal assets and savings

You can build other assets and savings:
Depending on your employer, you may have access to tax-advantaged retirement saving programs such as:

- 457(b) Deferred Compensation Plans
- Traditional or Roth IRAs and
- 403(b) Tax Sheltered Annuities

You may wish to explore the availability of these options with your employer.

Ideas to help you start building sufficient personal assets and savings:

- Determine how much you currently have in personal assets and savings
- Determine if your current personal assets and savings will grow sufficiently to fill your retirement income gaps
- Determine how much more you will need to fill anticipated income gaps

Full financial planning is not the purpose or intent of this handbook. You may wish to consult with a financial planner or use other resources such as reliable books or internet sites to assist in planning your personal assets and savings growth.

FILING YOUR PERS RETIREMENT PLAN ELECTION

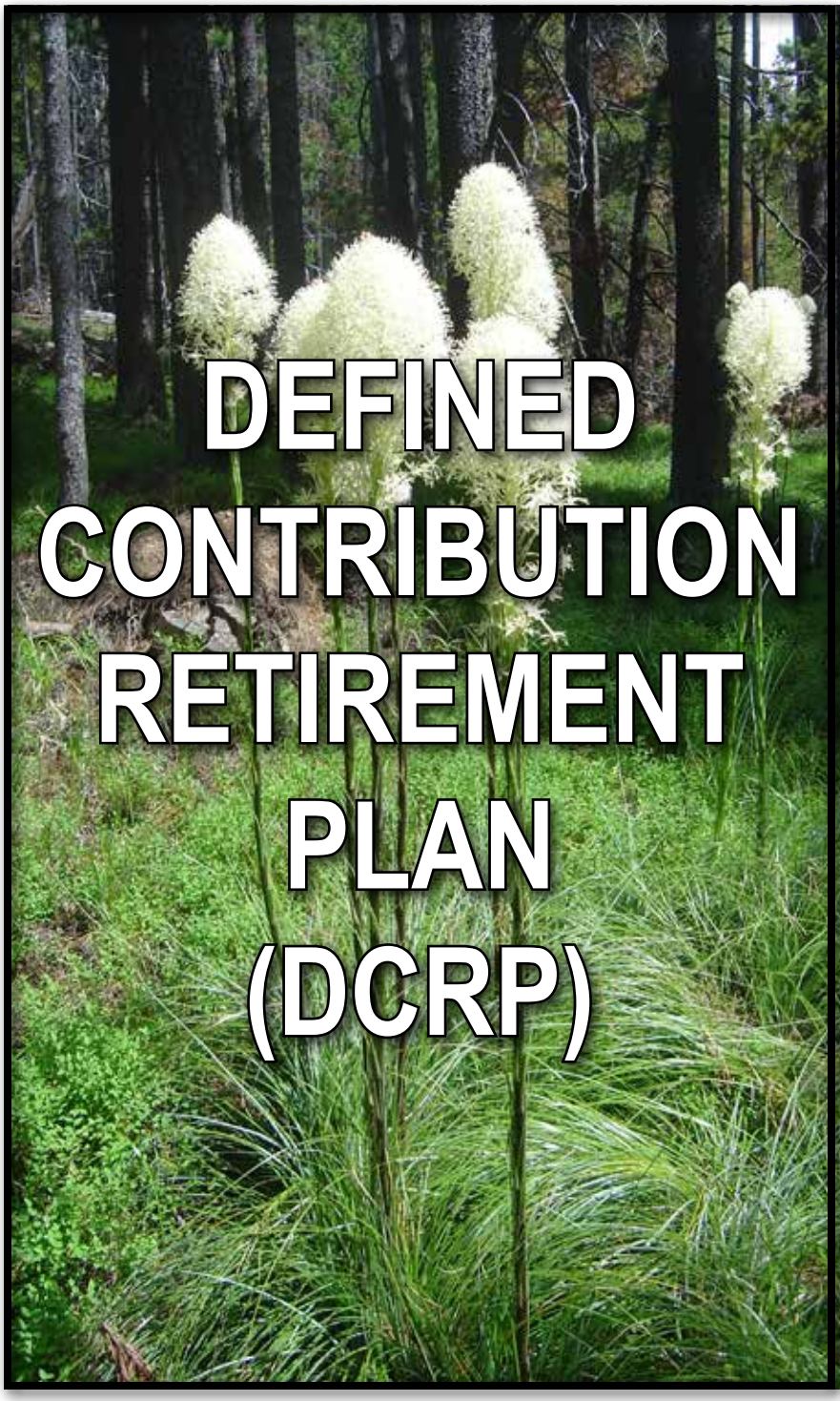
You have 12 months from the first month you are reported to us by your employers to file your PERS retirement plan election. Filing your retirement plan election with MPERA means:

- You complete and sign the *PERS Retirement Plan Election* form, and
- You mail or hand deliver your completed election form before the end of your 12-month election window to:

The Montana Public Employees' Retirement Board
PO Box 200131
Helena MT 59620-0131

Giving your election to your employer or payroll clerk does not constitute filing with the Board.

Your retirement plan election is irrevocable. If you do not file a retirement plan election by the end of your **12 month** election window, your plan choice will "default" to the PERS Defined Benefit Retirement Plan. We strongly encourage you to make an active election. This will ensure you are enrolled in the retirement plan you have determined best meets your individual needs.


DEFINED
CONTRIBUTION
RETIREMENT
PLAN
(DCRP)

DEFINED CONTRIBUTION RETIREMENT PLAN (DCRP)

The Defined **Contribution** Retirement Plan specifies how much you and your employer **contribute** to the plan. The benefit depends on the size of your individual account balance at retirement. Your account balance depends on employer and member contributions and investment earnings. Investment earnings can be either positive or negative during any period of time. In the Defined Contribution Retirement Plan you assume the investment risk, but are also entitled to all investment returns.

Your account will grow over time, depending on the following:

- Contributions
- Investment Earnings (either positive or negative) and
- Length of time invested

CONTRIBUTIONS

Both you and your employer will make regular contributions to your individual account. Total contributions to your individual account will be 16.03%.

Member Contributions

You contribute 7.9% of your compensation to your individual account.[1] Your 7.9% contribution is calculated based on your gross compensation, before any pre-tax deductions. This means your contributions are made on a pre-tax basis and grow tax deferred until you withdraw the funds. At that time, you pay taxes on the amount you withdraw at the tax rate/bracket then applicable

You cannot make additional payroll contributions greater than the amount defined in statute to your Defined Contribution account. However, you may be able to roll money from other qualified plans into your DC account.

Employer Contributions

Your employer currently contributes the following for a total of 8.47%[2] to PERS:

[1] PERS member contributions will be decreased to 6.9% on January 1 if the annual actuary valuation results show the amortization period has dropped below 25 years and remains below 25 years following the reduction of both the employer and member contribution rates.

[2] PERS employer contributions will increase by .1% each July 1 through July 1, 2023 or until the annual actuary valuation results show the PERS Defined Benefit Retirement Plan's amortization period has dropped below 25 years and remains below 25 years following the reduction of both the employer and member contributions. At that time PERS employer contributions will decrease to 6.9%.

Your individual PERS DCRP account – 8.13%[3] Funds your DCRP retirement account.

Education Fund - 0.04% Funds various PERS member education programs.

Long-term Disability Plan Fund - 0.3% Provides DCRP members a disability benefit over and above their contributions.

Individual Account Components

Your individual DCRP account consists of three components. Each component has different vesting criteria. Members are fully vested when they have earned five years of membership service. Membership service is used to determine vesting. You earn a full month of membership service for any month in which you are reported to us by your employer. One hour reported in a month will result in one month of membership service.

Contributions are vested as described below.

Member Contributions

Your contributions are credited to the "member contribution" component of your individual account. **All of your contributions and earnings are immediately 100% vested.** This means that you have a right to those funds when you terminate employment. You are entitled to all member contributions and associated investment earnings in your account, regardless of vesting.

Other Contributions

Funds you have transferred or rolled over to your individual account, as well as any earnings, are immediately 100% vested.

If you transfer or roll over funds from another eligible retirement plan, for example: a 403(b) plan, a 457(b) plan, or an IRA, those funds will be credited to the "other contribution" component of your individual account. Done correctly, transfers and rollovers involve no income tax or penalty taxes. Be sure to consult your tax advisor.

Employer Contributions

The portion of employer contributions that fund your individual account, currently 8.13% of compensation is credited to the "employer contribution" component of your individual account. Once you have five years of membership service, you are vested in the employer contributions credited to your individual account, as well as any investment earnings on those contributions.

