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Dear Members,

What an exciting time it has been here at MPERA! The 2011 legislative session is over and now begins the process of implementing the statutory changes that resulted. With all the talk about “fixing” the retirement systems, no large changes were made. There were many retirement bills introduced, but when the dust settled, very few were signed by Governor Schweitzer. On the upside, no bad bills were passed.

This was a particularly challenging session and I want to thank all of our members for your support and participation. If proposed legislation can affect *your* benefits, it is your voice that truly speaks to our lawmakers. You can read more about the 2011 legislative session in our Directions Online Legislative Newsletter posted on our website.

As we move forward in 2011, we are exploring ways to better communicate with and educate our members. Some of the changes we have or will be implementing include:

- ◆ Website changes – Our website has a new look and we encourage you to stop by and explore the new layout. We are still at the same web address: <http://mpera.mt.gov/> so there is no need to change your bookmark. We are constantly expanding the amount of retirement information available to you and encourage you to take full advantage of it. For example, our retirement calculators can help you estimate the amount of your retirement benefit to assist with your retirement planning. Also, our press room is available to provide you with the most current retirement news.
- ◆ Board member information – All MPERA Board members have been confirmed by the Senate. You can write to them through their contact information found on our website or in the banner to the left.
- ◆ Facebook – We are now on Facebook! This allows us to communicate current information, share interesting articles and inform members of training opportunities. It is also a way for our members to interact with us, so please visit us on Facebook.
- ◆ Electronic communication – Members who have signed up to receive electronic communication receive our newsletters and other notifications.

*Continued on page 2*

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- ◆ Webinars – We have strived to make our training more accessible for our members. Through webinars, we have been able to offer training, without travel, to our members all over the state. Webinars are easy to attend training from the convenience of your own computer. For a schedule of available webinars, visit our website.

As many of you know, one of the greatest retirement concerns for people is the realization that they may not have enough money to maintain their standard of living. Experts are predicting that due to longer life expectancies and rising medical costs, most people will need to replace 100% or more of their pre-retirement income. Relying on your pension alone may not be enough. Retirement is typically based on a “three-legged stool” that includes your pension, social security, and your personal savings and investments. Between a pension and social security, most people will replace around one half to two-thirds of their pre-retirement income. This can leave a sizeable portion that personal savings and investments will need to augment.

Often when people begin their careers retirement looks like it’s a long way off. Building a retirement plan seems like something you do when you are closer to retirement. It’s never too early (or too late) to begin planning for retirement! The sooner you begin your personal savings and investments, the longer those resources have to grow. If you haven’t started already, please consider looking into your available options. Many employers offer an investment option such as a 457 Deferred Compensation plan. The article below offers some information that can help get you on your way to saving for retirement.

As a final note, your Annual Membership Statement will be arriving in July. See the article on page four for more information. Please take some time to review the information carefully. Enjoy summer in beautiful Montana!



## **URGENT! Are You Saving Enough for Retirement?**

**A**s a member of the Defined Benefit Retirement Plan (DBRP), you can choose to receive a lifetime benefit when you retire. But, have you taken time to consider how much you will need in retirement? Although your defined benefit provides a steady income, it is not designed to replace your full pre-retirement income. Typical defined benefit plans only replace about one-third to one-half of your pre-retirement income.

For most people, retirement income is based on their pension, social security, personal savings and investments. Retirement experts are predicting that due to longer life expectancies and rising health costs, retirees will need to replace 100% or more of their pre-retirement income. It is likely that the combination of pension benefits and social security will not be enough to maintain your current standard of living in retirement.

Personal savings and investments can help you create a secure retirement. One way to begin saving is through the State of Montana’s 457(b) Deferred Compensation Plan. This voluntary supplemental retirement plan allows you to contribute and invest pre-tax dollars. This plan is available to all state of Montana and university system employees and employees of other public entities that have contracted with MPERA. If your employer does not offer a deferred compensation plan, we can contract with your local government to provide this valuable service! Simply have your Human Resource or payroll office contact us for more information.

Great-West Retirement Services is the plan recordkeeper. If you wish to research 457(b) and learn more, go to: <http://mperadclplans.com>. You can log in as a guest and view all the information on the 457(b) plan including investment options, fund performance and enrollment information. Great-West staff in Montana can assist with questions and enrollment. They can be reached at: 1-406-449-2408. In addition to pre-tax payroll contributions, the 457(b) plan accepts rollovers from other qualified retirement plans like 401(k)s, 403(b)s and IRAs. It’s never too late to work on your retirement plan. It’s easy to get started; you can enroll in the plan at any time and begin contributing as little as \$5 a paycheck. You can start today to ensure a better tomorrow! ◆

## MPERA's Website: New Look, Same Address!

If you have been to our website lately, you have seen our new look and layout. This new layout makes our website easier to navigate and information easier to find for our members and employers.

