



for Retirees

Montana Public Employee Retirement Administration (MPERA)

October 2009

This annual newsletter provides information for retired members of the following retirement systems administered by the Montana Public Employees' Retirement Board (PERB):

- Public Employees' (PERS)
- Highway Patrol Officers' (HPORS)
- Game Wardens' and Peace Officers' (GWORS)
- Firefighters' Unified (FURS)
- Judges' (JRS)
- Sheriffs' (SRS)
- Municipal Police Officers' (MPORS)
- Volunteer Firefighters' Compensation Act (VFCA)

A Message From the Executive Director

by Roxanne Minnehan



Continued uncertainty in the financial market, naturally, creates concern about the security of retirement benefits. Rest assured that your retirement benefits, including GABA (guaranteed annual benefit adjustment) are contractually protected and guaranteed by law.

Public retirement benefits are essential to small communities across Montana. According to "Pensionomics: Measuring the Economic Impact of State and Local Pension Plans" published by the National Institute on Retirement Security (NIRS) in February, "public pension payments are vital to small communities and economies across the country where, due to lack of diverse local industries, other steady sources of income may not be readily found. Such reliable sources of income may be especially important in stabilizing local economies during economic downturns, because, as compared to more individualized forms of retirement income, pension income is guaranteed, so retirees need not worry

about reducing spending with every dip in the stock market."

Although group defined benefit plans can weather bear markets better than individual accounts, the retirement systems have not been immune to the market conditions. The retirement systems' have experienced considerable investment losses. House Bill 659 has directed the State Administration and Veterans' Affairs (SAVA) legislative interim committee to study the impacts to the statewide retirement plans and recommend funding and benefit changes to address continued sustainability. **Any changes proposed will impact new hires only.**

MPERA and the Public Employees' Retirement Board (PERB) will continue to work with SAVA to provide education on retirement issues and assist in constructing legislation that will meet federal requirements. We will continue to promote retirement readiness for all while being cost-efficient and fiscally responsible.♦

- Governor*
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Public Employees' Retirement Board
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- Vice-President*
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Should any information in this newsletter conflict with statute or rule, the statute or rule will apply.

1099-Rs Will Be Coming in January

MPERA will mail your 1099-R tax distribution form in January. You will need this form to file your 2009 income tax return. The 1099-R provides the following information for the 2009 calendar year:

- Total gross distributions (the gross amount you received from MPERA in 2009)
- Total taxable amount; and
- Taxes withheld.

The graphic highlights important sections of your 1099-R form. If you have questions regarding your form, contact your tax advisor. ♦

Box 1

The total amount paid to you by MPERA for the calendar year.

Box 2a

The portion of your total benefit received during the calendar year that should be considered taxable income.

Box 4

The total amount of federal income tax (FIT) withheld during the calendar year.

Box 5

Taxed contributions or investment in contract (after-tax contributions).

Form 1099-R <input type="checkbox"/> CORRECTED (if checked)		OMB No. 1545-0119
1 Gross distribution \$	2a Taxable amount \$	Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
2b Taxable amount not determined	Total distribution	
PAYER'S name, street address, city, state, and ZIP code PUBLIC EMPLOYEES RETIREMENT BOARD 100 N PARK AVE STE 200 P.O. BOX 200131 HELENA, MT 59620-0131		
PAYER'S Federal identification number 81-6001666		RECIPIENT'S identification number
3 Capital gain (included in box 2a) \$	4 Federal income tax withheld \$	5 Employee contributions or insurance premiums \$
6 Net unrealized appreciation in employer's securities \$	7 Distribution code(s)	8 Other \$
9a Your percentage of total distribution %	9b Total employee contributions \$	Insurance Premium Paid \$
RECIPIENT'S name and Street address (including apt. no.) city, state, zip code		
Account number (optional)		10 State tax withheld \$
11 State/Payer's state number MT 4053531002WTH		12 State distribution \$
13 Local tax withheld \$	14 Name of locality	15 Local distribution \$
File this copy with your state, city, or local income tax return, when required.		Department of the Treasury Internal Revenue Service

Box 7

Code identifying the type of benefit being paid—normal, disability, death, etc. Codes are listed on the back of Copy B and C of the form.

Insurance Premium Paid

Total health insurance premiums deducted from benefit payments during the calendar year.

Account Number (optional)

MPERA Retirement number.

Box 10

The total amount of Montana state income tax (SIT) withheld during the calendar year.

Contact Information

Internal Revenue Service

Phone (800) 829-1040

www.irs.gov

Montana Department of Revenue

Phone (406) 444-6900

www.mt.gov/revenue

Direct Deposit Is The Best Way To Receive Your Benefit!