[3] PERS employer contributions into your account will increase by .1% each July 1 through July 1, 2023 or until the annual actuary valuation results show the PERS Defined Benefit Retirement Plan's amortization period has dropped below 25 years and remains below 25 years following the reduction of both the employer and member contributions. At that time PERS employer contributions into your DCRP account will decrease to 6.56%.

If you terminate PERS-covered employment or die before attaining five years of membership service, you forfeit the employer contributions and associated investment earnings on those contributions.

REMEMBER: Your member contributions and other contributions are always vested. Your employer contributions are only vested once you have earned 5 or more years of membership service.

Funds Transferred

The Board contracts with Empower Retirement™ (formerly Great-West Retirement Services). If you choose the Public Employees' Retirement Defined Contribution Retirement Plan, the following funds will transfer into your individual account at Empower Retirement™.

Member Contributions

MPERA will transfer:

- The amount you have contributed to the Defined Benefit Retirement Plan since you were hired; and
- 7.75% interest compounded annually.

Employer Contributions

MPERA will transfer:

- The contributions your employer has contributed on your behalf since you were hired (8.13% of your compensation); and
- 7.75% interest compounded annually.

NOTE: Future earnings in your DCRP account depend on the performance of the investment options you select. You will not be guaranteed a 7.75% return on your funds once they are transferred to your individual account. Transferred funds will automatically be placed in the plan's default investment fund until you choose other investment options. The Plan's default option is a target date mutual fund chosen based on your age. When you choose DCRP you will receive additional information from Empower Retirement™ regarding your investment opportunities.

DCRP PLAN FEATURES

Managing Your Individual Account

Investment Options

You may choose your investment options from among those offered within the plan or remain in the default investment option. You can choose to invest in one or any number of the available investment options. Your investment options range from conservative to aggressive.

Multiple mutual funds are offered to ensure you can diversify your investments. In addition to mutual funds, a stable value/fixed fund is available. The stable value/fixed fund guarantees both principal and a rate of return. Mutual funds do not guarantee either principal or rate of return.

Specific information on the investment options is available from Empower Retirement™, our contracted record keeper at:

Key Talk: 1-877-699-4015
Web Site: *https://www.mperadcplans.com*

Annually, the Employee Investment Advisory Council (EIAC) and the Public Employees' Retirement Board (Board) review each investment option to ensure it continues to meet performance standards and criteria in the Board's adopted Investment Policy Statement. The annual review can result in changes in the available investment options. You will be notified before any changes are made.

Changing Your Investment Options

Generally, there is no limit on the number of times you can change your investment options. However, specific investment houses may impose defined trading restrictions to help manage their cash flow. Any restrictions will be in the individual fund prospectus. Empower Retirement™ will provide instructions on how to select or change investment options.

Reviewing Quarterly Statements

Empower Retirement™ will provide you with quarterly individual account statements. Reviewing your quarterly statement on a regular basis is a good habit to develop. Regular reviews will quickly bring you up to date on your investments' performance and allow you to monitor and adjust your investment strategy.

Empower Retirement™ account representatives are also available to help you review your investment options, discuss investment strategies and conduct regular account reviews. There is no charge and they are available in several areas around the state. Simply call 1-800-981-2786 or 449-2408 in Helena to schedule an appointment.

Fees and Charges

The following are the fees and charges associated with your account.

MPERA Administrative Charges

MPERA charges an asset based fee to cover the costs of administering the DCRP. This charge is currently 0.20% of your account balance per year and will be deducted quarterly (0.0425% per quarter) from your individual account. This charge is currently capped at $300 per year.

The MPERA administrative charges are annually reviewed by the Board and may change.

Investment Management Fees

Each investment option charges investment management fees. These charges are deducted before investment returns. All expenses and management fees are shown as "expense ratios" in each investment options' prospectus.

Payment Options

You or your beneficiaries have access to the vested components of your individual account when you:

- Terminate employment
- Retire
- Die

You can take a lump-sum payment or use your account balance to provide periodic payments for your retirement income.

Lump-sum payment

You can take your entire vested account balance as a single payment. However, please be aware that these funds are subject to income tax. In addition to income tax, a 10% penalty tax applies to lump-sum distributions taken prior to age 59½.

Periodic Payments

You have a number of periodic payment options for your vested account balance, including:

- **Fixed Amount** - The fixed amount option will provide a monthly or yearly payment from your account until it is exhausted. You can change your fixed payment amount once per year.

- **Life Expectancy** - The life expectancy option will provide the calculated payment based on the length of your expected life. Each year your life expectancy is recalculated and the payment amount adjusted accordingly.
- **Flexible Combination (Your Choice)** - You can request a combination of periodic payments to meet your individual needs. Example: You can receive a $5,000 lump-sum in January and receive $500 per month for the remainder of the year.

Continued Tax Deferral

If you have an account balance over $1,000, you can also continue to shelter your contributions and earnings from taxation until withdrawal by leaving your money in the Defined Contribution Retirement Plan, or by transferring or rolling your money to an IRA or other eligible retirement plan.

Death Benefits

The rules regarding death benefits vary depending on whether you die before or after your payments begin, and whether your payments were annuitized. "Annuitized" means that your payments were calculated to exhaust your account balance over your life expectancy.

If you die **after** payments have begun, your beneficiaries will generally receive the balance of your vested account or continuing payments under an annuity contract.

If you die **before** payments have begun, the rules regarding payments differ depending on whether or not your beneficiary was your spouse.

- Spouse as Beneficiary, your spouse can:
  - ◊ Take a lump-sum distribution;
  - ◊ Begin periodic distributions;
  - ◊ Roll your account balance over to his or her IRA or eligible retirement plan; or
  - ◊ Delay distributions until the date at which you would have been 70½, then receive payments over his or her lifetime.
- Non-Spouse as Beneficiary: Your non-spouse beneficiary can receive benefits in compliance with applicable federal and state law, including: periodic payments; a lump-sum payout; or a rollover of your account balance.

NOTE: We encourage you to consult with your tax or financial advisor when choosing your payment option to ensure the option that best meets your personal needs.

Disability Benefits

The Defined **Contribution** Retirement Plan has a disability benefit provision for vested members. You must apply to the Board to receive disability benefits from the Long Term Disability Trust Fund. The Trust Fund is funded by the 0.30% allocation from employer contributions and investment earnings on those contributions.

If the Board determines you are disabled, you must terminate employment before your benefit payments can begin. When you start receiving your disability benefits, you may be subject to on-going medical reviews to document your continued disability status.

Subject to these reviews, if the disability occurs when you are less than age 65, you may receive disability benefits from the Trust Fund as long as you remain eligible until age 65; if the disability occurs after age 65, you may receive disability benefits as long as you remain eligible for up to five years. When disability benefits cease, you can begin to receive distributions from your DCRP individual account.

Alternatively, you can choose to access your DCRP individual account instead of applying for and receiving a disability benefit. You cannot receive a benefit from both the Trust Fund and distributions from your DCRP individual account at the same time.

FREQUENTLY ASKED QUESTIONS

If I elect the DCRP what amount will transfer from PERS?