Below is an example of our home page. The first thing you will notice is the color scheme changed from green to blue. The drop-down menu tabs under the MPERA banner have also changed. The tab categories are divided into six clearly defined sections: Home, Members, Employers, Retirees, The Board, and About MPERA.

The screenshot shows the MPERA website home page with a blue color scheme. At the top is a banner with the MPERA logo and a scenic mountain landscape. Below the banner is a navigation menu with tabs for HOME, MEMBERS, EMPLOYERS, RETIREES, THE BOARD, and ABOUT MPERA. The main content area is organized into several sections:

- Press Room:** Located on the left, it includes links for Press Releases, Director's Page, Legislative Updates, and Newsletters. A callout points to it with the text: "Press Room also with links to Roxanne's Blog, legislative updates and Directions Online."
- Events Calendar:** Located below the Press Room, it includes links for Educational Events, Board Meetings, and Committee Meetings. A callout points to it with the text: "Events Calendar links you to our Educational Events, Board and Committee Meetings."
- Quick Links:** Located below the Events Calendar, it includes links for Deferred Compensation, Great-West Retirement Services, and Pension Benefits By County. A callout points to it with the text: "Quick Links to Deferred Compensation and Great-West Retirement Services."
- New PERS Members:** A central pod with a handshake icon, containing links to "View the PERS handbook", "Attend a New Member workshop", and "Learn about my PERS plan choice".
- Members:** A central pod with a group photo icon, containing links to "Withdraw my funds", "Update my beneficiary", and "Purchase service".
- Nearing Retirement:** A central pod with a clock icon, containing links to "Check into early retirement", "Learn the Steps to Retirement", and "Calculate my retirement benefit".
- Retirees:** A central pod with a photo of a man icon, containing links to "Withdraw my funds", "Change my address", "Change my direct deposit", and "Change my tax withholding".
- Employers:** Located on the right, it includes links for "Web Reporting", "Employer Forms", and "Employer Handbook".
- Retirement Systems:** A vertical list on the right side, including "Public Employees'", "Judges'", "Highway Patrol Officers'", "Sheriffs'", "Game Wardens' and Peace Officers'", "Municipal Police Officers'", "Firefighters' Unified", and "Volunteer Firefighters' Compensation Act". A callout points to it with the text: "Retirement Systems—all MPERA-administered retirement systems."
- Facebook:** A "Find us on Facebook" button is located at the bottom right. A callout points to it with the text: "MPERA is on Facebook!"

At the bottom of the page is a dark blue footer with links for "PRIVACY & SECURITY", "ACCESSIBILITY", "CONTACT US", "SEARCH", and the "mt.gov" logo.

In the center column are the new information “pods.” These pods contain links to important information that is relevant during each stage of your journey to retirement: new hires, active members, those nearing retirement, and retirees.

We have also added many new features to our website, including a Press Room where all our press releases are gathered into one, easy to read spot; Quick Links to Great-West and Deferred Compensation; and the Retirement Systems that link directly to each MPERA-administered system. Check us out! ♦

Find us on Facebook

M

PERA is now on Facebook! Find out what is happening with your retirement plan. You can let us know your thoughts and connect with other people interested in retirement.

If you already have a Facebook account, you can find us by entering MPERA in the search feature. If you do not have a Facebook account, you can still find us! Just go to our website and click on the Facebook icon. See you there! ♦

# Annual Membership Statements Get A New Look!

## A Preview Of The Redesigned Annual Membership Statement

**N**ext month, your Annual Membership Statement will arrive in the mail. This year your statement will come in a windowed envelope. Please be looking for it in your mailbox mid-July. Do not throw your statement away!

Your statement will be printed on the front and back of a single letter-sized sheet of paper. The letter on the front of your statement explains the information presented on the back. **Please read it carefully.** If you disagree with any of your information, please make a copy of your statement and note the item(s) you feel is incorrect. Mail the copy with your notes to MPERA for review. Page 5 is an example of what the back side of your statement will look like.

### UNDERSTANDING YOUR STATEMENT:

- 1 Total Contributions** – The amount you have contributed to your retirement system defined benefit retirement account through your contributions.
- 2 Account Balance** – The total amount you have contributed to your account, plus interest. This is the amount you would receive if you terminate employment and choose to take a refund. Employer contributions are not refundable and are not included in this total.
- 3 Total Cost of Your Service Purchase Contracts** – The total amount you have or will have paid to complete service purchases.
- 4 Service Credit** – Your total years and months of service credit. The total includes credit for full time employment; completed service purchases/transfers; and service purchases in progress, assuming they will be completed. One-for-Five purchases are listed separately.
- 5 Your Estimated Initial Monthly Benefit** – The monthly benefit you may receive for your lifetime if you stop contributing as of the date indicated and your benefit starts at the age indicated or your current age, if older. This estimate is calculated using the last 36 months of your reported salary and your current service credit. It does not include any future increases in salary or service.
- 6 Guaranteed Annual Benefit Adjustment (GABA)** – After you have completed 12 full months of retirement, your benefit increases in January of each year by the percentage shown.

