



**For
Employers**

Montana Public Employee Retirement Administration (MPERA)

May 2010

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*Should any information in this
newsletter conflict with statute or
rule, the statute or rule will
apply.*

This annual newsletter provides information to agencies who are covered under the following retirement systems administered by the Montana Public Employees' Retirement Board (PERB):

- Public Employees' (**PERS**)
- Highway Patrol Officers' (**HPORS**)
- Game Wardens' and Peace Officers' (**GWPORS**)
- Firefighters' Unified (**FURS**)
- Judges' (**JRS**)
- Sheriffs' (**SRS**)
- Municipal Police Officers' (**MPORS**)
- Volunteer Firefighters' Compensation Act (**VFCA**)

What's New at MPERA?

This spring we bid farewell to Kim Flatow, Member Services Bureau Chief. Kim retired after 35 years of service at MPERA. We wish her a long and happy retirement. Patricia Davis has been hired as the new Member Services Bureau Chief. Welcome aboard Patty!

The state's fiscal year end is fast approaching. For your convenience we have combined the annual 2010 Fiscal Year End memo with this MPERA employer newsletter. Please take time to read the information carefully. If you have any questions, we have provided a directory of MPERA contacts on page 6.

Beginning in late April, we will be offering ongoing employer training regarding your role in reporting employees to MPERA. Each session will be approximately an hour and a half and topics will include:

- Updates on Optional Employees;
- Changes to the Working Retiree Certification, that rolled out April 19, 2010; and
- Reminders, tips and tricks to help you do your job more efficiently.

We will hold trainings in several locations around the state. Please visit our website at: www.mpera.mt.gov/ for a list of upcoming classes in your area. If you would like to request a specific training, please contact Angel Molyneaux at 406-444-9139 or amolyneaux@mt.gov. She will be happy to work with you.

We would like to thank all employers for the time and care you take when helping us serve our members. ♦

INSIDE THIS ISSUE

What's New at MPERA?	1	Internal Revenue Code 125 Plans.....	4
Fiscal Year End Notes	2	A Closer Look at Optional PERS Members.....	4
MPERA Payroll Reporting Chart	3	PERS Final Salary Information.....	5
If You Have Working Retirees	3	Retiring Employees Returning to Work?.....	5
The Value of Retirement Education.....	3	What Do You Do When.. ..	6
		Directory of MPERA Contacts.....	6

FISCAL YEAR END NOTES

MPERA's fiscal year end processing **requires** that all June 2010 payroll reports and contributions be received in our office in a balanced status no later than **July 8**, which is five working days after June 30. Reports received after July 8 **will not** be reflected on members' annual statements.

You **must** report each payroll according to the schedule initially provided to MPERA. Varying from your regular reporting schedule can impact your employees' service credit and membership service. If you have additional paydays in any month, contact Shelly Pardis or Diana Stitt prior to submitting any reports for that

month. They will work with you on coordinating the consolidation of paydays within your regular reporting schedule.

Do not submit extra buyback payments with your June payroll. A buyback contract allows only one full payment per month. Buyback contracts do not require payments in months when no compensation is received. ♦

June 2010						
S	M	T	W	T	F	S
30	31	1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	1	2	3
4	5	6	7	8	9	10

MEMBER ADDRESS UPDATES

MPERA relies on you, the employer, to provide us with the correct mailing addresses for your employees. In July, the Defined Benefit Retirement Plan Annual Statement for all retirement systems will be mailed to members' home addresses. If we do not have a member address on file or the address is incorrect, the Annual Statement will be mailed to you for distribution.

Do not use Membership Cards for address updates. Addresses must be updated monthly on MPERA's Employer Web Reporting System. The system will maintain every address you submit until the

online record is manually deleted. Excluding an address in your uploaded address file will not result in the deletion of the record. After loading your file, you should get a message "No further action is required". If you do not receive this message, you must check your address report for errors. New address changes will not post until all errors have been corrected.

Do **not** include addresses for terminated or non-contributing employees in your address reporting on the web. Terminated employees must submit address changes directly to MPERA. ♦

