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**MPERA**

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

**A Message From The Executive Director**

December 2011

**D**ear Retirees,

2011 is flying by. It has been a very exciting year so far. Between the legislative session, several of our own projects getting off the ground, and other changes like our new website, we have barely had a minute to catch our breath! So let me fill you in on what's happening.

Legislative Update

With the conclusion of the 2011 legislature, we have been working to implement the resulting changes. Please be aware there are some new working retiree limitations. See the article "Important Information About Returning To Work" on page two for more details.

Speaking of legislation, we are gearing up for the 2013 session. With pensions being a hot topic, it is likely we will see many options proposed regarding the pension systems. I'd like to encourage you to take an active role before and during this upcoming session. You can begin with contacting your legislator, let them know your thoughts, and how important retirement is! Hearing from you has a tremendous impact and can help preserve pensions for past, present and future members and their families.

Replacing our Computer System

Our goal at MPERA is to provide our members and employers with the best possible customer service. With that in mind we have started on a project to replace our current computer system. Our project is called MPERAtiv and we anticipate it will take 3-5 years to complete. Since the oldest component of our current computer system was put in place in 1985, almost 26 years ago, naming this the MPERAtiv project is fitting. Our system has many limitations and its programming has become difficult to maintain.

The project will take place in several phases. Our goal is to:

- improve operational efficiency;
- provide better service to our plan members and other customers; and
- address disaster recovery concerns surrounding our current paper-driven processes.

When the project is complete, our new system will provide faster, easier service for our members and employers. We will keep you posted throughout the process.

Communications

We are striving to ensure all of our members stay informed. We've implemented several ways you can get information that is important to you. Our website is a valuable tool. On it you can find my Executive Director's Blog. Here I will keep you informed about important changes in retirement systems as well as responses to retirement issues or concerns. You can also find us on Facebook. Our Facebook page keeps you updated on what's happening here at MPERA and links you to other important information. And remember, our newsletters and press releases can be found online. Simply visit our website at [mpera.mt.gov](http://mpera.mt.gov).

We want to hear from you about any questions or concerns. The board members' email addresses are also available for you to send them your thoughts. As we move forward, our continued mission remains giving you the best service possible.

Wishing you a wonderful holiday season and a happy and healthy new year! ◆

## Retiree Information To Be Released

About a year ago the Montana Watchdog requested that MPERA release retiree names and pension amounts. We did not release this information in an effort to protect the privacy of our members. The Montana Teachers' Retirement System (TRS) received the same request and asked for an Attorney General opinion on the issue. Attorney General Bullock released an opinion that the public's right to know outweighed the individual rights of privacy of state retirees in their retirement benefits.

We have worked with David Senn, Director of the Montana Teachers' Retirement System and the Montana Watchdog to negotiate an agreement for the type of information that will be released. We have agreed to release retiree names along with their last employer, years of service credit and the estimated amount of employer contributions received throughout their employment.

We have not agreed to release specific benefit amounts for our retirees because we feel the benefit amount is not a true reflection of what taxpayers contribute. Many people are under the assumption that retiree pensions are fully funded by

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## Important Information About Returning To Work

Are you thinking about going back to work? You are not alone. Many retirees take a job because they enjoy working or need the extra income. As you consider your options, please be aware that depending on where you work, your pension benefit may be affected.

### General Requirements

If you go to work for a private company or a public employer not affiliated with MPERA, there is no limit on how much you earn or hours you can work. Your retirement benefit will not be affected. The only exception is for some disability retirees.

However, if you are retired from the Public Employees' Retirement System (PERS), the Sheriffs' Retirement System (SRS) or the Firefighters' Unified Retirement System (FURS), and will be returning to work in a position covered by the same retirement system, you will be subject to the following requirements:

- **You cannot have had an agreement (written or verbal) that you will be returning to work.**
- You needed to sever employment and be paid all compensation that you were owed.
- You needed to have received at least one month of retirement benefits.

These restrictions apply even if you go through a temp agency.

### Specific Limitations for PERS Retirees

**PERS** working retirees have to terminate service for **at least 90 days** before returning to work in a PERS-covered position.

You are limited to working 960 hours in any calendar year. If you exceed the 960 hour limit and are under age 65, your monthly retirement benefit will be reduced \$1 for each \$1 earned.

As a working retiree, if you work in a PERS-covered position **and** in a non-PERS-covered position for the same employer, the hours of both the covered and non-covered positions will count toward your total 960 hours.