You can estimate your retirement benefit using different retirement dates, salary and service. To do this, visit our website at [mpera.mt.gov](http://mpera.mt.gov). **Please be aware that the actuarial factors used to calculate early retirement reduction will change on October 1, 2011.**

**We ask that you review all of the information provided on this statement including your address, date of birth and beneficiaries.** If you disagree with any of the enclosed information, make a copy of this statement, clearly mark the information you disagree with, and mail it to MPERA for review. Please inform your payroll clerk of any address changes. Beneficiary changes can be made by filing a new membership card with MPERA. ♦



Montana Public Employee Retirement Administration  
 PO Box 200131 • Helena MT 59620-0131  
 Phone: (406) 444-3154 • Toll Free (877) 275-7372  
 Email: [mpera@mt.gov](mailto:mpera@mt.gov) • Website: [mpera.mt.gov](http://mpera.mt.gov)

**DEFINED BENEFIT RETIREMENT PLAN ANNUAL BENEFIT STATEMENT**  
**Public Employee Retirement System (PERS)**

**NAME:** George Washington      **DATE OF BIRTH:** 02/22/1972

**NAMED BENEFICIARIES**

Martha Washington; John Parke Custis; Eleanor Parke Custis; George Washington Parke Custis;

Account Information as of June 30, 2011

1  
2  
3  
4

<b>Total Contributions:</b>	<b>\$35,471.22</b>		
<b>Account Balance:</b>	<b>\$48,820.81</b>		
<b>Total Cost of Your Service Purchase Contracts:</b>	<b>\$ 0</b>		
<b>Service Credit</b>	<b>Years</b>	<b>Months</b>	
For Employment	8	11.53	
Purchased/Transferred	0	0	
Purchases in Progress	0	0	
<b>Total Years of Service Credit</b>	<b>8</b>	<b>11.53</b>	
One for Five Service Purchased/in Progress	0	0	

5

**YOUR ESTIMATED INITIAL MONTHLY BENEFIT:      \$ 475.15**

You can estimate your retirement benefit using different retirement dates, salary and service. To do this, visit our website at [mpera.mt.gov](http://mpera.mt.gov). Please be aware that the actuarial factors used to calculate early retirement reduction will change on October 1, 2011.

6

**Your Guaranteed Annual Benefit Adjustment (GABA) rate is 3.0%.**

DISCLAIMER: The values above are estimates only and assume full-time employment. Actual retirement calculations will be based on records on file with MPERA at the time of your retirement. Should any information in the statement conflict with statute or rule, statute or rule will apply. Retirement calculations use actuarial factors currently in effect. If those factors change, the estimates may also change. Your benefit is not affected by investment returns.

\*\*\* If you disagree with any of the above information, please make a copy, clearly mark the corrections to the information you disagree with, and mail it to MPERA for review. \*\*\*

Contact MPERA for alternative accessible formats of this document.

MPERA USE ONLY  
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## Are You New To PERS?

If you are a newly hired employee in a position covered by the Public Employees' Retirement System (PERS), you have a very important decision to make about your future. As a member of PERS, you have a choice between two retirement plans and need to determine which one best suits your needs. You will have one year from your hire date to make your decision.

When you start out, you are a member of the Defined Benefit Retirement Plan (DBRP). You can choose to either remain in the DBRP, or transfer your funds into the Defined Contribution Retirement Plan (DCRP). **This decision is yours alone!**

To help you, we offer the following tools:

- Our Website: MPERA has a vast amount of information for you on our website. <http://mpera.mt.gov/NewMember.shtml> These pages offer in-depth information about the two retirement plans for public employees, as well the Optional Retirement Program (ORP) for Montana University System members.
- The PERS Plan Choice Calculator: can help you determine the differences between the two plans. <http://mpera.doa.mt.gov/dm/index.jsp>
- Great-West Retirement Services: provides information about the DCRP at <https://mperadcplans.gwrs.com/login.do>. You can enter as a guest and review the DCRP investment options and performance.
- New Hire Workshops: MPERA offers live workshops with knowledgeable trainers, or you can log into one of our webinars from the comfort of your office or home. Also on our site you can watch New PERS Member Choice Educational videos about our plans.
- MPERA Staff: Our training staff is very helpful and can answer your retirement questions.

