

Governor
Steve Bullock

UPDATE ON GASB STATEMENT No. 68 IMPLEMENTATION

MPERA

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Official publication of the
Montana Public Employee
Retirement Administration.

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

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Montana Public Employee Retirement Administration (MPERA) and Teachers' Retirement System (TRS), along with their respective Actuaries, have been working together on the implementation of the Governmental Accounting Standards Board (GASB) Statement No. 68: Accounting and Financial Reporting for Pension, an amendment of GASB Statement No. 27. This statement is for employers who participate in the pension plans and is effective for fiscal years beginning after June 15, 2014 (FY2015).

MPERA & TRS are working with the State Accounting Bureau, Local Government Bureau, and OPI. Currently, a list is being constructed of employer and financial contacts and their respective fiscal year ends. Education programs for employers, finance professionals and governing bodies are in future plans. It has been determined the first measurement date will be as of the plans' year end on June 30, 2014. We are working with the actuary to create the necessary disclosure reports for the plans and the employers to determine when the reports will be available to employers for their fiscal year-end financial statements.

We will be publishing a message to employers soon so please visit MPERA's website to learn more GASB in our [GASB Information](#) section under the Employer pod and watch for **UPDATES**.

PERS CONTRIBUTION RATE

The increase in **regular** employee and employer contributions, which was effective July 1, 2013, will only terminate if an actuarial valuation determines that ending both increases of employee and employer contributions would not cause the amortization period to exceed 25 years.

The most recent actuarial valuation determined that if the increases were terminated as of January 1, 2014, the amortization period would be 26.8 years. Therefore the increases in contribution rates will remain in effect for 2014.

These contributions are **not** the same as the Additional Employer Contributions, which will increase each July (see article on page 2).

PERIS UPDATE

Initial testing of **Phase One: Enrollment and Employer Reporting**, gave MPERA staff their first taste of the new system and the results were very positive.

Phase Two: Calculations, Service Purchase, Claims and Death Processing, has wrapped up, bringing us approximately 2/3 of the way through our design process.

Design work for **Phase Three:** Benefits Payment and Payroll Processing began in February.

Work on conversion and data migration is ongoing and will continue beyond the end of design work with an anticipated 2015 implementation. As our computer system upgrade continues, we want to remind our employers to maintain contact with your software vendor or internal resources that provide your accounting and human resources software to ensure all necessary changes are being made for employer reporting. We have a web page where we will keep them informed of our progress, provide contact information, and answer questions. The website address is:
<http://mpera.mt.gov/vendorsupport.shtml>.

In the upcoming months we will be providing webinars to review the file format changes. Both vendors and employers are welcome to attend. Please watch for notices of the upcoming training via email and on our website.

As a reminder, employers should begin discussions with vendors or internal resources as soon as possible in order for you to accurately determine the budget impact of any system changes. The target date for these changes is July 2015.



The 2013 Comprehensive Annual Report is now available on our website at
mpera.mt.gov.

Important!

PERS - COVERED ADDITIONAL EMPLOYER CONTRIBUTION RATE INCREASED

Following the passage of House Bill 454 in 2013, the 0.27% PERS Additional Employer Contribution rate increased 1.0% effective July 1, 2013. The Additional Employer Contribution rate will further increase by 0.1% beginning July 1, 2014, and an additional 0.1% at the beginning of each fiscal year through fiscal year 2024. § 19-3-316, MCA (2013).

PERS Rate Increases	Effective 7/1/2013	Effective 7/1/2014
Central Payroll & University		
State and MUS Contribution Rate	6.90%	6.90%
ER Additional Contribution Rate	1.27%	1.37%
Total	8.17%	8.27%
City, County & Other Agencies		
Local Govt Contribution Rate	6.80%	6.80%
ER Additional Contribution Rate (paid by employer)	1.27%	1.37%
State Contribution for Local Governments	0.10%	0.10%
Total	8.17%	8.27%
School Districts & High Schools		
School District Contribution Rate	6.80%	6.80%
ER Additional Contribution Rate (paid by employer)	1.00%	1.10%
ER Additional Contribution Rate (paid by the state)	0.27%	0.27%
State Contribution for School Districts	0.10%	0.10%
Total	8.17%	8.27%

Do YOU PARTICIPATE IN THE STATE OF MONTANA 457 DEFERRED COMPENSATION PLAN?