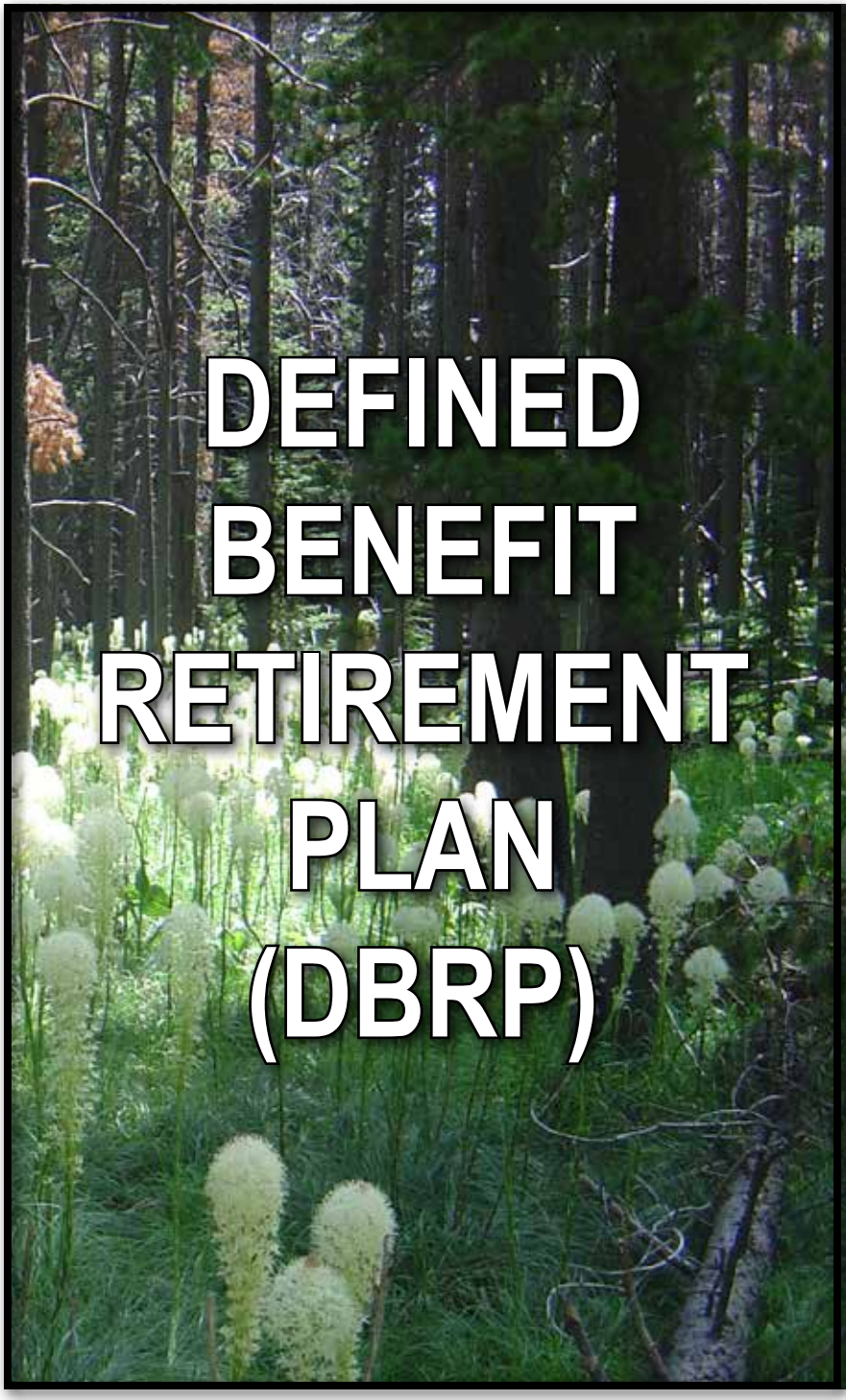
The amount that will transfer is:

- The contributions you have made to PERS since you were hired, plus 7.75% interest compounded annually.
- 8.13% of the contributions your employer has made to PERS since you were hired, plus 7.75% interest compounded annually.

How do I elect the DCRP?

You choose the Defined Contribution Retirement Plan by completing the PERS Plan Choice Election form included in this handbook, and sending it to MPERA.

Do not file the Plan Choice Election form with your payroll clerk. An election filed with your payroll personnel is not valid. Please send this form to MPERA. Upon receipt of your election, MPERA will coordinate your election and transfer of funds with Empower Retirement™.


DEFINED
BENEFIT
RETIREMENT
PLAN
(DBRP)

DEFINED BENEFIT RETIREMENT PLAN (DBRP)

The PERS - DBRP is a **defined benefit** retirement plan. The monthly benefit you receive upon retirement is based on your years of service and your highest average compensation.

Money you contribute to the DBRP earns interest and helps pay for your benefits. MPERA tracks your contributions individually and credits interest to you, although we combine the funds from all accounts in a trust fund, which is invested by the Board of Investments. Income earned is reinvested in the trust fund. Only the Retirement Board can authorize payment from the trust fund. Current law limits payments to benefits and refunds for you or your survivor. In addition, the Retirement Board must pay administrative expenses from the investment earnings.

Every year, an actuary evaluates the trust fund's capability to pay the benefits promised to members. Benefits and contributions are set by law, and protected by the Montana Constitution and only the Legislature may change them. Before each legislative session, the Board reviews the sufficiency of the benefits and advises the Legislature.

CONTRIBUTIONS

Both you and your employer make regular contributions to your account.

Member Contributions

As a member, you contribute 7.9%[1] of your compensation to PERS. Your 7.9% contribution is calculated on your gross compensation, before any other pre-tax deductions. Your employer will withhold the contributions and send them to PERS.

Employer Contributions

Employers contribute 8.47% of your compensation to PERS. Of the 8.47% employer contribution, the State contributes 0.1% for local governments and 0.27% for school districts. Employer contributions provide "pooled" funds for:

- Retirement
- Disability
- Death Benefits
- Education

In the DBRP, employer contributions are not refundable

[1] PERS member contributions will be decreased to 6.9% on January 1 if the annual actuary valuation results show the amortization period has dropped below 25 years and remains below 25 years following the reduction of both the employer and member contribution rates.

Additional Contributions

Payments to purchase various types of optional service credit are the only method of contributing additional funds to the Defined Benefit Retirement Plan. (see Purchase of Service on page 20)

Membership Service

You earn a full month of **membership service** for any month in which you are reported to us by your employer. Membership service is used to determine the membership service factor and vesting. One hour reported in a month will result in one month of membership service.

The Membership Service Factor is:

- 1.5% for members with less than 10 years of membership service.
- 1.7857% for members with 10 or more but less than 30 years of membership service.
- 2.0% for members with 30 or more years of membership service.

Highest Average Compensation (HAC) [2]

Highest average compensation (HAC) is your highest average monthly compensation during any consecutive 60 months of membership service. Compensation does not include bonuses provided after July 1, 2013 that are one time, temporary payments in addition to and not considered part of base pay.

Compensation Limit - For a member hired on or after July 1, 2013, the following amounts of excess earnings in the calculation of a member's highest average compensation are **not** included:

- for the first year included in the calculation, any compensation that is greater than 110% of the compensation paid to the member in the previous year; and
- for each subsequent year included in the calculation, any compensation that is greater than 110% of the compensation included in the calculation for the previous year.

Service Credit

You earn a full month of service credit when 160 hours or more is reported to PERS by your employer during any given month. If less than 160 hours are reported, you earn proportional service credit unless you work at least 2080 hours a year.

Amounts of membership service and service credit often differ. Part time employees tend to see the biggest difference.

[2] There is a 110% cap on compensation considered as part of a members highest average compensation. This applies to members of all systems who are hired on or after July 1, 2013. Also, bonuses have been removed from the definition of compensation for all retirement systems effective for bonuses paid on or after July 1, 2013.

DBRP PLAN FEATURES

Five Year Vesting

You are vested when you complete five years of membership service. Vested means that you are guaranteed a retirement benefit when you meet the age and membership service requirements for an early or service retirement. Once vested, you may also be eligible for disability retirement.

REMEMBER: Being vested in the DBRP means you have the right to a benefit. The benefit is a lifetime income in the form of monthly retirement payments.

Purchase of Service

If you elect the **Defined Benefit Retirement Plan** you can purchase various types of service to increase your retirement benefit. These optional service purchases include:

- Refunded; *
- Retroactive; *
- Absence Due to Illness or Injury; *
- Montana Public Service; *
- Military;
- Federal Volunteer Service; and
- Other Public Service.

* These types of service can be purchased before you are vested. The remaining service types can only be purchased after you are vested.

Purchased service entitles you to both service credit and membership service. It can also improve your early retirement factor or qualify you for an early retirement.

Another type of service you can purchase is One-for-Five service. You can purchase one year of service credit for every five years you earn of membership service. When you purchase One-for-Five service, you receive service credit but **not** membership service. Only membership service qualifies you for retirement, purchasing additional years of service credit will increase the amount of your retirement benefit because service credit is used in the benefit formula.

If you are interested in purchasing service, you must send us a written request. This can be in the form of an email sent to *mpera@mt.gov.* We will assist you in determining:

- If you are eligible to purchase service;
- The amount you can purchase; and
- The cost of your purchase.

You may wish to contact a financial or tax advisor to help you determine if purchasing service would be to your advantage.

Benefit Calculation

Service Retirement

To be eligible for service retirement, you must meet one of the following requirements:

- Age 65, with at least 5 years of membership service; or
- Age 70 and in active service.

The formula for calculating your monthly benefit is:

Membership Service Factor	X	Highest Average Compensation	X	Service Credit	=	Retirement Benefit

Early Retirement

You may decide to retire early. Early retirement allows you to retire at a younger age or with fewer years of membership service than required under service retirement. However, early retirement means you will receive benefits for a longer time. Therefore, your benefits are reduced to adjust for the expected additional payments.

