

MONTANA PUBLIC EMPLOYEES' RETIREMENT BOARD

TITLE: INVESTMENT EDUCATION

POLICY: BOARD Admin 07

EFFECTIVE DATE: 05/11/2017

I. POLICY AND OBJECTIVES

The objective of this policy is to:

- A. Define the investment education to be provided to all MPERA administered systems, but most specifically participants of the PERS Defined Contribution Retirement Plan and 457(b) Deferred Compensation Plan; and
- B. Define who may provide the investment education.

II. APPLICABILITY

- A. This policy applies to all retirement systems administered by the Board.
- B. This policy complies with § 19-3-112, MCA.

III. DEFINITIONS

- A. **Investment Education** is the communication of the essential principles of investing such as portfolio diversification, risk tolerance, investment time horizon and how asset allocation strategies may be modified over time as a member's situation changes. Examples of education include general asset allocation pie charts, risk tolerance tests and calculators illustrating retirement income need, account accumulations or comparisons. Education does not refer to any specific investment option or provide any specific participant assistance.
- B. **Investment Guidance** is personalized asset allocation assistance for participants based solely upon the investment options available within the specified plan and individual input from the participant. Guidance is typically a computer-generated program that provides a suggested pie chart that a participant may use to allocate assets. Guidance does not provide specific recommendations or take action on behalf of the participant.
- C. **Investment Advice** is specific personalized fund recommendations for

participants based solely upon the investment options available within the specified plan and tailored to the participant's individual situation. Advice may be provided through either a computer-generated program or individual assistance. In either case, the participant or another party (the program or individual) takes action on behalf of the participant based upon participant direction.

IV. APPROPRIATE PARTIES

In all cases, investment education must be balanced, impartial, and provided by parties with the appropriate knowledge and, if necessary, licensure.

- A. Investment education may be delivered by MPERA staff. However, depending upon the extent of education, outside contracted vendors may be used to train MPERA staff, develop the education material, or deliver all or portion of the investment education.
- B. Investment guidance must be provided by a party with appropriate, current licensure through the Financial Industry Regulatory Authority (FINRA). When contracting with a vendor for guidance, the Board or designated MPERA staff will assess if a conflict of interest may exist between the vendor offering guidance and other vendor provided services.
- C. Investment advice must be provided by a contracted vendor. The vendor must become a fiduciary of the retirement systems and their members. When contracting with a vendor for advice, the Board or designated MPERA staff will assess if a conflict of interest may exist between the vendor offering advice and other vendor provided services.

V. BOARD RESPONSIBILITY

In all cases, the Board or designated MPERA staff will monitor performance of the provided services to ensure balanced information and materials are provided and that the services are conducted in accordance with applicable laws, rules of the Board, and any contracts between the provider and the Board.

VI. COSTS

Participants may be charged for investment guidance or advice, depending on the underlying contract between the Board and the vendor. However, receipt of investment guidance and investment advice will be on a voluntary basis.

VII. CROSS REFERENCE GUIDE

The following laws, rules or policies may contain provisions that might modify a decision relating to refunds of contributions for terminated members. The list should not be considered exhaustive - other policies may apply.

§ 19-3-112, MCA

VIII. HISTORY

Board Admin 07 - Investment Education Policy

Originally approved March 2006

Amended January 31, 2013

Amended May 11, 2017