SUMMER REPORTING

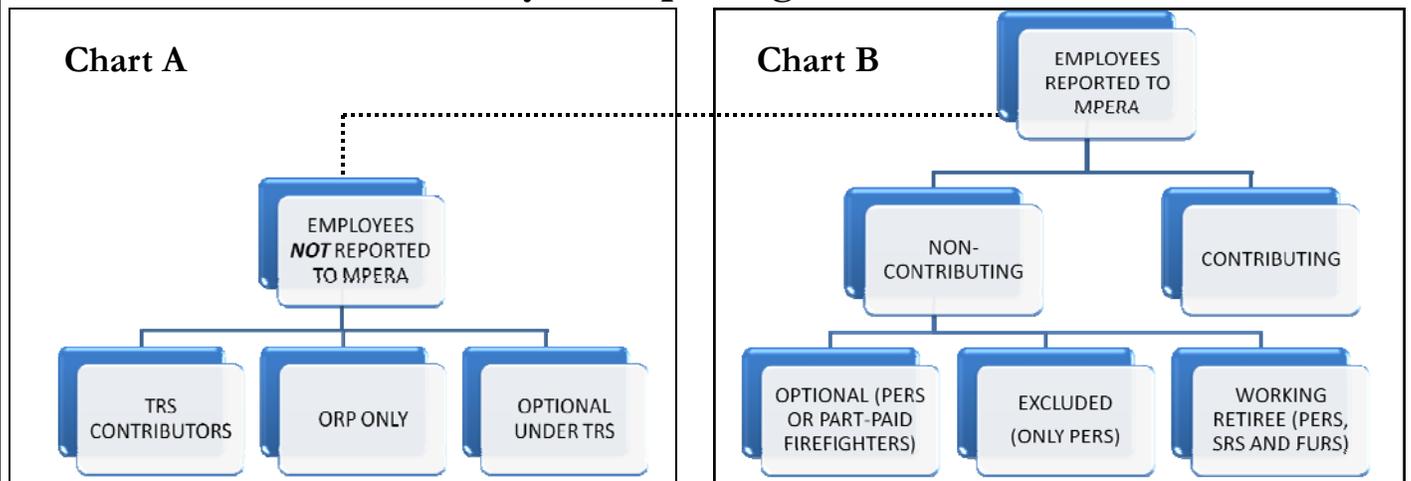
Web reporters with no payrolls during summer months must submit a 'No File for Report Period' for periods when reports will not be filed. For instructions, refer to the MPERA Reporting Handbook for Employers available on our website or contact our office.

DO NOT withhold PERS contributions from lump sum payouts of vacation, sick and compensatory leave paid without termination of employment. (See §19-3-108(1)(a)(v), MCA, effective in 2001.) ♦

CONTRIBUTION RATE CHANGES

There are no FY 2011 employer/employee contribution rate changes for any retirement system. ♦

MPERA Payroll Reporting Chart



The charts above show the types of employees who may be employed by agencies covered under MPERA. Chart A shows employees who do **not** need to be reported to MPERA. This includes employees who are:

- optional under TRS;
- eligible *only* for the ORP through the university system; and
- contributing under TRS.

Chart B shows employees that **must** be reported to MPERA. Contributing Employees to MPERA must be reported on a payroll report. Non-Contributing Employees to MPERA must be reported on a non-contributing payroll report. ♦

If You Have Working Retirees... Please Remember

- They do not need to fill out an Optional Membership form.
- If they would like to change beneficiaries, they must contact MPERA to receive the proper forms. ♦

The Value of Retirement Education

Encourage your employees to attend our classes and learn more about their retirement benefit. We offer New Member, Member, and Pre-Retirement workshops as well as employer-based education.

Understanding how your primary retirement plan works is an essential component to responsible and prudent retirement planning. We strive to provide quality retirement education for as many members as possible. Over the years, employers have partnered with MPERA to provide education and we are confident that this partnership will continue well into the future.



Our education staff will deliver the best possible service to its members *and* employers. In addition, we are available to provide on-site group education suited to meet your organization’s needs and schedules. Please contact us at: 1-877-275-7372 for more information. ♦

All MPERA forms, handbooks and other publications can be found at <http://mpera.mt.gov/>

Internal Revenue Code 125 Plans

Nearly all public employers have an IRC 125 plan, commonly known as a cafeteria plan. IRC 125 plans let employees receive certain benefits on a pre-tax basis. Participants must be allowed to pick among at least one taxable benefit (cash) and one qualified benefit. Health insurance is considered to be a qualified benefit for these purposes.

Normally, a 125 Plan has no impact on an employee's retirement account or benefit. However some employers, usually through collective bargaining agreements, opt to include 125 Plan health insurance premiums as compensation for retirement purposes. If you are one of those employers, you must comply with requirements in the Board's Policy No. BOARD Admin 05, "Treating Salary Deferrals Under a Cafeteria Plan as Compensation". This policy is available on our website at www.mpera.gov.

Key requirements include: (1) employees must be given an annual election regarding participation in the 125 Plan; (2) the election must allow the employee to choose

between cash and a qualified benefit (health insurance); (3) if employees are required to participate in your health insurance plan, the annual election must include the option to pay premiums on either a pre-tax or post-tax basis; and (4) the premiums must be treated as compensation for all required purposes under both federal and state law.

Examples of required purposes include FICA, unemployment insurance, workers' compensation, and shift differentials. If you have members in HPORS, MPORS or FURS, the health insurance premiums must also be considered compensation for purposes of calculating the minimum benefit adjustment available to non-GABA retirees. Include the premiums in your compensation when filing your "newly-confirmed" monthly compensation to MPERA.

If any of the four listed requirements are not met, the health insurance premiums will not be considered compensation for retirement purposes. Any contributions paid on those premiums will be credited back to your account and the member's compensation will be adjusted. ♦

A Closer Look At Optional Members

Membership in PERS is optional for employees in the following categories: (§19-3-412, MCA)

- Legislators
- State and local elected officials
- Legislative branch employees who work less than 10 months a year
- Any employees who work less than 960 hours (cumulative) a fiscal year in PERS-covered positions
- Governor appointees
- Chief administrative officers of any city or count
- Employees of county hospitals or rest homes.