The State of Montana 457 Deferred Compensation Plan gives you access to powerful tools to help your employees save toward their retirement goals. This voluntary retirement savings Plan is available to employees of any local government entity in Montana or University Systems. The Plan offers the experience and expertise of a dedicated staff, an oversight committee, and an industry-respected recordkeeper—Great-West FinancialSM. The Plan offers several great features to help participants plan today for tomorrow's prosperity.

No Cost To Employers, Competitive Administrative Fees

There is no fee for employers to participate in the Plan. Your employees choose whether or not they would like to participate in the Plan. As one of the largest voluntary retirement programs in the state, the Plan has greater leverage to negotiate lower administrative fees—and lower fees mean more of your employees' contributions can stay invested in their accounts.

State of Montana Retirement Board Oversight

The State of Montana Public Employees' Retirement Board (PERB) is an independent board, appointed by the Governor, to oversee the Plan. The PERB serves as trustee for the 457(b) Plan and is responsible for preparing required reporting. Additional benefits of this oversight include:

- ◆ *No Hassle of Fiduciary and Administrative Responsibilities* - The PERB assumes fiduciary responsibility, taking the worry off of your local office. The administrative duties are also taken care of by experienced professionals.
- ◆ *Independent Oversight of Investment Options* - The PERB contracts with an independent investment consultant who reviews and recommends non-proprietary investment options for the Plan.

Educational Services

Representatives are available for individual meetings and offer live webinars and training to assist you and your employees. Additionally, a useful, interactive website and a suite of educational materials—customized for the 457 Plan—are available. As Plan participants, employees are able to keep an eye on their accounts and make changes at any time online or over the phone through an interactive voice response system called KeyTalk®.

Diverse Investment Choices

The Plan offers a variety of unique investment options selected and monitored by PERB and the Employee Investment Advisory Council (EIAC). The Plan also offers the flexibility to contribute pre-tax, after tax through Roth contributions, or both.

Full Service

The Plan has a fully staffed office in Helena open weekdays from 8:00 a.m. to 4:30 p.m. Three non-commissioned Educational Representatives are also available to meet with employers and participants throughout the state at *no additional charge*.

Region	Local Representative	Direct Phone	Email
Western Montana	Nancy Quirino	(406) 549-3131	nancy.quirino@greatwest.com
Central Montana	Beth Long	(406) 449-2408	beth.long@greatwest.com
Eastern Montana	Gary Whitney	(406) 670-5616	gary.whitney@greatwest.com

The Deferred Compensation Plan offers you the high level of professional oversight you need to help your employees plan for a more secure retirement.

For more information about joining the State of Montana 457 Deferred Compensation Plan, please contact your MPERA representative Jenny Weigand, Education Supervisor at (406) 444-2996.

MPERA CAN HELP!

As an employer there are so many things you need to know when it comes to reporting hours, wages, working retiree certifications, etc. But we can help! With our interactive webinars, we provide your agency with targeted training for areas that may be a mystery, such as

- ◆ Who gets reported?
- ◆ What are the working retiree limitations?
- ◆ What if I forget to report an employee who quits?

All you need is access to our website and speakers at your work station and we take care of the rest. We will either present to you one-on-one, or to your entire agency on a variety of subjects on the date and time you choose. Our specialists will tackle your tough questions and provide insight when it comes to employer reporting.

