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**Steve Bullock**

**MPERA**

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

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**FISCAL YEAR END IS COMING!**

To ensure a smooth fiscal year end, please be aware of the following.

**Fiscal Year End Reporting**

- ◇ To help us ensure accurate member contribution reporting and a smooth fiscal year end, please submit your June payroll reports as soon as possible. If your final payday for June falls on June 28th, reports must be submitted no later than July 8th at 3:00 p.m. If you are paying your contributions by check, we need to receive it by July 8th in order to include the contributions for this payroll in the members' annual statements.
- ◇ If you have any changes to frequency and occurrence of paydays due to fiscal year end, contact our office **before** submitting your first report for the month impacted.

**Address Information**

- ◇ Update and validate your contributing employees' (active members) addresses. **Active member addresses can only be updated by you!** Member Annual Statements are sent out every July. Update member addresses to help us lower the cost and time to return mail!
- ◇ Please be sure to remove the addresses of retired or terminated employees from your address file.

**UPDATE: PUBLIC EMPLOYEE RETIREMENT INFORMATION SYSTEM (PERIS)**

The project to replace our current computer system is proceeding on schedule. If everything goes as planned, it will take a little over 2 more years to complete. The project is developing in several phases. Currently we are:

- ◇ converting hard copies of member account files to a document imaging system;
- ◇ cleaning up our current database and analyzing current system data for accuracy; and
- ◇ working with our contractor to design a system that will best suit our administrative needs as well as the needs of our members and employers.

When complete, our new system, called PERIS, will provide faster and easier service to you and your employees.

**Watch for the upcoming MPERA Directions Legislative Newsletter for a complete summary of changes from this legislative session.**

**LEGISLATIVE HIGHLIGHTS****Changes to PERS Contribution Rates**

The legislature has made several changes to PERS, effective July 1, 2013:

- ◆ Contributions for members hired before July 1, 2011 increase from 6.9% to 7.9%.
- ◆ Employer contributions for all PERS members increase 1%.

Along with the changes above, beginning July 1, 2014 employer contributions will increase an additional 0.1% each year for 10 years through FY2024.

**Changes to All Defined Benefit Retirement Systems**

- ◆ Bonuses are no longer considered compensation for retirement purposes, so contributions should no longer be withheld on these payments.

**Working Retiree Reporting Changes**

New legislation requires participating employers to pay contributions on working retirees in PERS, SRS and FURS beginning July 1, 2013 at the current employer contribution rates for those systems.

**Independent Contractors**

Please be aware that services performed by a **PERS retiree as an independent contractor are now considered employment covered by PERS for working retiree limitation purposes. These individuals, along with those that work through a professional employer arrangement, an employee leasing arrangement, or a temporary service contractor** must be reported as a working retiree and are subject to the working retiree limitations. Effective July 1, 2013, employers must also pay employer contributions for retirees working in these positions at the current retirement system contribution rates.

If you have any questions about reporting working retirees, please contact Barb Anderle at (406) 444-1387.

**EMPLOYER REPORTING CHANGES - UPCOMING WEBINARS!**

Webinars that will discuss legislative and reporting changes will be available for employers on:

June 4th	11:00 a.m. - 12:00 p.m.
June 5th	2:00 p.m. - 3:00 p.m.
June 6th	12:00 p.m. - 1:00 p.m.

Be sure to attend one of these important sessions!

**ORIGINAL SIGNATURES NEEDED!**

If you are completing one of our forms online, you will notice the signature line is not fillable. This is because we need original signatures. Please fill out your form, print it, sign it, and send it in!

<b>PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) RATE INCREASES FROM HB454</b>	Contribution Rate Current	Contribution Rate Eff 7/1/2013	Contribution Rate Eff 7/1/2014	Contribution Rate Eff 7/1/2015	Contribution Rate Eff 7/1/2016
<b>Central Payroll &amp; University</b>					
State and MUS Contribution Rate	6.90%	6.90%	6.90%	6.90%	6.90%
ER additional contribution rate	0.27%	1.27%	1.37%	1.47%	1.57%
<b>Cities, Counties &amp; Other Agencies</b>					
Local Govt Contribution Rate	6.80%	6.80%	6.80%	6.80%	6.80%
Employer additional contribution rate (paid by employer)	0.27%	1.27%	1.37%	1.47%	1.57%
State Contribution for Local Governments	0.10%	0.10%	0.10%	0.10%	0.10%
<b>School District &amp; High Schools</b>					
School District Contribution Rate	6.80%	6.80%	6.80%	6.80%	6.80%
ER additional contribution rate (paid by employer)		1.00%	1.10%	1.20%	1.30%
ER additional contribution rate (paid by the state)	0.27%	0.27%	0.27%	0.27%	0.27%
State Contribution for School Districts	0.10%	0.10%	0.10%	0.10%	0.10%
<b>Member Rate</b>					
Employee Contribution Rate hired prior 7/1/2011	6.90%	7.90%	7.90%	7.90%	7.90%
Employee Contribution Rate hired on or after 7/1/2011	7.90%	7.90%	7.90%	7.90%	7.90%

