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Should any information in this
newsletter conflict with statute or
rule, the statute or rule will apply.



LOWER FEES!

Recently, the Board reviewed and reduced fees in both the 457(b) Deferred Compensation Plan and the Defined Contribution Retirement Plan (DCRP)!

Beginning July 1, 2012:

- ◆ THE DCRP participation fee dropped from **\$57 per year to \$0 per year!**
- ◆ THE 457(B) DEFERRED COMPENSATION participation fee dropped from **\$5 per year to \$0 per year!**

Beginning October 1, 2012:

- ◆ 457(b) Deferred Compensation Plan:
 - ◇ Participants who invest in mutual funds that revenue share will be refunded the *12(b) 1 fees.
 - ◇ Asset based fees will be reduced from the current levels to:

\$0 – 20,000	=	0.33%
\$20,001 – 50,000	=	0.23%
\$50,001 – 100,000	=	0.13%
Over \$100,000	=	remains 0

- ◆ DCRP participants who invest in mutual funds that revenue share will be refunded the *12(b) 1 fees.
**12(b) 1 fees are charged by some mutual funds to pay marketing, distribution and service costs to the broker.*

TARGET DATE FUNDS - The STATE OF MONTANA

Like many people, you may find it difficult to manage your retirement account. But help is here! MPERA is now offering T. Rowe Price Target Date Funds, a convenient option to help you save for retirement.

Target Date Funds, available through the state of Montana's Defined Contribution Retirement and 457(b) Deferred Compensation Plans, are professionally managed by T. Rowe Price. These funds are designed to automatically adjust your asset allocation and risk exposure as you near retirement. If you are new to investing, or just too busy to actively manage your account, Target Date Funds can help take the guesswork out of diversifying your assets.

Advantages of Target Date Funds:

- ◆ Managed by a professional, experienced fund manager.
- ◆ Include a diversified mix of asset classes
- ◆ Automatically adjust your allocation and risk exposure eliminating the need for you to rebalance your portfolio.
- ◆ Designed for a specific retirement date

The T. Rowe Price Target Date Funds include a year in their name that corresponds closest to the year in which you want to retire or withdraw your funds. **For example:** 1970 (year you were born) + 65 (age at which you expect to retire or withdraw your money) = 2035. For more information, please go to the Great-West Retirement Services website at www.gwrs.com.

Remember, your investment performance depends on many factors and it is not guaranteed at any time. Take time to ensure you have made the right investment choice for your personal circumstances.

This material is simply informational and is not intended as financial planning or investment advice.

YOU CAN SAVE MORE FOR RETIREMENT!

Have you ever thought to yourself, "I wish I could save more for retirement, but I just can't spare the money"? Here are some tips that will help you find more ways to save for retirement.

As you pay off debt such as car and house payments, credit cards, and student loans, consider putting all or a portion of that money into your deferred compensation or other supplemental retirement account. You might also consider contributing to your retirement after you no longer have your child-related expenses such as daycare, school activity fees, and allowances.

Even small contributions can add up over time! One less latte or lunch out per week can help you save close to \$20 a month. If you save just \$10 per week in your 457(b) deferred compensation plan for 40 years and earn an average rate of return of 7 percent, you will have over \$100,000 in your account! If you start later, don't be discouraged. You can still save more than \$73,000 by setting aside \$60 a month in your tax-deferred saving account for 30 years with an average rate of return of 7%. Take advantage of the power of tax-deferred savings!

Pay yourself first. Put away the money you need to reach your goals. Having money automatically withdrawn from your checking account and put into savings or an investment saves you from the urge to spend it. Putting bonuses and raises toward retirement savings is also a great way to save more.

Develop a strategy. Are you looking for ways to pay off credit card debt? Here are some suggestions:

- ◆ Pay more frequently.
- ◆ Pay more than the minimum.
- ◆ Shop for a lower rate.
- ◆ Combine debt to one loan.
- ◆ Use credit cards only for emergencies.

POST YOUR
GOALS TO KEEP
SIGHT OF THEM!

Continued on back.

Continued from front.

Start small, if necessary. Money may be tight, but even small amounts can make a big difference given enough time, the right kind of investments, and tax-favored vehicles such as 457 plans. Remember to be realistic about investment returns, though. Never assume that a year or two of high market returns will continue indefinitely. The same goes for market declines.

Revisit your spending plan every few months. Income and expenses change over time so be sure to check back to see if you are still on track to meet your goals!

MAKE RETIREMENT SAVING A HABIT. ITS' NOT DIFFICULT ONCE YOU START!

Did You Know This About The 457(b)?

You may be eligible to participate in either of two provisions that allow you to contribute more than the maximum annual deferral amount. In 2012, the IRS set the following contribution limits:

Under Age 50 limit - You can defer up to \$17,000 per year.

Additional Age 50+ Catch-Up Provision - If you are age 50 or older, you can make "additional catch-up" contributions. The 2012 additional catch-up is \$5,500. When added to the regular limit, you can defer a total amount of \$22,500!

Standard Catch-Up Provision - If you did not defer the maximum amount every year during your participation in the 457(b), you can make up the difference by taking advantage of the standard catch-up provision. You can do this for any, or all, of the last 3 calendar years before the year in which you reach normal retirement age (as defined by your retirement system), but not later than age 70 ½. The maximum amount you can defer under this provision for 2012 is \$34,000.

Please be aware that you may not use the Standard Catch-Up provision and the Age 50+ Catch-Up Provision in the same year.

If you would like more information about the 457(b) catch up provisions, contact your Great-West representative today!

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457 PLAN MEMBERS:

REMEMBER TO DESIGNATE A BENEFICIARY!

Naming a beneficiary to your 457(b) Deferred Compensation plan will ensure that, if you die unexpectedly, your retirement funds will be distributed as you intended. Designating your beneficiary will prevent your account from being subject to probate costs, creditor attachment, and other taxes.

Don't assume that because you have a will, your account will pass to the beneficiary(ies) named in your will. If you die and no beneficiary exists **on your account**, a full, taxable, distribution will be made to your estate. If you do have beneficiaries, we are required to distribute the funds from your 457(b) account to the **latest designated beneficiary(ies) on file with Great-West Retirement Services**. Please be sure this is who you intend it to be.

You can designate your beneficiary online at www.gwrs.com. If you do not have a USERNAME and PIN, you can call 1-877-699-4015 to request one.

GREAT-WEST RETIREMENT SERVICES: WORKING FOR YOU!

New to investing? Unsure what the difference is between a mutual fund and a bond? No problem! Great-West account representatives are licensed, knowledgeable professionals that can take the mystery out of investing and account management. As a State of Montana's Defined Contribution Retirement Plan member and/or 457(b) Deferred Compensation Plan participant, you are served by 3 account representatives. Each representative offers education one-on-one, to groups and through weekly webinars sponsored by MPERA. Their sole mission is to provide you with the best possible service. Your representatives are:

Nancy Quirino (Western Montana): 406-549-3131
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