MPERA
MONTANA PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION

DIRECTIONS for Active Members of the Public Employees' Defined Contribution Retirement Plan (DCRP) and participants of the State 457(b) Deferred Compensation Plan

September 2013

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

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Upcoming Stable Value Fund Changes: Montana Fixed Fund and DCRP Fixed Fund

The investment options currently titled Montana Fixed Fund in the 457(b) plan and DCRP Fixed Fund in the PERS-DCRP plan will be undergoing some structural changes as of October 1, 2013.

Although currently titled differently, each plan's investment is in the same portfolio managed by Pacific Investment Management Company (PIMCO). Effective October 1, 2013, both the Montana Fixed Fund and the DCRP Fixed Fund will be called the "Montana Fixed Fund".

The Montana Fixed Fund (the "Fund") is a stable value product which seeks to preserve your principal investment while providing a stable, attractive fixed rate of return. The rate of return of the Fund is set each quarter based upon the yield, duration, and other characteristics of the underlying portfolio[1].

Beginning October 1, 2013 you will also notice a change in valuation methodology used in the Fund. You will now see on your statement the Net Asset Value (NAV) or price of the Fund and the number of Fund units you own as of the statement date. The value of your investment in the Fund in dollars is calculated by multiplying the number of units owned by the NAV. For instance, if you own 100 units at a $10 NAV the total value you own is $1,000 (100 units x $10 NAV = $1,000). This only affects the accounting methodology used to value your investment and does not affect the value of your investment itself. Once this change is implemented you will notice two transactions on your statement documenting the removal of the old valuation structure and the implementation of the new valuation structure. The value of each transaction, one negative and one positive, should cancel each other out and result in no effect on the total value of your investment.

If you have any questions regarding the changes, please call MPERA or Great-West.

[1] The underlying portfolio consists of fixed income investments, such as U.S. treasuries, governments, mortgage-backed securities, and corporate, as well as money market instruments. Also held by the Fund are one or more stable value investment contracts, sometimes known as GICs or wraps, which are issued by insurance companies and other financial institutions. These contracts help the Fund provide a periodic and steady rate of return, smooth the day-to-day returns of the underlying investments, and help protect your invested principal balance. The objective of the Fund will not change.

Two Mutual Funds Replaced Due To Underperformace

At the May Public Employees' Retirement Board ("the Board") meeting the Board voted to replace two mutual funds due to underperformance, based on recommendations from the Employee Investment Advisory Council (EIAC) and Wilshire Investment Consultants, the Board's investment advisor. Investment performance is regularly reviewed in both the 457(b) Deferred Compensation and Defined Contribution Retirement Plans (PERS - DCRP) to ensure compliance with the Board's Investment Policy Statement.

457(b) Deferred Compensation Plan

The Vanguard Equity Income Fund (VEIRX) replaced the Davis New York Venture Fund (NYVTX) investment option. If you had money in Davis New York Venture Fund (NYVTX), and you did not transfer your investment to a different option, your existing balance automatically transferred to the Vanguard Equity Income Fund on August 30, 2013.

PERS-DCRP

The MFS Mid Cap Value Fund R5 (MVCKX) replaced the Janus-Perkins Mid Cap Value (JMCVX) investment option. If you had money in he Janus-Perkins Mid Cap Value, and you did not transfer your investment to a different option, your existing balance automatically transferred to MFS Mid Cap Value Fund R5 on August 30, 2013. For information about fund reviews and these changes, please visit MPERA's website, *http://mpera.mt.gov*. Great-West account executives are also available to assist you in your personal investment strategy and goals.

Please do not hesitate to call them at 449-2408 in Helena or 877-699-4015, option 2, for toll free assistance.

Designated Roth Accounts Now Available for 457(b) Participants!

The State of Montana has added the ability to contribute to a Roth account within the 457(b) Deferred Compensation Plan. If you participate in Deferred Compensation, you can now make after-tax contributions to your 457 account up to the IRS limits when combined with any pre-tax contributions. The Roth 457(b) offers you another option that, depending on your individual circumstances, you may wish to consider. You pay taxes on Roth deferrals at the time deferrals are made, rather than at the tax rate in effect when the Roth deferrals are distributed. This may be an advantage if you expect to be in a higher tax bracket when you retire.

Deferred Compensation Plan participants can choose to contribute pre-tax amounts, after-tax amounts, or both. Simply log on to your account at *mperadcplans.gwrs.com/*and download the "Payroll Contribution Election" form. Complete the form and mail or fax to the address or fax number shown on the form.

my Social Security is a Hit

Social Security's hottest new online service is getting a lot of use — to the tune of nearly one million visits a week! **my Social Security** is an online account that allows people quick access to their personal Social Security information. For example, during a person's working years, **my Social Security** can be used to obtain a Social Security Statement to check his or her earnings record and see estimates of future retirement, disability, and survivor benefits. People who already receive Social Security can get a benefit verification letter, check benefit payment information, and even change addresses, phone numbers, and direct deposit information. You can try it out now at *www.socialsecurity.gov/myaccount.*

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National Save For Retirement Week Is October 21-25

Be sure to check our website for updates at *mpera.mt.gov*. If you have any questions about National Save for Retirement Week, please email us at *MPERACommunications@mt.gov.*

Retirement Income Control Panel

Have you noticed the new feature when you log in to your Defined Benefit or Deferred Compensation account? It's the Retirement Income Control Panel (RICP) and it is the latest tool offered by Great-West to help manage your retirement account.

Project your retirement income by clicking on the link at the bottom of the Retirement Income icon. Then customize your retirement income projection by clicking "edit" and changing your age at retirement, salary amounts, or required replacement income.

If you are short of your desired Monthly Retirement Income, RICP will provide suggestions for attaining your goal.

Log in today and try out this new customizable retirement planning tool.

Are You Managing Your Account?

If you are unsure about investing your DCRP or 457(b) account, MPERA offers investment education in conjunction with Great-West. Attending webinars to learn more about stocks, bonds and target date funds can help you better manage your account and your future. The MPERA education calendar is updated monthly with the complete list of available webinars at *mpera.mt.gov*.

Great-West representatives are available to answer almost any questions. They can provide assistance with account management and take the mystery out of investing. Great-West's statewide representatives are:

Nancy Quirino (Western Montana): 406-549-3131
email: Nancy.Quirino@gwrs.com

Beth Long (Central Montana): 406-449-2408
email: Beth.Long@gwrs.com

Gary Whitney (Eastern Montana): 406-670-5616
email: Gary.Whitney@gwrs.com

Public Employee Retirement Information System (PERIS)

MPERA is working on a project to replace our current computer system. Our new system, PERIS, will be completed over the next two years and will allow you online access to your retirement account information including your account balance, retirement calculators and much more. We are eagerly looking forward to providing our members with improved customer service. service.

Do We Have Your Current Address?

If you move, please update your address with your Human Resource (HR) office or payroll clerk. The address your HR has on file is the one we use to contact you regarding your account.

If you leave employment and move, you can go to our website and download an address change form for inactive members, so we can continue to send you important information regarding your account.

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