To be eligible for **early retirement** you must be age 55, with at least 5 years of membership service.

Early Retirement Benefit Calculation

Early retirement benefits are calculated using the same basic formula as service retirement benefits. The only difference is the use of an early retirement factor (ERF)[1].

Early Retirement Benefit Formula:

Membership Service Factor	X	Highest Average Compensation	X	Service Credit	X	Early Retirement Factor (ERF)	=	Retirement Benefit

[1]Your ERF is based on actuarial equivalents adopted by the Board. See Board policy Actuarial Valuation Assumptions and Methods at *http://mpera.mt.gov/docs/BdPolicyAdmin09.pdf*.

Payment Options

As a **Defined Benefit Retirement Plan** member, you have several benefit payment options at retirement:

- Option 1: Lifetime Retirement Benefit;
- Option 2: Joint with 100% Survivor Annuity;
- Option 3: Joint with 50% Survivor Annuity; or
- Option 4: Lifetime Benefit with a Period Certain available as either:
  - 10 Year Period Certain if the member retired at 75 years of age or younger; or
  - 20 Year Period Certain if the member retired at 65 years of age or younger.

You should choose the payment option that best meets your personal circumstances, financial needs and objectives. Although you will not select your payment option until you retire, a general understanding of your options may be helpful in making your retirement plan choice.

Beneficiary
The person named by an Option 1 retiree, or by an **active** or **inactive member**, to receive any survivorship benefits or lump-sum payments after the member's death.

Contingent Annuitant
A person named by an Option 2, 3, or 4 **retired member** to receive a continuing benefit after the **member's** death.

Option 1

Both the **service** and **early** retirement formulas calculate an **Option 1**: Lifetime Benefit. This is the base benefit upon which all other options are calculated.

Option 1 pays the largest monthly benefit for your lifetime only. The monthly benefit ends upon your death. However, your beneficiary will receive any remaining account balance. Your account balance is the amount available at retirement less the total benefits already paid to you.

Each of the following alternatives involves a reduction in your base Option 1 benefit in exchange for a second annuity, payable upon your death to your **contingent annuitant** for his or her lifetime**.**

Option 2

Option 2 pays you less than Option 1; however, after your death, your contingent annuitant receives an annuity in the same amount you received for their lifetime.

Option 3

Option 3 pays you less than Option 1, but more than Option 2. After your death, your contingent annuitant receives an annuity of one-half of the benefit you received for their lifetime.

Option 4

Option 4 pays you a lifetime benefit less than Option 1, but more than Options 2 or 3, and may pay a continuing benefit to your contingent annuitant if you die before the end of the certain or guaranteed period (10 or 20 year period certain). Your contingent annuitant receives the benefit until the guaranteed period ends.

Disability Benefits

The **Defined Benefit Retirement Plan** has a disability benefit provision for vested members. You must apply to the Public Employees' Retirement Board (the Board) to receive disability benefits. If the Board determines you are disabled, you must terminate employment before your benefit payments can begin.

When you start receiving disability benefits, you may be subject to on-going medical reviews to document your continued disability status. Subject to these medical reviews, disability payments continue to age 65. At normal retirement age, your disability benefit automatically converts to a service retirement benefit. Your benefit amount is not recalculated when it is converted.

Death Benefits

The service death benefit payment includes your account balance plus ½ of your last 12 months salary, multiplied by the lesser of 6 **or** your years of service credit. This is usually a half year of salary.

A service death payment will be paid to your beneficiaries if you die:

- while in active service;
- within 6 months after a disability benefit begins;
- while disabled, if you have been continuously disabled since leaving active service and are not receiving a disability retirement benefit; or
- while an inactive member.

Beneficiaries can receive the death payment as a lump sum or as a fixed monthly annuity payment. Annuitized Service Death Payments are not entitled to receive Guaranteed Annual Benefit Adjustment (GABA).

Survivorship Benefit

If you are vested at the time of your death and your beneficiary is eligible for a **service death payment**, they can choose to receive a survivorship benefit. The survivorship benefit is a lifetime monthly payment, which is often more than the monthly annuity payments under the service death payment. The GABA (see below) applies to a survivorship benefit. Beneficiaries must apply for a **survivorship benefit** within 90 days of receiving notice that they are eligible for a death payment.

REMEMBER: Keep your beneficiary information up to date. You can update your beneficiary information by completing a *PERS Membership Card / Designation of Beneficiary* form and submitting it to your payroll clerk. Your payroll clerk must forward the membership card to MPERA. Beneficiary changes will take effect when MPERA has the updated card on file. Be sure to verify your beneficiary information on your annual benefit statement.

Refunds

If you terminate your employment and wish to take a refund, you will receive only your contributions plus interest. You can receive your refund as a taxable lump-sum or roll it into another eligible employer plan, IRA or a Roth IRA. **By taking a refund, you give up all rights to any benefits from PERS!**

Guaranteed Annual Benefit Adjustment (GABA)

Whether you retire with a service retirement or an early retirement benefit, you are eligible for the GABA. The GABA may increase your benefit from the previous year.

GABA Increase: For PERS members hired after July 1, 2013, the GABA will be a "sliding scale" rate from 0% to 1.5% determined each year by the funding status and the amortization of the PERS fund.[1]

GABA Eligibility: You will receive your first GABA increase the January after you have received your monthly benefit for a full 12 months. This applies to:

- Service retirement benefits;
- Early retirement benefits;
- Disability benefits; and
- Survivorship benefits.

[1] GABA is 1.5% for all current and future retirees for each year PERS is funded at or above 90%. GABA is reduced 0.1% for each 2% PERS is funded below 90%. If PERS amortization period is 40 years or more, GABA is 0%. These GABA provisions are based on a 2013 legislative amendment that applies to all PERS members and retirees, effective July 1, 2013. See §19-3-1605, MCA (2013).



MONTANA UNIVERSITY SYSTEM - RETIREMENT PROGRAM (MUS-RP)

MONTANA UNIVERSITY SYSTEM RETIREMENT PROGRAM (MUS-RP)

Employees of the Montana University System (MUS) who are new to PERS may elect to:

- Remain in the PERS Defined Benefit Retirement Plan;
- Transfer to the PERS Defined Contribution Retirement Plan; or
- Transfer to the Montana University System Retirement Program (MUS-RP).

MUS-RP

The Montana University System Retirement Program (MUS-RP) is a defined contribution plan. This means that, similar to the PERS Defined Contribution Retirement Plan, the MUS-RP does not specify a benefit in retirement. Instead, it specifies how much is contributed to your retirement account. Your retirement account will grow over time depending on:

- How much is contributed to the account;
- How long the money remains invested; and
- The rate of return earned over that time period.

In the MUS-RP you select the investment options for your contributions. You assume all of the investment risk, but are also entitled to all investment returns. See page 36 for illustrations on how defined contributions plan accounts can accumulate.

The Montana Board of Regents administers the MUS-RP and has contracted with TIAA-CREF (Teachers Insurance and Annuity Association-College Retirement Equities Fund) as plan provider.

Comparison with the DCRP

The MUS-RP and the PERS DCRP are similar because they are both defined contribution plans. However; there are key differences between the plans shown on the following page.

MUS-RP	DCRP
Vesting in Employer Contributions	
Immediate. Depending on age and account balance, distributions of employer contributions may be restricted.	5 years.
Employee Contributions	
7.9%	7.9%
Allocations of Employer Contributions	
Total Contributions.....8.47% Less Education Fund .....- 0.04% Temporary Contribution .....- 1.57% Member Account 6.86%	Total Contributions.....8.47% Less Education Fund .....- 0.04% Disability Plan.....- 0.30% Temporary Contribution .....- 1.57% Member Account.....6.56%
Long Term Disability Plan	
Not available through MUS-RP. Is required as part of the Montana University System Choices benefits program.	Component of the Plan.
Administrative Costs	
Taken from quarterly returns on investments and range from 0.32% and 1.00% of assets. For example, on a $10,000 account balance, cost would average between $32-$100 per year.	Administrative costs are 0.20% per year on account balance, individual investment options and change fees For example, on a $10,000 account balance, cost would be $20.
Investment Options	
Selection of variable annuity products. Variable annuities do not guarantee principal or return. Traditional fixed annuity product guarantees principal and return.	Selection of retail and institutional mutual funds. These funds do not guarantee principal or return. Stable value product guarantees principal and return.