If you have any questions, please feel free to contact us at [MPERACommunications@mt.gov](mailto:MPERACommunications@mt.gov). ♦

## MPERA Webinars And Workshops

MPERA webinars provide easy access to retirement planning information from the convenience of your home or work. You can link with our educational professionals for a wealth of information via the internet. These workshops are held throughout the year. Your human resource office can also request a special training session for your agency by contacting MPERA Communications at [MPERACommunications@mt.gov](mailto:MPERACommunications@mt.gov) or call us toll-free at 1-877-ASK-PERA.

- ♦ The **New Hire** workshop presents details about the Defined Benefit Retirement Plan (DBRP) and the Defined Contribution Retirement Plan (DCRP).
- ♦ The **457(b) Deferred Compensation Plan** webinar introduces you to another option when considering retirement needs.
- ♦ The **Steps to Retirement** workshop walks members who are looking at retirement within the next 5-10 years through the retirement process. This workshop answers valuable questions such as payment options and beneficiary decisions.

Check our website for the schedule of webinars updated each quarter! ♦



## Interested In Purchasing Service?

If you are interested in retiring early or increasing the amount of your monthly benefit, purchasing service might help.

As a member of a defined benefit retirement plan, your retirement benefit is calculated using a formula. Two important factors used in the formula are **service credit** and **membership service**. Purchasing service can increase one or both of those factors.

**Membership service** is used to determine if you are eligible for retirement or other benefits. You earn one month of membership service during any month you contribute to your defined benefit retirement plan.

**Service credit** is used to determine your retirement benefit amount. You earn one month of service credit for each month of full-time service. Unlike membership service, which you earn one month for any number of hours you work during that month, service credit is determined by the number of hours you work. We will calculate the cost of purchasing service using a formula that is based on:

- ◆ your age;
- ◆ your previous year's salary;
- ◆ your current years of membership service; and
- ◆ how many years of service you wish to purchase.

You must have at least five years of membership service before you can purchase most types of service. If you are thinking about purchasing service, it is a good idea to start as soon as you can. As a general rule, your salary will increase as you progress through your career. Because your previous year's salary is a factor, the more you make, the more it will cost you to purchase service. The longer you delay purchasing service, the more expensive it can be. Paying for service credit can be done in a lump-sum or by a rollover of funds, including rollovers from your 457(b) account or IRA.

**When purchasing service, the most recent service must be purchased first.**

**Limitations:** Some of the types of service available for purchase are limited to a total of five years. Please consult our website at [mpera.mt.gov](http://mpera.mt.gov) for more information. ◆

## MPERA's Online Retirement Benefit Calculator

Would you like an estimate of what your monthly Defined Benefit retirement benefit will be when you decide to retire? Now you can find out in about five minutes by using **MPERA's Retirement Benefit Calculator**.

It is very easy to get started. Enter the information provided to you from your most recent Annual Membership Statement. (see pages 4 and 5) The calculator will walk you through each step. In just a few minutes, you will have a good idea of what you can expect for a benefit when you retire. The Retirement Calculator calculates the estimated amount of your monthly benefit for all retirement Options.

Just go to our website at [mpera.mt.gov](http://mpera.mt.gov). Click on the Members tab and select Calculate My Retirement from the menu options. ◆

## Early Retirement

Are you thinking about early retirement? Some members have had questions regarding the legislative changes that affect early retirement created as a result of House Bill 122.

HB 122 does not affect members with 30 years of service **or** who are age 60 with at least 5 years of membership service. However, for members considering early retirement, (if you are age 50 or older, with less than 30 years of service credit), beginning October 1, 2011, new actuarial factors will be used to calculate your early retirement benefit.

For members choosing early retirement:

- ◆ before October 1, 2011, benefits will be calculated using our current actuarial factors.
- ◆ after October 1, 2011, benefits will be calculated using the new actuarial factors.

Our website offers you the opportunity to estimate your retirement benefit using different retirement dates and years of service. Visit [mpera.mt.gov](http://mpera.mt.gov). Please be aware, our benefit estimator will be updated with the new actuarial factors after July 1, 2011. ◆

# Do You Know the **STEPS** To Retirement?

If you are starting to think about retiring, here is what you need to know to get started:

- Up to **5 years** before you plan to retire, attend a Steps to Retirement workshop or webinar. This will give you a detailed look at the retirement process and your options. The workshop/webinar schedule is available on our website.
- **6 months** before you plan to retire, contact MPERA for an official retirement estimate. The estimate will give you an approximate amount of your monthly benefit and allow you to plan your retirement accordingly. If you are 62 years or older, make an appointment to visit the Social Security Administration.
- **3 months** before you plan to retire, complete the retirement forms that accompanied your estimate and return them to MPERA.

Be sure to file your retirement application with MPERA  
**30 to 90 days** before your planned retirement date.

- **1 month** before you plan to retire, follow up with MPERA.
- Don't forget to inform your employer of your retirement!

If you have any questions, please contact our Member Services Bureau. ♦

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*Should any information in this  
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 rule, the statute or rule will apply.*