Almost 86% of Montana retirees receive their retirement benefit through direct deposit. They know that with direct deposit, their money is in their account on the last working day of the month, guaranteed. It will never be late and they do not have to drive to the bank to make a deposit.

The easiest way to sign up for direct deposit is to download the Direct Deposit Agreement located under the publications tab on the MPERA website, fill it out, and mail it to our office. The completed direct deposit form must be received prior to the 15th of the month to ensure your benefit is electronically deposited at the end of that month. If you have any questions, or if you wish to receive a form for completion, contact Terry Dalton at MPERA toll free 1-877-275-7372 ext 5451. ♦

Make Sure MPERA Has Your Current Address

MPERA sends out mail that cannot be forwarded by the postmaster, such as retirement checks, change of benefit notices, 1099-Rs (see page 2) and newsletters. This includes the “temporarily away” designation that you may have at your local post office. Your undeliverable mail will be returned to the MPERA office. This is our way of protecting your retirement checks and other sensitive information that pertains to your account.

It is very important, even if you are only gone for a few weeks, that you fill out a change of address form or inform us, **in writing**, of any temporary or permanent address change. Be sure to include your signature to authorize the change. Remember to change your address back once you have returned home.

The Change of Address form is available on the MPERA website under the publications tab. To request a paper form, contact Terry Dalton at MPERA toll free 1-877-275-7372 ext 5451. ♦

Disability Retirement

Some members are unable to work their full Montana public employment career due to a disability. These members may apply for, and be granted, a disability retirement by the PERB when certain conditions are met. If approved, the disability benefit becomes effective the day after their termination from employment. If you are the recipient of a disability retirement benefit, there are several things to keep in mind.

1. You may be subject to periodic medical review. MPERA may require that you submit medical information that reflects your current physical or mental status. Once notified that this medical information is due, you will need to submit documentation from your treating physicians. If you do not submit the medical documentation within the required time frame, your disability benefit may be suspended or cancelled. As long as you continue to be disabled and submit medical documentation supporting your medical status, your benefit will continue.
2. If you are a disabled PERS retiree and obtain employment with other employers outside the MPERA administered systems, you will continue to receive your monthly benefit. The amount you are allowed to earn is limited by law to the monthly amount you were earning when you became disabled. For any month that your disability benefit plus your other earned income exceeds the amount you were making when terminated, your benefit will be reduced \$1 for every \$1 your earnings are over the limit. The limit applies to income you earn from employment in a position that is not covered by PERS.

If you accept a PERS-covered job in any capacity, you will be reinstated to active service and your disability retirement benefit will be cancelled. Contact MPERA before you accept a new position, if you are uncertain about the position.

Disabled members of other retirement systems administered by MPERA do not have a limit on other earned income. However, if you have any questions, contact MPERA for further information. ♦

We Did It Again!

The Certificate of Achievement for Excellence in Financial Reporting has been awarded to **Montana Public Employees' Retirement Board** by the Government Finance Officers Association of the United States and Canada (GFOA) for its comprehensive annual financial report (CAFR). The certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government agency and its management.

An award of Financial Reporting Achievement has been awarded to the individual(s), department, or agency designated by the government as primarily responsible for preparing the award-winning CAFR. This has been presented to:

Fiscal Services Bureau, Montana Public Employees' Retirement Board

The CAFR has been judged by an impartial panel to meet the high standards of the program including demonstrating a constructive "spirit of full disclosure" to clearly communicate its financial story and motivate potential users and user groups to read the CAFR.

The GFOA is a nonprofit professional association serving approximately 17,500 government finance professionals with offices in Chicago, IL and Washington, D.C. ♦

Lunchtime Learning Sessions

A Lunchtime Learning Session is coming to a town near you! Watch for notices on our website and in the mail for details on when and where. Don't miss the chance to visit with MPERA experts to receive valuable updates and reviews of your state retirement benefits.

The MPERA Website Is Your Best Retirement Resource!

The MPERA website has all the latest news about what is happening at MPERA and how it impacts your retirement. It also has:

- Under the **About MPERA** tab, 'Organization' links to information about the Public Employees' Retirement Board. The Events Calendar keeps you updated about the Board meetings and other Board Committee meetings.

- The **Retirement Systems** tab lists each retirement system administered by MPERA. All the updated news regarding each system and the latest legislative impacts are on these pages.

- The latest newsletters, updated handbooks and forms can be found under the **Publications** tab. Also located here are the actuarial valuations and reports along with the Board's comprehensive annual financial report (CAFR).