But wait, there's more! How many times has an employee come to you with questions like:

- ◆ When am I vested?
- ◆ Can I take a loan on my pension?
- ◆ What plan am I in?
- ◆ What can I do with my pension if I leave my position?

Before you run out of the office screaming, let the MPERA team help! We answer these questions for you. Our training representatives are standing by to help employers and members. We take the hassle away and refer them to our super MPERA team; Armando, Joel or Terry. If we don't know the answer, our mission is to hunt one down and get back to you.

Armando: aoropeza@mt.gov444-9139
Joel: jthompson3@mt.gov.....444-0199
Terry: tdalton@mt.gov444-9172

THE 457 PLAN NOW ACCEPTS ROTH CONTRIBUTIONS

If your agency participates in 457 Deferred Compensation, you now see a separate column for the Roth after-tax dollars. You can input either a dollar amount or a percentage, depending what the employee has requested on their Salary Deferral Form.

The maximum annual combined contribution that can put into the Roth is currently \$17,500. If the participant is 50 or older, they can make an additional "catch-up" contribution of \$5,500. If the participant is within three years of the normal retirement age under the Plan, they may be able to contribute up to \$35,000 (called Special Catch-Up contributions).

For more detailed information and paperwork for employees wishing to join the 457 Deferred Comp and the new Roth, the Great West Representatives are ready to help out. And as always, we at MPERA are available to answer questions you may have.

There are many soon-to-be retirees that have concerns about their pay-out and potential taxes. Putting those extra dollars into the 457 is a great alternative.

IMPORTANT PAYROLL REPORTING REMINDERS

- ◆ The 2013 legislature removed **bonuses** from the definition of compensation for **all** retirement systems. Because bonuses are no longer considered compensation for retirement purposes, please do not withhold contributions on them. When reporting bonuses, enter the amount in the Bonus section on your Contributing Report only. Do not add this amount to the regular earnings.
- ◆ Complete your Working Retiree and Noncontributing Employee report **before** your Contributing report. Otherwise errors will occur.
- ◆ Working retirees over 70½ years old are **not** subject to employer contributions or certification. Do not take out employer contributions on them. Be sure to report them on your Noncontributing Employee report, **not** on your Working Retiree report. When you enter your working retiree's earnings and hours in the Working Retiree report, the employer contribution amount is automatically calculated and populated into the Working Retiree contribution box on your contributing report. Reporting your over 70½ working retiree on your Noncontributing Report ensures no employer contributions are mistakenly taken out.
- ◆ On your Contributing report, enter the earnings amount for your **contributing employees only**. Do not add the Working Retirees earnings to your Contributing Earnings box. That will cause critical errors. The Working Retiree contribution will automatically be added to your employee & employer contributions total and give you the amount due for the payroll you are reporting.

SUPERINTENDENTS AND PARAPROFESSIONALS

A person who has been elected to the office of county superintendent of schools, or appointed to complete the term of an elected county superintendent of schools, is not eligible for optional membership in the Public Employees' Retirement System. Please do **not** give them a PERS Optional Membership form.

Paraprofessionals Reported to the Wrong Retirement System

MPERA and the Teachers' Retirement System (TRS) have recently become aware that some school districts have been misreporting paraprofessionals to the Public Employees' Retirement System (PERS) rather than TRS.

If someone is performing the job duties and functions of a paraprofessional, they are employed in an instructional or educational services capacity, they must participate in TRS, not in PERS. There is one exception to this, an individual currently working under the job title "paraprofessional" must continue to participate in PERS (but must be identified to TRS) if the individual:

- ◆ Was first hired by an employer as a "teacher's aide" prior to September 1, 1989, and
- ◆ Has continued to be employed (to present) by the same employer as a teacher's aide and/or paraprofessional.

Please be sure to review all individuals performing the duties and functions of a paraprofessional to ensure they are being reported to the correct retirement system. If you find an error, contact TRS at 1-866-600-4045 or 444-3434 in Helena.