

MONTANA PUBLIC EMPLOYEES' RETIREMENT BOARD

TITLE: PERS 401(a) Defined Contribution Retirement Plan
Administrative Fund

POLICY NO: BOARD Admin 13 EFFECTIVE DATE: 06/11/2015

I. POLICY AND OBJECTIVE

It is the policy of the Montana Public Employees' Retirement Board (the Board), consistent with 19-3-2105 MCA, to assess appropriate fees to members of the Public Employees' Retirement System (PERS) who elect to join the PERS Defined Contribution Retirement Plan (DCRP).

The primary objective of this policy is to establish guidelines to maintain a DCRP participant fee structure that will ensure sufficient revenue to pay reasonable DCRP administrative expenses. The policy defines the level of the administrative fund and action the Board may take if the fund level described in Section V is not maintained. The policy further defines uses of revenue and types of (additional) services the Board may offer.

It is the intent of the Board to maintain consistent fees and services and, when possible, improve services. Consistent fees build confidence, integrity and allow DCRP participants to accurately determine how their individual accounts are affected by fees. Consistent fees also allow the Board to comply with, or meet the intent of, Federal Department of Labor and other regulatory authorities' disclosure requirements or guidance.

II. APPLICABILITY

This policy applies only to participants of the PERS DCRP and the following revenue associated with the DCRP:

- a) assessed basis point fees
- b) assessed per participant fees
- c) Investment options' revenue sharing fees and,
- d) Employer forfeitures, as defined in 19-3-2116 and 19-3-2117, MCA.

Revenue received through the sources identified above may be used to pay for contracted services, subject to the provisions of this policy.

III. USE OF REVENUE

Revenue will be used for the following purposes - to the extent available and provided that the administrative fund level established in Section V of this policy is maintained.

- A. Pay all standard expenses approved by the Board in its annual budget for MPERA administration of the DCRP;
- B. Pay for services determined necessary to comply with 19-3-112, MCA or federal laws or regulations;
- C. Pay extraordinary or unknown expenses that could not be anticipated or budgeted;
 - 1. examples would be litigation, SEC claims, or federal law changes
- D. Provide additional services to DCRP participants recommended by the Board's Employee Investment Advisory Council (EIAC) and approved by the Board; and
 - 1. examples include additional member education (beyond that required in 19-3-112, MCA), investment advice or self-directed brokerage windows
- E. Offset fees directly charged to DCRP participants by contracted third party providers.

IV. GUIDELINES FOR FEE CHANGES

Generally, the Board will review revenue on an annual basis as its annual budget is established and approved. The Board will, typically, make necessary changes to the basis point fee, and/or per participant fee charged to DCRP participants only at that time and under the following limited circumstances:

- A. the administrative account fund level established in Section V will not be maintained, based upon the new annual budget needs; or
- B. the administrative account fund level established in Section V will be exceeded, based upon the new annual budget needs.

This Section does not prohibit the Board from increasing the basis point fee at any time during the fiscal year, if deemed necessary due to extraordinary and unknown circumstances.

V. LEVEL OF THE ADMINISTRATIVE FUND

The fund level of the DCRP administrative account must be sufficient to ensure operations and administration are not halted or adversely affected by market fluctuations. The fund level must also be conservative and reasonable. The

administrative fund shall be maintained at a sufficient level to ensure that at least six (6) months, but no greater than twelve (12) months, of administrative and contracted recordkeeping expenses are held within the fund.

VI. CROSS REFERENCES

The following laws, rules or policies may contain provisions that might modify a decision relating to the DCRP Administrative Fund policy. This list should not be considered exhaustive – others may apply.

Montana Constitution Article VIII, Sections 13 and 15
Section 19-3-112, MCA
Section 19-3-2116, MCA
Section 19-3-2117, MCA
Board Policy Admin 01 – Funding and Benefit Policy
Board Policy Admin 06 – General Education
Board Policy Admin 07 – Investment Education

VII. HISTORY

New Policy
Revised May 8, 2014
Revised June 11, 2015