

GLOSSARY

ACCUMULATED CONTRIBUTIONS - are regular and additional service purchase contributions a member pays to a system and interest those contributions earn. Federal and state income taxes are deferred on all interest and some contributions. Employees who became members of a retirement system before 1985 have taxed regular contributions in their account.

ADDITIONAL SERVICE PURCHASE CONTRIBUTIONS - are contributions a member pays (in addition to regular contributions) to purchase various types of optional service credit as allowed by the retirement system. The member can initiate a service purchase contract to purchase service through pre-tax payroll deduction. The service purchase contract cannot be terminated except by death or termination of employment. Additional service purchase contributions which are not through payroll deductions are taxed. These contributions earn interest and MPERA accounts for them separately. When the service purchase is complete, the member will receive appropriate service credit.

AGENCY - is an employer with positions covered by one of the retirement systems. For state and some local government agencies, the law requires coverage. All others must contract with the Board for coverage. This manual refers to employers with required or contracted coverage as covered agencies or employers.

AGENCY NUMBER - is an alphanumeric code (zz 9999) assigned by MPERA to all agencies with retirement coverage.

BENEFICIARIES - must be natural persons, charitable organizations, or trusts for the benefit of natural living persons. A member designates beneficiaries on a membership card and may change beneficiaries by filing a new card with MPERA. The beneficiary will receive any payment owed the active or inactive member and any remaining amount in the member's account upon the active or inactive member's death. A beneficiary eligible for a lump sum payment may exercise an option to receive the amount as an annuity; however, any benefit increases passed by the legislature will not increase the annuity. A contingent beneficiary is a beneficiary designated to receive any benefits if no living primary beneficiary exists. When a member of HPORS, MPORS, or FURS dies, designated beneficiaries receive death benefits only if the member has no surviving spouse or dependent children. See also contingent and primary beneficiary.

BENEFIT - is a monthly payment from a retirement system to a member or the monthly survivorship payment to a member's survivor.

BOARD - the Public Employees' Retirement Board or PERB.

COMPENSATION - is the pay an employee receives before deducting taxes or social security. Each of the eight public retirement systems has its own meaning for compensation.

CONTINGENT ANNUITANT - is the person a member designates to receive a continuing retirement benefit after the member dies. Contingent annuitants are designated under options 2-4 in PERS, JRS, GWPORS, and SRS. Initially, the retired member receives the benefit, then it continues to the contingent annuitant after the member's death. The duration and amount of the continuing benefit varies depending on the option the member selected. The contingent annuitant is not designated until the member selects a

retirement option. Current law allows the member to change the contingent annuitant under very limited circumstances.

CONTINGENT BENEFICIARY - in PERS, JRS, SRS, and GWPORS, is a beneficiary who receives death benefits if no surviving primary beneficiaries exist. The member must designate the contingent beneficiaries. See also beneficiaries and primary beneficiary.

CONTRACTED SERVICES - is employment governed by a written agreement. Independent contractors may not receive coverage from a retirement system.

CONTRACTING EMPLOYER - is any political subdivision or government entity that contracts with the Board for retirement system coverage. Employers may only contract for coverage under the PERS. See also agency.

CONTRIBUTION - see accumulated, additional service purchase, or regular contributions.

COVERED EMPLOYEE - is an employee of the state or a political subdivision who is working in a position in which the employee is required to be or has the option and has elected to be a member of the retirement system as otherwise provided by law. Employment covered by PERS includes work performed by a retiree through a professional employer arrangement, an employee leasing arrangement, or a temporary services contractor.

COVERED EMPLOYER - is the state government or a political subdivision participating in a public retirement system to provide coverage for its employees. For state and some local government employers, the law requires coverage, but all others must contract with the Board for coverage. This manual refers to employers with required or contracted coverage as covered employers or agencies. See also agency.

COVERED EMPLOYMENT - is employment with the state or a political subdivision that requires the employee join a retirement system. This manual uses covered employment and covered position to mean the same thing.

DEPENDENT CHILD - is a minor or dependent child (as defined by specific statute) who is incapable of self-sustaining employment. For HPORS, MPORS, and FURS, a dependent child is an unmarried child of a deceased member, who is either:

1. Less than 18 years of age.
2. Less than 24 years of age, unmarried, and a full-time student attending an accredited institution for post secondary education in anticipation of receiving a certificate or degree.

DD 214 FORM - is a certificate of military service.