- The **Rules and Policies** tab contains all of MPERA's rules, Board policies and governance principles.

- **What's New at MPERA** spotlights important information and the latest editions of the Directions newsletter, as well as news regarding the latest happenings in the retirement world that impact you. ♦

<http://mpera.mt.gov/>

The New Tax Tables

The American Recovery and Reinvestment Act of 2009 contained a provision called the "Making Work Pay" credit. The credit was incorporated through new tax tables, which were implemented by MPERA in April of this year. This resulted in less tax being withheld. Shortly after, the IRS provided a corrective measure for retiree tax withholdings, which MPERA implemented in June. This corrective measure allows MPERA to assist retirees in withholding the most accurate amount possible.

If you **have not** adjusted your tax withholdings since the new tables were incorporated, there is no need to take further action unless you or your tax advisor believes a change is necessary.

If you **have** adjusted your tax withholding after the new tax tables were incorporated, you may wish to review your situation.

The Tax Withholding Certificate is available on our website at <http://mpera.mt.gov/forms/retiree>. ♦

Beneficiary Designations

Retirees of the Public Employees' Retirement System, the Judges' Retirement System, the Sheriff's Retirement System and the Game Wardens' and Peace Officers' Retirement System, elected to receive one of the following payment options:

- a retirement benefit for their life (option 1)
- a retirement benefit for their life and the life of another (options 2 and 3)
- a retirement benefit for the minimum of their life or a period certain of either 10 or 20 years (option 4).

When you elected option 2, 3 or 4, you named a "contingent annuitant" - the person entitled to receive a continuing benefit in the event of your death. It is vital that MPERA be kept apprised of your contingent annuitant's whereabouts so he or she can be found in the event of your death. Please remember to provide updated address information.

If you elected option 2 or 3 and are:

1. subsequently divorced from your designated contingent annuitant; or
2. if your contingent annuitant predeceases you, please contact MPERA to change your options.

If you elected option 4 and your contingent annuitant[s] predecease you, you should contact MPERA to name a new contingent annuitant. Otherwise, benefits will be paid to your estate if you pass away before the 10 or 20-year period. ♦

Avoiding Scams And Bad Decisions

The oldest baby boomers turned 62 this year and more than 70 million will likely enter retirement over the next twenty years. Retiring baby boomers are faced with the misfortune of ending their income accumulation years after a bear market. After a period where the S&P 500 Index barely advanced, many feel they need to make up for lost capital quickly. This fear makes them easy targets for hustlers looking to make money.

According to regulators, there are a number of ways to protect yourself (or loved one) against money scams. If approached with 'great money' deals, there are four simple red flags to watch for:

1. If it sounds too good to be true, it probably is;
2. Guaranteed returns aren't;
3. Beauty isn't everything (a fancy-looking website doesn't mean the party behind the site is credible); and
4. Pressure to send money or sign up right away, or give personal account information.

If you spot any one of these themes in a sales pitch, the SEC says to be skeptical about the legitimacy of the offer or deal. Check all offers out carefully. The most reliable sources to use are:

- a. the Financial Industry Regulatory Authority (FINRA); the largest non-governmental regulator for all securities firms doing business in the United States at <http://www.finra.org/Investors> or toll-free at (800) 289-9999; or
- b. your state securities (insurance commissioner) regulator. ♦

Going Back To Work?

Are you are considering going back to work because you miss having a job or would like the extra income? If you work for a private company or a public employer **not** affiliated with MPERA, your retirement benefit will not be affected with the exception of some disability retirees (see Disability Retirement on page 3).

However, if you retired from the Public Employees' Retirement System (PERS), the Sheriffs' Retirement System (SRS), or the Firefighters' Unified Retirement System (FURS), and return to work in a position covered by the same retirement system, returning to work is subject to the following limitations:

⇒ As a **PERS** working retiree, you are limited to working 960 hours in any calendar year. If you exceed the 960 hour limit and are under age 65, your monthly retirement benefit will be reduced \$1 for each \$1 you earned.

⇒ As a **SRS** working retiree, you are limited to working 480 hours in any calendar year. If you exceed the 480 hour limit, your monthly retirement benefit will be reduced \$1 for each \$3 earned in excess of \$5,000 per calendar year.

⇒ As a **FURS** working retiree, you are limited to working 480 hours in any calendar year. If you exceed the 480 hour limit, you must return to active service.

Working retirees for the above systems **must** complete a "Working Retiree Certification" form each month. The form is available through employers and requires both the retiree's and employer's signature.

The other MPERA-administered systems do not contain provisions for working retirees. ♦

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