<b>HIGHWAY PATROL OFFICERS' RETIREMENT SYSTEM (HPORS) RATE INCREASES FROM HB336</b>	Contribution Rate Current	Contribution Rate Eff 7/1/2013	Contribution Rate Eff 7/1/2014	Contribution Rate Eff 7/1/2015	Contribution Rate Eff 7/1/2016
<b>Central Payroll - Department of Justice</b>					
Same source as compensation	26.15%	28.15%	28.15%	28.15%	28.15%
General fund contribution rate	<u>10.18%</u>	<u>10.18%</u>	<u>10.18%</u>	<u>10.18%</u>	<u>10.18%</u>
Total ER contribution rate	36.33%	38.33%	38.33%	38.33%	38.33%
<b>Member Rate</b>					
Employee Contribution Rate hired prior 7/1/1997	9.00%	10.00%	11.00%	12.00%	13.00%
Employee Contribution Rate hired on or after 7/1/1997	9.05%	10.05%	11.05%	12.05%	13.05%
Effective 7/1/2013 the total employer contribution rate increases to 38.33%.					
Effective 7/1/2013 the member rate increases 1.0% per year for four years.					

**IMPORTANT!**

## PERB SAYS GOOD-BYE TO TWO BOARD MEMBERS WELCOMES TWO NEW MEMBERS

At the end of March we bid farewell to two Board members: PERS retired member representative Darcy Halpin and member at large Diana Porter. Both have served on the Board since 2008. We thank them for their hard work and countless hours devoted to ensuring that members have a quality retirement.

Governor Steve Bullock appointed two new Board members. Sheena Wilson, who was Governor Schweitzer's Deputy Chief of Staff from Helena, and Mike McGinley, who is a County Commissioner from Dillon. Welcome Sheena and Mike!

## A CLOSER LOOK AT OPTIONAL PERS MEMBERSHIP

There are several types of positions that are considered "optional", allowing an employee to elect whether or not to participate in PERS. Employers and employees should be aware of the different rules that apply to those optional positions.

Employees working under 960 hours per fiscal year in PERS-covered positions can elect not to participate in PERS. However, if the employee later begins working more than 960 hours in that position, they must become contributing members of PERS.

If an employee in one of the following positions declines membership, they cannot later become a member while working for the same employer, even if they move to a different position or work more than 960 hours during the fiscal year.

- ◆ Employee directly appointed by the governor
- ◆ Chief administrative officer of a city or county
- ◆ New employee of a county hospital or rest home
- ◆ Legislative branch employee working 10 months or less to perform work to the legislative session.

Please be sure your employees understand this before they decline membership. If you have any questions about PERS Optional Membership, please contact our office.

### CONTRIBUTING EMPLOYEE TYPES

When reporting a new member (either optional or mandatory) please be sure to designate the type.

**Permanent** - full-time employees working in a position where it's mandatory that they contribute.

**Seasonal** - employees that work from season to season (snow plow drivers for example) and typically have an option to elect or decline.

**Temporary** - employees that are hired for a set period of time then are terminated at the end of that period. These typically are optional members.

## ELECTIVE CONTRIBUTIONS TO CERTAIN HEALTH PLANS

Reporting elective contributions for certain 125 health plans as compensation for retirement purposes is a complex process and must incorporate all the operating rules prescribed in Internal Revenue Code (IRC) 125. They are strictly regulated and incorrect reporting can result in significant penalties.

If you are treating these elective contributions as compensation for retirement purposes, please contact us! We have several rules that must be met for elective contributions to be considered compensation. We also need to ensure that you are paying member and employer retirement contributions on that compensation.

The Board's policy "Treating Salary Deferrals Under a Cafeteria Plan as Compensation" details what exactly is compensation and the procedures for reporting deferred elective contributions as compensation. You can find it on our website at [mpera.mt.gov](http://mpera.mt.gov). Administrative Rule 2.43. subchapter 22 also addresses this issue. It is available on the Secretary of State's website at [sos.mt.gov](http://sos.mt.gov). Please read them carefully and remember to contact us before reporting your elective contributions as compensation.

## LEGISLATURE APPROVES ADDITION OF ROTH ACCOUNT TO DEFERRED COMPENSATION PLAN!

Starting July 1, 2013, employees who participate in the 457(b) Deferred Compensation Plan can designate post-tax contributions to a ROTH account. MPERA will contact all participating employers regarding designated ROTH accounts. Please be aware that Roth contributions are made after the participant's taxes are withheld, and may require a programming or file format change if you upload a file for 457 payroll reporting. MPERA will be working with your software vendors to update reporting formats. For more information about reporting ROTH contributions, contact Jenny Weigand at (406) 444 - 2996.

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