FREQUENTLY ASKED QUESTIONS

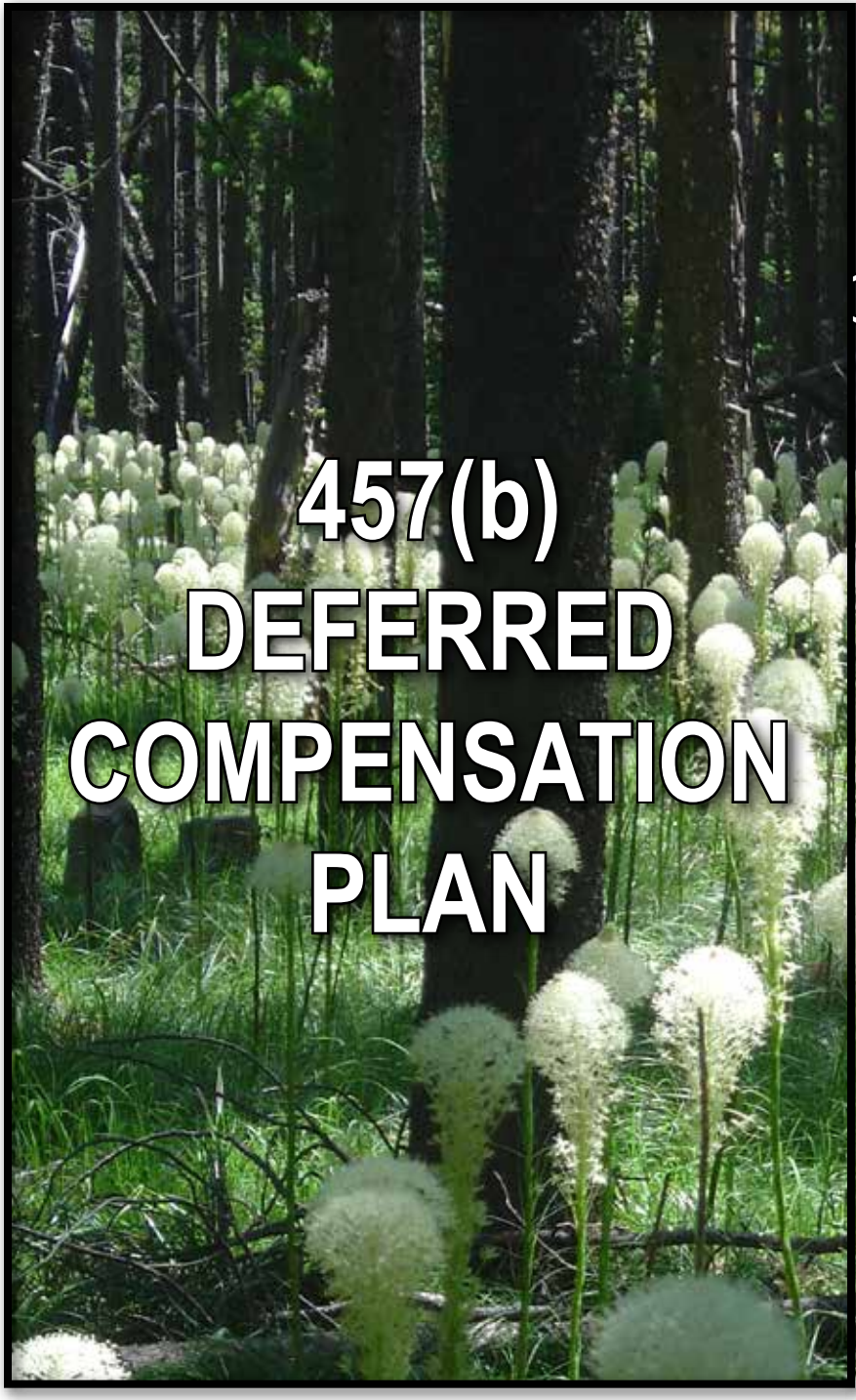
If I elect the MUS-RP, what amount will transfer from PERS?
MPERA will transfer all contributions you made to PERS from your date of hire, 6.86% of the contributions made by your employer, as well as 7.75% interest on the contributions, compounded annually.

How do I elect the MUS-RP?
You choose the Montana University System Retirement Program by completing the PERS Plan choice election form included in this handbook, and sending it to MPERA.

Do not file the Plan Choice Election form with your campus payroll personnel. An MUS-RP election filed with your campus payroll personnel is not valid. Please send this form to MPERA. Upon receipt of your MUS-RP election, MPERA will coordinate university system employee elections and transfer of funds with the appropriate personnel within the MUS.

You will need to contact your payroll and personnel office to complete TIAA-CREF enrollment forms if you elect the MUS-RP.

What happens to my rights under PERS if I elect the MUS-RP?
As a MUS employee only, if you elect the MUS-RP, you waive all rights and benefits under PERS.


457(b)
DEFERRED
COMPENSATION
PLAN

STATE OF MONTANA'S 457(b) DEFERRED COMPENSATION PLAN

The State of Montana's 457(b) Deferred Compensation Plan is a voluntary supplemental retirement plan that allows you to contribute and invest both pre-tax and post-tax dollars. Participating in the 457(b) plan is a great way to build your personal retirement savings if you are a State of Montana Employee, University System Employee, or if your employer has contracted with MPERA.

Overview

Sponsored by the Montana Public Employees' Retirement Board and held in trust for the exclusive benefit of public employees and their beneficiaries, the Plan is authorized by Internal Revenue Code (IRC) Section 457(b) and is subject to specific Internal Revenue Service laws and requirements. It allows you to voluntarily contribute a portion of your compensation.

457(B) FREQUENTLY ASKED QUESTIONS

How does the plan work?

You elect the amount you wish to contribute each pay period and choose investment options. The amount you elect to contribute is withheld from your paycheck either before taxes or after taxes, depending on your preference of investment type. Pre-tax contributions reduce the amount of federal and state tax withheld from your paycheck because you defer paying taxes on contribution and investment earnings until you withdraw at retirement.

How much can I contribute?

The minimum contribution is $10 per month. Under the governing IRC, the annual deferral limit is the lesser of 100% of "includable compensation" or the applicable dollar limit. The applicable dollar limit for 2016 is $18,000, unless you are eligible for the catch-up provisions explained on the next page.

When can I join the plan?

You can join at any time. Your deferral becomes effective as of the first day of the month following the filing of your application and Salary Deferral Agreement (SDA).

When can I change my deferral amounts?

You can request increases, decreases or cessation of your deferrals at any time. Requested changes become effective as of the first day of the month following your filing of an SDA.

What are my investment options under the Plan?

The Plan provides a wide range of investment options. These are separated into two categories:

- Fixed Option: The Montana Fixed Fund guarantees your principal and pays a fixed interest rate that varies quarterly. The guaranteed interest rate is set each calendar quarter.

- Variable Options: These are an assortment of mutual fund options selected by Board with the assistance of the Employee Investment Advisory Council (EIAC) according to the criteria established in the Board's adopted Investment Policy Statement. The mutual funds do not guarantee either principal or investment results. Values may increase or decrease based on the investment performance of the mutual fund(s) you select. You can go to *www.mperadcplans.com* for a summary of the mutual funds currently available. Please note that these options may change from time to time based on the Board and EIAC's annual review.

Can I utilize both fixed and variable investment options and transfer funds among options?

Yes, you may invest in both fixed and variable options, and you may transfer funds among options at any time. To initiate transfers, you can access your account online at *www.mperadcplans.com* or make transfers over the phone at 1-877-699-4015.

Can my deferrals ever exceed the specified dollar limit?

Yes. Two provisions of the IRC allow you to utilize one of the following catch-up provisions to defer amounts greater than the specified dollar limit.

- **"Additional" Age 50+ Catch-Up Provision**: If you are age 50 or older, you may make additional catch-up contributions. The additional catch-up amount that may be deferred is $6,000 in 2016.
- **"Special" Catch-Up Provision**: Under the special catch-up provision, you may defer amounts you could have deferred in prior years, but did not. The maximum amount that may be deferred under the regular catch-up provision is twice the applicable dollar limit. For 2016, the maximum is $36,000 (applicable dollar limit of $18,000 x 2). You can take advantage of the catch-up provision for any, or all, of the last three calendar years ending before the year in which you attain your normal retirement age, as defined by your retirement system, but not later than age 70½.

What happens if I leave my employment? When am I required to withdraw my money?

The IRC allows distribution of funds only upon retirement, separation from service with the participating employer, or attainment of age 70½. At the time you sever employment, you may:

- Keep your money invested in the Plan and, if desired, continue to manage your money within the offered investment options.
- Withdraw your money in an elected and defined method.
- Roll your money to another eligible employer's plan that accepts rollovers, or to an Individual Retirement Account (IRA).