All employees in an optional position **must** file with MPERA an 'Optional Membership Election' form within 90 days of employment. If any optional employee elects membership, they must complete a membership card.

If you realize you have an optional member who was not given a PERS election form at the time they were hired, you will need to:

- give them an Optional Membership form immediately;

- inform them that the form must be filed within 90 days of the date of employment **or** 30 days after receiving the form, whichever is later; *and*
- notify MPERA of the omission, when you gave the employee their election form, and the employee's decision.

NOTE: *Only new employees in optional positions who are not members are eligible to make an election. If a new hire has money on account in PERS, they are already a member and must contribute to the system.*

Qualified elected state and local officials must file their election within 90 days of taking office. Once they elect membership, they must remain members for the duration of their term. If reelected to the same position, their membership continues.

Remember, it is the employee's decision whether or not they choose membership. ♦

Final Salary Information

Before a member retires, they should request an ‘Estimate of Benefits’ from MPERA. When we receive this request, we calculate an initial monthly retirement benefit with all available payment options, based on current member information. This information, along with a retirement application, will be sent to the member.

When the member is ready to retire, they **must** complete and return all forms to MPERA. When we receive the completed forms and, if the member terminates employment, we will process and send estimated monthly retirement benefits to the member (now retiree) for up to three months.

We will also send to you a ‘**Final Salary**’ form. You will need to verify the member’s final salary. This information is used to calculate the member’s monthly retirement benefit. The ‘**Final Salary**’ form must be completed and returned to MPERA within 30 days of the member’s termination. Please be aware, if you do not report the member’s final salary, their retirement benefit may be stopped after three months. The reported final salary information must include:

- All compensation paid to the member on their final paycheck. **Compensation** means “remuneration paid out of funds controlled by an employer in payment for the member's services, or for time during which the member is excused from work because of a holiday or because the member has taken compensatory leave, sick leave, annual leave, or a leave of absence, before any pretax deductions allowed by state or federal law are made.” This applies to the gross amount only. Retirement contributions withheld refer to employee portion only. *

- Lump-sum payments of accrued leave. Payments of accrued leave must be specifically reported and broken out as sick, annual, compensatory, etc. Payment of accrued leave **may not** be added to a single month’s compensation as ‘regular’ time.
- Hours associated with the type of pay. All reported compensation must specifically identify the hours paid on the member’s final paycheck by type of pay, i.e. regular, overtime, annual/vacation, sick, compensatory, etc. The total hours reported must match the total pay reported, i.e. total hours times the rate of pay must equal the total pay.
- The Final Salary form must indicate the member’s **last day** of employment. (This may not be the last day worked.) For example, if a member works until March 10, but then uses vacation or sick leave until March 31, the **last day of employment** is March 31. If the employee is not terminated or does not terminate by the date listed on the form, contact MPERA immediately.

If you have any questions about Final Salary, contact the Member Services bureau for more information. This process applies to all retirement systems administered by MPERA.

* The definition of compensation in this article is specific to PERS. Other retirement systems such as FURS or MPORS have their own system specific definition. The Montana Code Annotated, Title 19 defines “compensation” for each system and is available at http://data.opi.mt.gov/bills/mca_toc/19.htm. ♦

Retiring Employees Returning to Work?

If an employee retires from a system that allows them to return to work after retirement and continue to receive benefits (such as PERS, SRS or FURS), under state law, they can return to employment covered by that retirement system only after they have severed their employment, been paid all compensation owed, and received at least one month of retirement benefit. It is important to remember that there can be no agreement between the employer and the retiring employee (verbal or in writing) that they will be returning to work. If there is any prior agreement, the employee is not considered to have terminated their employment and is not eligible to receive retirement benefits. Both the employer and the employee will be required to continue making contributions to MPERA. ♦

What To Do When...

- **An employee has a question about retirement.** For questions regarding retirement, refer employees to MPERA. See the Directory of MPERA Contacts below for individuals who can help.
- **Terminating employees.** Check the “Term” box beside their name on the report containing their final payout.
- **A seasonal employee wants a refund.** PERS membership only ends when the member terminates and withdraws their contributions. A terminated seasonal employee must receive a payout of all accrued sick and annual leave and establish that they have no plans for future employment in order to withdraw their accumulated contributions.
- **Any of your bank information changes.** (i.e. routing number, account number or just bank in general) Please contact MPERA immediately. ♦

DIRECTORY OF MPERA CONTACTS:

Benefit Questions

Kathy H444-3978
 Margaret.....444-3953
 Sheri.....444-1274
 Jennifer.....444-5460
 Marjorie.....444-5454

DBRP Refund Information

Shani.....444-2953

***DCRP & ORP Employer/
Employee Education***

Joel444-0199
 Angel.....444-9139
 Jacquie444-9172

Disability Benefit Questions

Julie.....444-5444

Family Law Orders

Dena.....444-2578

Payroll

Shelly444-5458
 Diana.....444-9171
 John.....444-9683
 Ann.....444-5452
 Roberta.....444-3147

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