

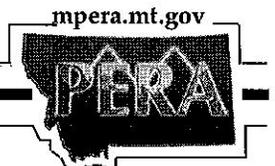
# PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION



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TO: Members of the PERS Defined Contribution Retirement Plan

FROM: Roxanne M Minnehan, MPERA Executive Director 

RE: PERS DCRP Stable Value Fund Update

DATE: January 18, 2010

The October 2008 MPERA newsletter provided an overview and update of the stable value fund option available to members of the Public Employees' Retirement System's Defined Contribution Retirement Plan (PERS DCRP) and the stable value fund option available to participants in the State of Montana's 457 Deferred Compensation Plan (457 Plan). The stable value funds are bond accounts managed by Pacific Investment Management Company (PIMCO), with Monumental Life Insurance Company providing benefit-responsive book value coverage. The newsletter article, which is available on our website at [www.mpera.mt.gov](http://www.mpera.mt.gov), concludes as follows: "As with all investment options, the Board is monitoring both PIMCO and Monumental Life Insurance Company, and will only make prudent changes consistent with its established policies."

As a result of the promised on-going monitoring, and current market conditions, the Public Employees' Retirement Board (Board) has determined it to be prudent to change the underlying investments in the PERS DCRP stable value fund.

The PERS DCRP stable value fund is currently invested in PIMCO's Moderate Duration Fund while the 457 Plan's stable value fund is managed by PIMCO pursuant to Investment Guidelines established by the Board and agreed to by PIMCO and Monumental Life Insurance Company. The Board has determined to transfer PERS DCRP stable value fund accounts to a group or pooled trust effective March 1, 2010. The group trust will be composed of accounts in both the PERS DCRP stable value and the 457 Plan stable value fund. Each will be tracked separately, but jointly invested according to the previously mentioned Investment Guidelines, also available on our website.

Fortunately, the Board's decision permits us to retain the PERS DCRP's current providers, all of whom remain highly regarded in the industry.

Underlying investments in the PERS DCRP stable value fund will be traded February 26, 2010, with settlement in the stable value group trust investments effective March 1, 2010. Participants in the PERS DCRP stable value fund will see no immediate change as their stable value accounts will be kept separate from the 457 plan stable value accounts, and will retain their own distinct crediting rate. The 2010 first quarter crediting rate for the PERS DCRP stable value fund will remain at 6.75% and will be adjusted, as needed, on a quarterly basis thereafter.

If you have questions regarding this change in underlying stable value fund investments, please contact Roxanne Minnehan at 444-3154 or toll free at 1-877-275-7372.