What if I need some of my funds while still working?

The IRC and the Plan contain two provisions that allow withdrawal of funds while still employed. These two provisions are limited and have strict requirements, which must first be met. They are:

- An "unforeseeable emergency", which must be documented, meet the IRC definitions and criteria, and be approved by the Board.
- A "de minimis" withdrawal, which allows a withdrawal while employed if your balance is $5,000 or less, you have not deferred for the last 24 months, and you have never before used this provision.

Are any withdrawals subject to penalty?

No, under the IRC, all withdrawals—both as a terminated employee or an active employee qualifying for a withdrawal under the above provisions—are taxable, but there are no "penalties for early withdrawal." However, if 401(k), 401(a) or 403(b) plan assets from the previous employers are rolled over into this 457(b) Plan, then a 10% penalty for withdrawal before age 59½ may apply.

Does the 457(b) Plan accept Qualified Domestic Relations Orders?

Yes, if your ex-spouse is granted an interest in your 457(b) account as part of your divorce, you will need to file a Qualified Domestic Relations Order. Please contact MPERA for the proper procedures and format for filing.

Can I roll my deferred compensation account balance to an IRA or another tax-deferred program?

Yes. You can roll your money—upon retirement or termination of service—into another eligible retirement plan or an IRA. If you roll over your 457(b) account to another eligible retirement plan or IRA and take a withdrawal before attaining age 59½ or older, you may be subject to a 10% early withdrawal penalty.

How often are Statements of Accounts generated?

Statements of Accounts are generated each quarter and include a complete history of your activity for that quarter. For each investment option it shows the contributions, earnings or losses, fees, and beginning and ending account balance. They are normally mailed within a few weeks after the end of the calendar quarter directly to the member's home address.

What are the fees to participate in the Plan?

There are two types of fees within the Plan: Administrative Fees and Investment Management fees;

- The Administrative fees are determined by the Board and are used to fund plan administration expenses such as payments to Empower. The Administrative fee you pay varies, depending on your account balance. The first $20,000 (in your account) will be charged 0.43%; the next $30,000 will be charged 0.33%;

and the next $50,000 will be charged 0.23%. This fee is an explicit dollar amount on the statement each quarter.

- Investment management fees
  - Each mutual fund has its own operating expenses that vary depending on the investment option you select. These fees are charged net of the return earned on the investment.
  - The Montana Fixed Fund also has an investment management fee of approximately 0.40% - the quarterly declared rate is net of this management fee.

Summary of State Deferred Compensation Plan:

Advantages

- Tax-Deferred - Taxes on your pre-tax deferrals plus any accumulated gains are deferred until funds are distributed.
- Tax-Free - Gains on post-tax contributions.
- Convenient Investing - Payroll deduction makes it easy for you to invest regularly in the various available options, which cover all asset class categories.
- Additional Financial and Retirement Security - Investing in the Plan "helps you help yourself" to attain a more secure financial future.
- Assistance from Professionals - The Asset Guidance Tool is available through Empower Retirement™ to help you determine your personal risk and return comfort level and to illustrate investment allocations tailored to your investment objectives.
- Local Representatives - Empower Retirement™ also has representatives available in Montana to help you determine your personal risk and return comfort level and determine investment allocations tailored to your personal objectives and strategies.

Disadvantages

- Accessibility - You may not access your funds until you sever employment except in two circumstances previously noted.
- Defined Plan Investment Options - Only those options within the Plan are available, these options may not always meet your individual criteria.

Selection of Investment Options

The Board, with assistance of the EIAC and an outside consultant, reviews all offered investment options annually. The annual review ensures that the offered investment options meet the criteria established in the Board's Investment Policy Statement and provide appropriate and sufficient opportunity to diversify.

Designated ROTH Accounts

You can also contribute taxed money to a Designated Roth account in the 457(b) plan. Because you contribute taxed money to this account, when you receive a qualified distribution from the account, it is tax-free. Each year contribution limits are set by the IRS. The 2016 limits is:

- $18,000 for Regular deferrals;
- $24,000 for the age 50 Catch Up; and
- $36,000 for the Special Catch Up (individuals within 3 years of normal retirement age).

Pre-tax and designated ROTH contributions

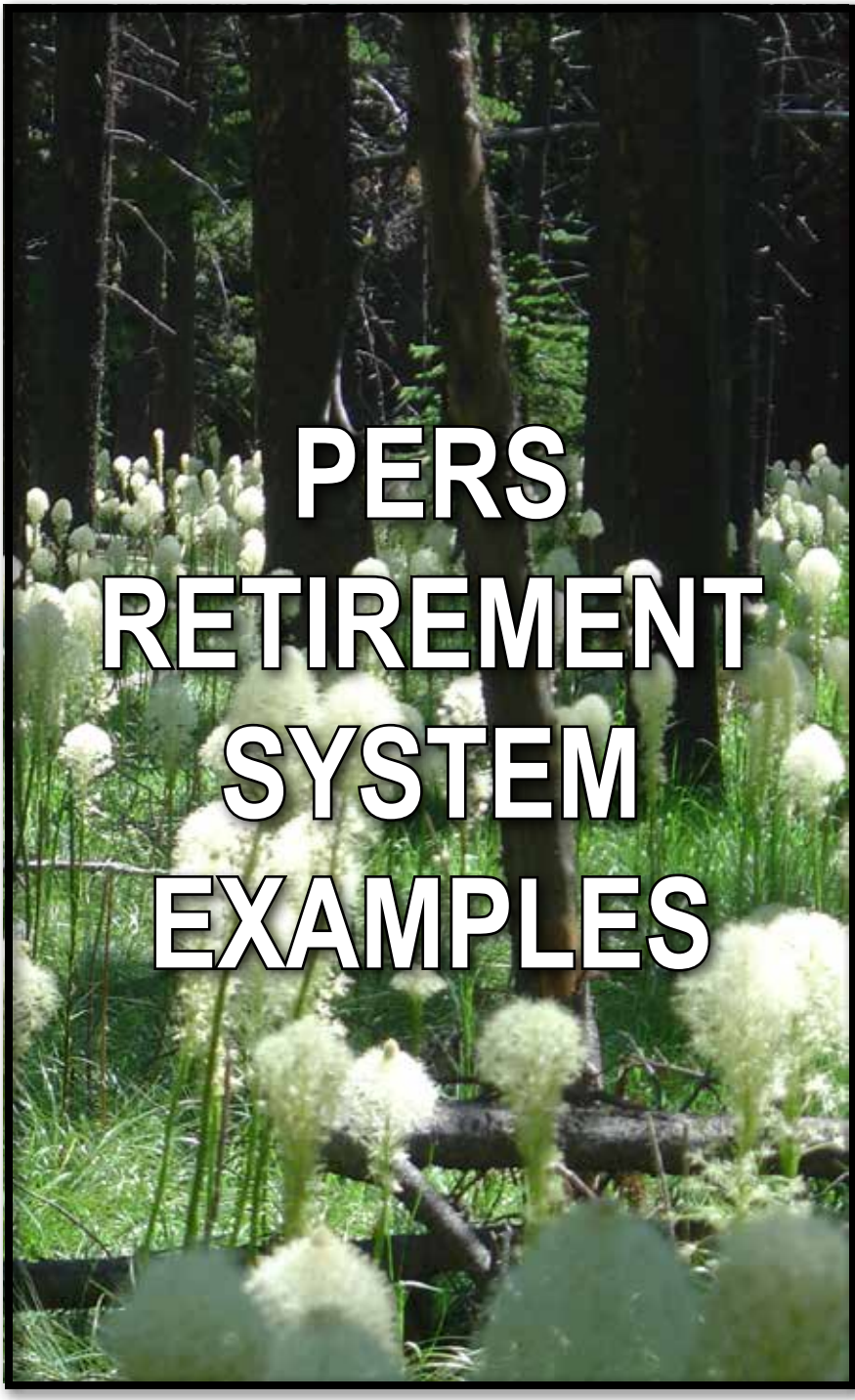
You can contribute to both a designated Roth account and a pre-tax elective contribution account in the same year in any proportion you choose. However, the combined amount of all elective contributions you make in any one year is limited to $18,000. An additional $6,000 in catch-up contributions, for persons 50 and older, can also be allocated between the pre-tax and designated ROTH accounts.

Withdrawals of Roth contributions and earnings are not taxed if they are qualified distributions, meaning the account is held for at least 5 years and made:

- because of disability;
- after death, or
- after attainment of age 59½.

