



DIRECTIONS

FOR DEFINED BENEFIT RETIREMENT SYSTEM RETIREES

November 2013

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*Should any information in this
newsletter conflict with statute or
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2013 LEGISLATION IMPACT ON PERS' GABA

At the request of the Governor's office, Representative Bill McChesney introduced legislation to assist with reducing the Public Employees' Retirement System's (PERS) unfunded actuarial liability. House Bill (HB) 454, as ultimately passed by the legislature, requires all stakeholders contribute to the funding solution. The impact on PERS retirees is a reduction in the Guaranteed Annual Benefit Adjustment (GABA).

The GABA is now dependent on PERS's funding status. According to the valuation performed by MPERA's actuary, Cheiron, the GABA for PERS retirees will be 1% effective January 1, 2014. Thus eligible retirees will see a 1% increase in their benefit effective with the January 2014 benefit payment, as opposed to the 3% received in past years.

A lawsuit challenging the GABA reduction has been filed. Court orders arising out of that lawsuit may impact the 2014 GABA rate. Please watch our web page for updates concerning PERS' GABA.

NOTE: HB 454 impacts only PERS. The GABA remains unchanged for current retirees in all other MPERA-administered retirement systems. ◆

PERS RETIREES WORKING AS INDEPENDENT CONTRACTORS

If you are retired from the Public Employees' Retirement System (PERS), you may want to do some work while enjoying your well-earned retirement. Your experience can benefit employers who need your expertise but do not require it full-time. If you are hired to work part-time by an employer who participates in PERS, you will be known as a *working retiree*. Working retirees can still receive a retirement benefit from PERS while working, but with limits (see below). As a working retiree, your hours and earnings are reported to MPERA by your PERS employer, where we keep track of your information and adjust your retirement benefit accordingly if you exceed applicable limits.

However, being employed directly by an agency isn't the only way to work in a PERS-covered position. Some PERS retirees go back to work as temporary workers and independent contractors.

Starting July 1, 2013, any work including work performed by a PERS retiree as an independent contractor in a covered position is considered employment covered by the retirement system for working retiree limitation purposes. In other words, even if you do not work directly for a PERS-covered employer, if you do any work in a position that is covered by PERS, your hours and earnings will count towards the working retiree limits. This includes work:

- ◆ through a professional employer arrangement;
- ◆ an employee leasing arrangement;
- ◆ a temporary service contractor or;
- ◆ as an independent contractor.

PERS retirees performing work in the above capacity are reported to MPERA. The agency collects specific information including your actual earnings and hours worked. If you have exceeded the following limits set for working retirees, your benefit will be adjusted as indicated:

For PERS retirees under the age of 65

Your retirement benefit will be reduced \$1.00 for each \$1.00 earned from PERS employment in excess of 960 hours. Only the hours you are paid to work will count toward the 960-hour limit. The limit applies to each calendar year and MPERA will reduce your benefit the following year if you exceed the limit.

For PERS retirees who are age 65 to 70 ½ years

The limit is either the 960 hours described above or an earning limitation, whichever limit is higher. The earning limitation is equal to your Highest Average Compensation (HAC) minus the benefits you have already received, adjusted for inflation. The sum of the retirement benefit and all PERS-associated earnings must be less than the earnings limitations (HAC adjusted for inflation). PERS-associated earnings include all income from the employer whether or not the position is covered by PERS. Both limits apply to a single calendar year and only reduce benefits for those years that the hours or earnings exceed the limit. Your benefit will be reduced \$1.00 for each \$1.00 earned exceeding the limit.

For PERS retirees who are over age 70 ½ or are an elected official who has declined optional membership

There are no limits restricting your earnings.

When entering into a working agreement with a participating employer, please be sure to identify yourself as a PERS retiree. This assists in proper reporting and tracking of limitations to reduce the risk of an impact to your monthly benefit. If you have any questions about the reporting of working retirees, please contact Barb Schafer at (406) 444-1387. ◆

HAS YOUR INFORMATION CHANGED?

Life is always bringing changes, some are good, some are hard. Be sure to let MPERA know if any of the following information changes so we can continue to provide you with our best customer service:

- ◆ Your physical address if you move.
- ◆ Your direct deposit information if you change accounts or banks.
- ◆ Your name changes. This could be for reasons such as marriage or divorce.
- ◆ You need to change your state or federal tax withholding.
- ◆ You elected Option 1 when you retired and you would like to change your beneficiary designation.
- ◆ You elected Option 4 when you retired and would like to change your contingent annuitant(s).
- ◆ You elected Option 2 or Option 3 when you retired and want to change your Option or contingent annuitant. This change can only be made if (1) your original contingent annuitant has died; or (2) your marriage to your original contingent annuitant has been dissolved and he or she was not granted the right to receive an annuity as part of a family law order. You must contact us within 18 months of the divorce or death.

See the forms available on our website or contact us to request the form you need. ◆

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PUBLIC EMPLOYEE RETIREMENT INFORMATION SYSTEM (PERIS)

MPERA is working to replace our current outdated computer system with a new system, called PERIS. PERIS will be completed during the next two years and will allow you online access to your retirement account information including your beneficiary information. We are eagerly looking forward to providing our retirees with improved customer service. ◆

MORE WAYS TO GET RETIREMENT INFORMATION!

Did you know you can sign up to get this newsletter online? Did you also know that MPERA is on Facebook? These are just a few ways we are getting important retirement information out to you. Our website at mpera.mt.gov has all the latest retirement news and links, including our Executive Director's blog, the Board's calendar of events and the latest retirement studies. Check it out today! ◆

1099 FORMS

MPERA will mail your 1099-R (the tax document required for reporting pension distributions to the IRS) for 2013 at the end of January. This document cannot be forwarded so be sure that we have your correct mailing address.

If you haven't received your 1099-R in the mail by mid-February, please contact us. ◆

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