### Specific Limitations for SRS Retirees

If you are an **SRS** working retiree, you are limited to working in an SRS-covered job for 480 hours in any calendar year. If you exceed the 480 hour limit, you must become an active, contributing SRS member.

If your earnings exceed \$5,000, your monthly retirement benefit will be reduced \$1 for each \$3 earned in excess of \$5,000 per calendar year.

### Specific Limitations for FURS Retirees

As a **FURS** working retiree, you are limited to working 480 hours in a FURS-covered position in any calendar year. If you exceed the 480 hour limit, you must return to active service.

If you have any questions about working as a retiree, please contact our office! ♦

## Changes To Your 1099-R

This January, there will be a small change to your 1099-R. Overall, the layout is still the same but the IRS has added **two new** boxes of information.

- Box 10, which contained the amount of state tax withheld will now contain the amount allocable to In plan Roth Rollovers (IRR) within 5 years. The amount of state tax withheld will now be **box 12**.
- Box 11, which contained the State/Payer's state number, will now contain the 1st year of designated Roth contributions. The State/Payer's state number will now be **box 13**.

Boxes 10 - 15 of 2010's 1099-R

|   |                     |                             |
|---|---------------------|-----------------------------|
| Account number (optional)                         |                     | 10 State tax withheld<br>\$ |
| 11 State/Payer's state number<br>MT 4053531002WTH |                     | 12 State distribution<br>\$ |
| 13 Local tax withheld<br>\$                       | 14 Name of locality | 15 Local distribution<br>\$ |

Boxes 10 - 17 of 2011's 1099-R

|                             |  |   |
|-----------------------------|--|---|
| Account number (optional)   | 10 Amt allocable to IRR within 5 years<br>\$   | 11 1 <sup>st</sup> year of desig Roth contrib |
| 12 State tax withheld<br>\$ | 13 State/Payer's state no.<br>MT 4053531002WTH | 14 State distribution<br>\$                   |
| 15 Local tax withheld<br>\$ | 16 Name of locality                            | 17 Local distribution<br>\$                   |

Starting at box 10, the other boxes have been renumbered. However, they still contain the same information as previous 1099-R versions.

Please make sure your address is updated with us. If you have plans to be away, the post office cannot forward your 1099-R to you. If you do not receive your 1099-R, you can contact us to request one.

The 1099-R also reflects the total amount of health insurance deducted from your retirement benefit during 2011. If you are a public safety officer, you may deduct up to \$3,000 from your taxes for employer sponsored health insurance premiums withheld from your retirement benefit. Consult your tax preparer or advisor for more information. ♦

### Can Your Mail Find You?


Find us on  
Facebook

MPERA is on Facebook! Find out what is happening with pension and retirement, as well as retirement education! You can let us know your thoughts and connect with other people interested in retirement.

See you there! ♦

Did you know that not all mail can be forwarded to your new address? Most of your documents from MPERA, such as retirement checks, change of benefit notices, 1099-Rs and newsletters cannot be forwarded by the postmaster. They cannot even be forwarded to your "temporarily away" designation. Instead, your mail will be returned to us. This is a safety measure to protect your retirement checks and other sensitive information.

So how can you make sure that you receive your mail? Fill out the Change of Address form for any temporary or permanent changes. (We need your signature to authorize the change.) Remember to change your address with us even if you are gone only a few weeks. And when you return, please remember to change your address back!

You can download a Change of Address form from our website or request one from our office. ♦



### Retiree Information To Be Released

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taxpayers. This is not the case. Pension benefits are paid largely from investment earnings on the pension trust funds, with a portion contributed by taxpayers.

There are many other factors that determine the amount of a pension benefit. For example, members can purchase service they are eligible for, which increases the years of service used to calculate benefit amounts. This expense is paid solely by the member. Benefit amounts are also dependent upon the retirement option a member chooses. Monthly and lifetime benefit amounts vary significantly based on this personal, financial choice. With this in mind, we feel that if the question being asked is "How much are taxpayers contributing to pension benefits?" Benefit amounts cannot accurately answer that question.

Our goal is to provide the most accurate information we can regarding taxpayer contributions to pension benefits while complying with the law. We plan to release the information in January 2012. For more information, visit our website at [mpera.mt.gov](http://mpera.mt.gov) or find us on Facebook. ♦

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