If your employer does not participate in State of Montana's 457(b) plan, check with your Human Resources Department to find out if there is a plan available. Most public employers offer some form of deferred compensation plan. Your employer may be able to contract with MPERA to participate in the 457(b) plan, if eligible.

Go to: *www.mperadcplans.com* for detailed information.


PERS
RETIREMENT
SYSTEM
EXAMPLES

DEFINED CONTRIBUTION RETIREMENT PLAN (DCRP)

Your **Defined Contribution** Retirement Plan specifies the amount that goes into your account. Your individual account will grow over time, depending on:

- Contributions;
- Earnings (either positive or negative); and
- Length of time invested.

Example 1: Sam

- 40 years of age;
- Expects to retire in 20 years at age 60;
- $3,000 monthly compensation (remains constant throughout career);
- Sam/Employer contributions equal 12.09% of compensation;
- Annual contribution to individual account is approximately $4352;
- Approximate amount invested over 20 years is $87,040.

Sam's account balance in 20 years will be determined by his annual rate of return. The following table illustrates how the different rates of return affect Sam's account balance over 20 years:

TIME INVESTED	RATE OF RETURN	ACCOUNT BALANCE
20 years	10%	$274,187
20 years	8%	$215,089
20 years	6%	$169,696
20 years	4%	$134,778

Example 2: Aaron

- 25 years of age;
- Expects to retire in 30 years at age 55;
- $3,000 monthly compensation (remains constant throughout career);
- Aaron/Employer contributions equal 12.09% of compensation;
- Annual contribution to individual account is approximately $4352; and
- Approximate amount invested over 30 years is $130,560.

Aaron's account balance in 30 years will be determined by his annual rate of return. The table on the next page illustrates how different rates of return affect Aaron's account balance over 30 years:

TIME INVESTED	RATE OF RETURN	ACCOUNT BALANCE
30 years	10%	$787,466
30 years	8%	$532,449
30 years	6%	$364,705
30 years	4%	$253,845

Note: See how a greater length of time invested increased Aaron's account balance as compared to Sam's!

Example 3: Jessica

- Began PERS-covered employment at 25 years of age;
- Terminated PERS-covered employment at age 35 (contributions stopped);
- Contributions remained on account until age 55;
- $3,000 monthly compensation (during 10 year employment);
- Jessica/Employer contributions equaled 12.09% of compensation;
- Annual contribution to individual account was approximately $4352; and
- Approximate amount invested over 10 years is 43,520.

Jessica's account balance in 30 years will be determined by her annual rate of return. The following table illustrates how the different rates of return affected Jessica's account balance over 30 years:

TIME INVESTED	RATE OF RETURN	ACCOUNT BALANCE
30 years	10%	$513,278
30 years	8%	$317,360
30 years	6%	$195,008
30 years	4%	$119,066

Note: See how Jessica's invested account balance continued to grow even without additional contributions!

DEFINED BENEFIT RETIREMENT PLAN (DBRP)

DBRP Service Retirement

Example: Mike

Membership Service	30 years
Service Credit	30 years
Age	65
HAC	$3,000

Eligibility: Mike's age and years of membership service make him eligible for a service retirement.

Membership Service Factor: Mike's 30 years of membership service makes him eligible for the 2% factor.

Benefit Calculation: Mike's defined benefit calculation is 2% (membership service factor) times 30 (years of service credit) times $3,000 (HAC), which provides an initial service retirement benefit of $1,800 per month.

Calculation: 2% x $3,000 x 30 = $1,800 per month

Survivor Benefit: If Mike wants to provide a survivor benefit, he could choose an Option 2, 3, or 4 benefit and receive a reduced monthly benefit. If Mike dies first, his survivor would receive all or a portion of that reduced monthly benefit depending on the Option selected.

DBRP Early Retirement
for Members Hired After 7/1/2011

Example: Shelly

Membership Service	25 years
Service Credit	25 years
Age	55
HAC	$3,000

Eligibility: Shelly's combination of age and years of membership service do not meet the eligibility requirements for a service retirement.

- She is less than 65 years old and
- She has less than 30 years of membership service.

However, she is eligible for **early retirement**: She is at least age 55, and has at least 5 years of membership service.

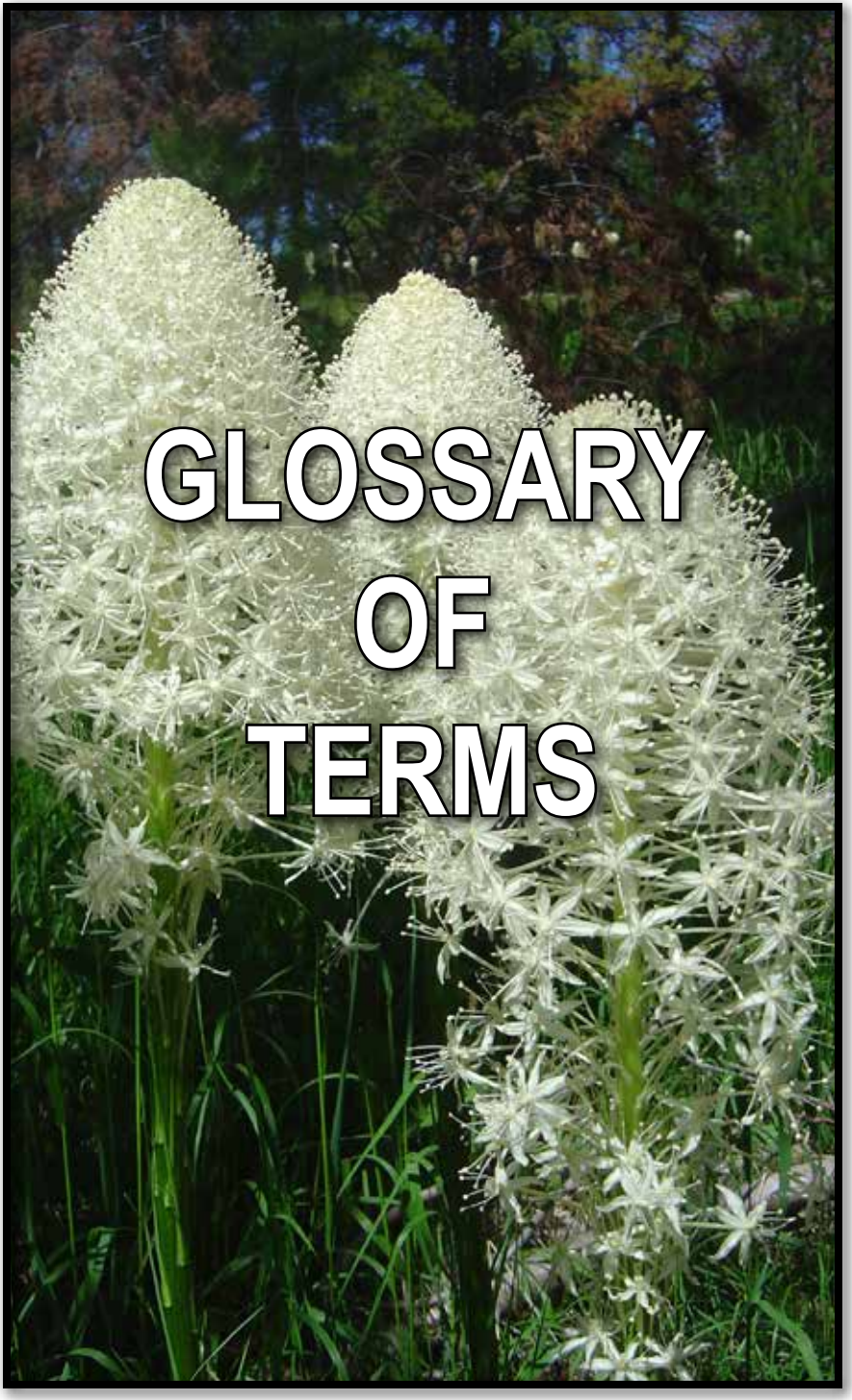
Membership Service Factor: Shelly's 25 years of membership service means MPERA will use the 1.7857% factor.

Early Retirement Factor (ERF): MPERA will determine the correct ERF by using actuarial tables that are too large for this publication.

Benefit Calculation: Shelly's defined benefit calculation is 1.7857% (membership service factor) times 25 (years of service credit) times $3,000 (HAC) times 0.373698 (ERF), which provides an initial monthly benefit of $500.48 per month.

