

BEFORE THE PUBLIC EMPLOYEES' RETIREMENT BOARD  
OF THE STATE OF MONTANA

In the matter of the amendment of	)	NOTICE OF PROPOSED
ARM 2.43.1306 pertaining to actuarial	)	AMENDMENT
rates, assumptions, and methods for	)	
valuation purposes and actuarial	)	NO PUBLIC HEARING
equivalence for the Board-	)	CONTEMPLATED
administered defined benefit	)	
retirement systems	)	

TO: All Concerned Persons

1. On December 23, 2011, the Public Employees' Retirement Board (PER Board) proposes to amend the above-stated rule.

2. The PER Board will make reasonable accommodations for persons with disabilities who wish to participate in this rulemaking process or need an alternative accessible format of this notice. If you require an accommodation, contact the PER Board no later than 5:00 p.m. on November 14, 2011, to advise us of the nature of the accommodation that you need. Please contact Dena Helman, Montana Public Employee Retirement Administration, 100 North Park Avenue, Suite 200, P.O. Box 200131, Helena, Montana 59620-0131; telephone (406) 444-2578; TDD (406) 444-1421; fax (406) 444-5428; or e-mail [dhelman@mt.gov](mailto:dhelman@mt.gov).

3. The rule as proposed to be amended provides as follows, new matter underlined, deleted matter interlined:

2.43.1306 ACTUARIAL RATES AND ASSUMPTIONS (1) The actuary will present the actuarial data and recommend the board adopt specific rates and assumptions. The board in its discretion will adopt rates and assumptions and publish them in a board policy. The board adopts and incorporates by reference BOARD Admin 09 Actuarial Valuation Assumptions and Methods (approved October 13, 2011) and BOARD Admin 10 Actuarial Equivalence Option Factor Determination (approved June 10, 2010), providing actuarial rates, assumptions, and methods used for valuation purposes and actuarial equivalence purposes, ~~respectively, that were approved by the board on June 10, 2010.~~ BOARD Admin 09 also contains the early retirement factor tables applicable to PERS, HPORS, and SRS.

(2) remains the same.

AUTH: 19-2-403, MCA

IMP: 19-2-405, 19-3-906, 19-6-503, 19-7-502, 19-17-107, MCA

REASON: Chapter 369 Montana Session Laws of 2011 amended 19-3-906, MCA, replacing the PERS early retirement reduction formula that was based on outdated early retirement reduction factors with a reduction based on the actuarially equivalent factors from the most recent valuation of the system. PERS participants

need to be aware of how their early retirement benefit is calculated and the factors used in that calculation. Because the reduction is no longer based on a statutory formula the PER Board determined to adopt the current factors in board policy, Board Admin 09, which ARM 2.43.1306, adopts by reference.

The Highway Patrol Officers' Retirement System and the Sheriffs' Retirement System, pursuant to 19-6-503 and 19-7-502, MCA, also rely on actuarially equivalent factors to calculate early retirement benefit amounts. The PER Board has thus determined to adopt the current factors for those systems in the same board policy.

Because the PER Board has previously determined to adopt Board Admin 09 by reference, 2-4-307(3), MCA, requires that changes to the policy also be adopted by reference. Therefore, this rule amendment is necessary to adopt the amended policy by reference.

4. Concerned persons may present their data, views, or arguments concerning the proposed amendments in writing to Roxanne M. Minnehan, Executive Director, Montana Public Employee Retirement Administration, 100 North Park Avenue, Suite 200, P.O. Box 200131, Helena, Montana 59620-0131; telephone (406) 444-5459; fax (406) 444-5428; or e-mail [rminnehan@mt.gov](mailto:rminnehan@mt.gov) and must be received no later than 5:00 p.m., November 25, 2011.

5. If persons who are directly affected by the proposed amendments wish to express their data, views, or arguments orally or in writing at a public hearing, they must make written request for a hearing and submit this request along with any written comments they have to Dena Helman at the above address no later than 5:00 p.m., November 25, 2011.

6. If the board receives requests for a public hearing on the proposed amendment from either 10 percent or 25, whichever is less, of the persons directly affected by the proposed amendment; from the appropriate administrative rule review committee of the Legislature; from a governmental subdivision or agency; or from an association having not less than 25 members who will be directly affected, a hearing will be held at a later date. Notice of the hearing will be published in the Montana Administrative Register. Ten percent of those directly affected has been determined to be 302 persons based on approximately 28,834 active PERS participants in the Defined Benefit Plan, 230 HPORS participants and 1,181 SRS participants as of December 2010, for a total 30,245 participants.

7. The PER Board maintains a list of interested persons who wish to receive notices of rulemaking actions proposed by this agency. Persons who wish to have their name added to the list shall make a written request that includes the name, e-mail, and mailing address of the person to receive notices and specifies for which program the person wishes to receive notices. Notices will be sent by e-mail unless a mailing preference is noted in the request. Such written request may be mailed or delivered to the contact person in 5 above or may be made by completing a request form at any rules hearing held by the PER Board.

8. An electronic copy of this proposal notice is available through the Secretary of State's web site at <http://sos.mt.gov/ARM/Register>. The Secretary of State strives to make the electronic copy of this notice conform to the official version of the notice, as printed in the Montana Administrative Register, but advises all concerned persons that if a discrepancy exists between the official printed text of the notice and the electronic version of the notice, only the official printed text will be considered. In addition, although the Secretary of State works to keep its web site accessible at all times, concerned persons should be aware that the web site may be unavailable during some periods, due to system maintenance or technical problems.

9. The bill sponsor contact requirements of 2-4-302, MCA, do not apply.

/s/ Melanie A. Symons  
Melanie A. Symons  
Chief Legal Counsel  
and Rule Reviewer

/s/ John Nielsen  
John Nielsen  
President  
Public Employees' Retirement Board

Certified to the Secretary of State October 17, 2011.