Calculation: 1.7857% x $3,000 x 25 x 0.373698 = $500.48 per month

Survivor Benefit: Similar to Mike, if Shelly wants to provide a survivor benefit, she could choose an Option 2, 3, or 4 benefit and receive a reduced monthly benefit. If Shelly dies first, her survivor would receive all or a portion of that reduced monthly benefit, depending on the Option selected.


GLOSSARY
OF
TERMS

GLOSSARY OF TERMS

ACCUMULATED CONTRIBUTIONS - any regular and additional contributions made by a member plus interest earned.

ACTIVE MEMBER - a member in a PERS-covered job, making the required contributions, and properly reported for the most current reporting period.

ADDITIONAL CONTRIBUTIONS - a member's payments to purchase various types of optional service credit under an installment contract.

BENEFIT - a service or disability retirement or survivorship benefit provided by PERS.

CONTINGENT ANNUITANT - a person the retired member names to receive a continuing benefit after the member's death.

CONTRACTING EMPLOYER - a political subdivision of the state that contracts with the Board to cover its employees under PERS or deferred compensation.

COMPENSATION - the pay an employee receives before deducting taxes or social security in accordance with § 19-3-108, MCA. Bonuses have been removed from the definition of compensation effective for bonuses paid on or after July 1, 2013.

DESIGNATED BENEFICIARY - natural persons, charitable organizations, estate of the payment recipient, or trusts for the benefit of natural living persons the member names to receive any survivorship benefits or lump-sum payments upon the member's death. Designated beneficiaries are either primary or contingent.

DESIGNATED ROTH ACCOUNT - A separate account under 457(b) of the IRS to which designated Roth contributions are made. Taxes are paid when contributions are made, and not on qualified distributions from the account.

DISABILITY - total physical or mental incapacity of a member to do the essential functions of the member's job. To qualify for disability benefits, you must become disabled while an active member, and it must be permanent or of an extended and uncertain period.

EMPLOYEE - a person employed by a PERS employer in any capacity and the employer pays the person's salary.

EMPLOYER - the state, its university system, or political subdivisions that contract with the Board to cover their employees under PERS.

FAMILY LAW ORDER (FLO) - an order from a Montana court that may assign all or part of a member's payment. FLO's must be submitted to and approved by the Board to be effective.

FISCAL YEAR - 12-month period starting July 1 and ending the following June 30.

GUARANTEED ANNUAL BENEFIT ADJUSTMENT (GABA) - a benefit increase, if and when a member is eligible. For members hired on or after July 1, 2013, the amount is based on the annual actuarial valuation of the trust fund.

HIGHEST AVERAGE COMPENSATION (HAC) - a member's highest average monthly compensation during any 60 consecutive months of membership service. Lump-sum payments for severance pay, sick leave, and annual leave may not be added to a single month's pay. There is a 110% cap on compensation considered as part of a members highest compensation. This applies to members who are hired on or after July 1, 2013.)

INACTIVE MEMBER - a member who terminates PERS-covered employment and does not withdraw his or her PERS accumulated contributions.

IRA - an individual retirement account.

LUMP-SUM - a one-time payment instead of monthly benefits.

MEMBER - any person with contributions and service on account with PERS. Persons receiving retirement benefits based on their previous service credit are also members.

MEMBERSHIP SERVICE or YEARS OF SERVICE - the periods of service used to determine vesting and eligibility for retirement or other benefits. You get one month membership service for any month you contribute to PERS, even if you only work one day during that month. If you contribute anything, you get membership service for the whole month.

NORMAL RETIREMENT AGE - the age at which a member is eligible to immediately receive a retirement benefit from PERS without disability and without a reduction. Eligibility is based on your age, length of service, or both.

PART-TIME EMPLOYMENT - any month during which the employer pays the member for less than 160 hours.

PARTICIPANT - a member, beneficiary, survivor, or contingent annuitant who is receiving, or may receive, a benefit or payment from PERS.

QUALIFIED DOMESTIC RELATIONS ORDER - creates the right of an alternate payee to receive all or a portion of a participant's account as a marital property right or other dependent support under Title 40, MCA.

REFUND - a withdrawal of all the accumulated contributions in a member's PERS account. By taking a refund, the member gives up all rights to any other benefits from the PERS.

REGULAR CONTRIBUTIONS - the payments an active member must make to the PERS. The payments are a percentage of the member's monthly pay and are made pre-tax.

REGULAR INTEREST - (1) Interest earned on the payments made to a member's account. This rate is set by the Board and is tax-deferred. (2) The interest rate charged for monthly service purchase payments. The rates for (1) and (2) may not be the same.

RETIREMENT BENEFIT - the monthly payment to a member, for life, following early, service, or disability retirement. Applies to PERS Defined Benefit members only.

RETIREMENT or RETIRED - the status of a member who ends active service and receives a monthly benefit.

SERVICE - employment of an employee in a position covered by a retirement system.

SERVICE CREDIT - the periods in which you contribute the required money to PERS. MPERA uses service credit to calculate the amount of your benefit. If you work 160 hours or more in any month, you get 1 month of service credit. If you work less than 160 hours, you will receive credit for a partial month. For example, if you work 80 hours, you receive ½ of a month of service credit.

SURVIVORSHIP BENEFIT - monthly payments for life to the beneficiary of a vested member who died while an active member.

TERMINATION or TERMINATION OF SERVICE - means the member left the employment relationship with the employer and has been paid all compensation due, including but not limited to payment of accrued annual and sick leave. Upon termination, the member will cease to accrue benefits attributable to that employment.

VESTED MEMBER or VESTED - the status of a member with at least five years of membership service. A vested member of the DBRP is entitled to retirement when they meet the minimum service or age provision. A vested member of the DCRP is entitled to the employer portion of their account.

ALTERNATE ACCESSIBLE FORMATS

MPERA will provide alternate accessible formats of this document upon request. For an alternative accessible format of this information, please contact us.

Telephone: (406) 444-3154
Toll Free: (877) 274-7372 (877-ASK-PERA)
Fax: (406) 444-5428
Email: mpera@mt.gov

Or write to:

Attn: Ann Reber
MPERA
PO Box 200131
Helena, MT 59620-0131

STATE OF MONTANA

Steve Bullock, Governor

PUBLIC EMPLOYEES' RETIREMENT BOARD (BOARD)

Board Mission Statement

The Montana Public Employees' Retirement Board, as fiduciaries, administers its retirement plans and trust funds, acting in the best interest of the members and beneficiaries.

President
Sheena Wilson
Retired PERS Member
Helena
Appointed 04/01/2013
Term expires 04/01/2018
sheena.wilson@mt.gov

Vice President
Mike McGinley
Member at Large
Dillon
Appointed 04/01/2013
Term expires 04/01/18
mike.mcginley@mt.gov

Maggie Peterson
Investment Management
Anaconda
Appointed 06/05/2014
Term expires 04/01/2019
maggie.peterson@mt.gov

Timm Twardoski
Member At Large
Helena
Appointed 04/01/2011
Term expires 04/01/2021
timm.twardoski@mt.gov

Pepper Valdez
Active Public Employee
Billings
Appointed 07/31/2015
Term expires 04/01/2020
pepper.valdez@mt.gov

Mary Tuttle
Active DC Plan Member
Clancy
Appointed 07/31/2015
Term expires 04/01/2019
sheena.wilson@mt.gov

Julie McKenna
Active Public Employee
Helena
Appointed 07/31/2015
Term expires 04/01/2017
julie.mckenna@mt.gov

MPERA

MPERA Mission Statement

The Montana Public Employee Retirement Administration efficiently provides quality benefits, education, and service to help our plan members and beneficiaries achieve a quality retirement.

Executive Officers

Dore Schwinden ..... Executive Director
Melanie Symons ..... Chief Legal Counsel
Patricia Davis ..... Member Services Bureau Chief
Angela Riley ..... Information Technology Bureau Chief
Ann Reber ..... Editor

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Contacting MPERA

If you have any questions about the Public Employees' Retirement System (PERS), call or e-mail us. Our office hours are Monday through Friday, 8:00 a.m. to 5:00 p.m. except on designated state holidays.

Telephone	**Mailing Address**	**Office Address**
(877) 275-7372	PO Box 200131	100 North Park Ave
(406) 444-3154	Helena, MT 59620-0131	Suite 200
		Helena, MT 59601

Email - mpera@mt.gov

Web Site - *http://mpera.mt.gov*

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100 North Park Avenue, Suite 200
PO Box 200131
Helena, MT 59620-0131

Website: *http://mpera.mt.gov*

email: *mpera@mt.gov*

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