DISABILITY - is the member's total inability to do the essential elements of the member's job because of physical or mental incapacity. The member must become disabled while an active member, and the disability must be permanent or of extended and uncertain duration. The Board will determine disability based on competent medical opinion.

DISABILITY BENEFIT - is the monthly benefit paid to members who become disabled. Only the Board may determine a member's disability status. All retirement systems provide some type of disability benefit, but the benefits are different for each system.

EARNINGS - are periodic payments for work done.

ELECTED OFFICIAL - is an individual hired by a public vote.

ELECTRONIC REPORTING - is a computer file of payroll information sent to MPERA on electronic media or transferred online.

EMPLOYEE - is a person employed by an employer or agency in any capacity and paid a salary by the employer. See also covered employee.

EMPLOYER - is the state government or a political subdivision participating in a retirement system to provide coverage for its employees. See also covered employer and agencies.

EMPLOYER CONTRIBUTIONS - are payments that employers make to the trust fund of a retirement system. The amount an employer pays depends on the total payroll and the employer's contribution rate. Current law sets the employer's contribution rate. In some systems, the state contributes to the trust fund beyond that paid by the employer and employees. In the Defined Benefit Retirement Plan, (DBRP) employers contributions are not part of a member's account.

EXCLUDED EMPLOYEE - Excluded employees are employees whom by statutes may not contribute to the retirement system. Employees excluded from membership are applicable to PERS only, (§ 19-3-403, MCA).

FISCAL YEAR - is any year commencing with July 1 and ending the following June 30.

FULL-TIME EMPLOYMENT - is any period in which an employer compensates an employee for at least 160 hours during each calendar month.

FURS - Firefighters' Unified Retirement System.

GWPORS - Game Wardens' and Police Officers' Retirement System.

HPORS - Highway Patrol Officers' Retirement System.

INACTIVE MEMBER - is a member who has not contributed to a retirement system for three or more months. An inactive member may be a vested or non-vested member. Vested inactive members are eligible for retirement benefits or will be in the future. Non-vested inactive members who have terminated employment are only eligible for a refund of their retirement account. The accounts of vested and non-vested inactive members will continue to earn interest. See also vested member.

INTEREST - All retirement systems pay interest to members on the money (contributions plus interest) in their accounts. Each year the Board sets the interest rate based on the interest paid on short term

treasury bills and notes. The Board will charge 8% interest to members who purchase service using a monthly installment plan.

IRA - is an individual retirement account.

JRS - Judges' Retirement System.

LEGISLATORS - are people whom the voters empower to make, amend, or repeal laws.

LUMP SUM - is the total amount of a refund or payment of contributions and interest.

MEMBER - is anyone with accumulated contributions and service credited to a retirement system. A member is also a person who is receiving benefits from a retirement system based on their service. A vested member has attained the minimum membership service and is entitled to benefits from the system. The vesting period in all systems is five years.

MEMBERSHIP CARD - is a form for recording pertinent information necessary on all members. MPERA provides the card to all employers. The member's payroll clerk must send the cards to MPERA immediately. Beneficiary designations are not valid until the card is on file with MPERA.

MEMBERSHIP SERVICE - is service a member earns during the months the member works in covered employment and makes contributions. Membership service determines a member's **eligibility** for vesting, retirement, or other benefits. Eligible members may receive membership service when they make a service purchase.

Total membership service may not match employment service for purposes of granting longevity pay increases or for accelerating annual leave accrual. The laws and rules governing the membership service are separate from those used for other employee benefits. See also service credit.

MILITARY SERVICE - is time served on active duty in the US armed forces.

MPERA - Montana Public Employee Retirement Administration.

MPORS - Municipal Police Officers' Retirement System.

NEW MEMBER - is a person joining a retirement system and not previously reported on a contributing payroll report.

OPTIONAL MEMBER - Optional members are employees who by statute may either elect or decline membership. Optional membership is applicable to PERS, (§ 19-3-412, MCA), and FURS, (§ 19-13-301 (3), MCA) and may have working limitations depending on the optional member reason.

OTHER PUBLIC SERVICE - is public service with the federal government or with a state other than Montana.

PART-TIME EMPLOYMENT - is any period in which the employer compensates an employee for less than 160 hours during a calendar month.

PAYROLL REPORT - Payroll Report - is a form (web based, electronic or paper) used by an agency to submit records to MPERA that summarize employee data including salary information and contributions due.

PERB - Public Employees' Retirement Board or Board.

PERS - Public Employees' Retirement System.

PRIMARY BENEFICIARY - is a person designated by a member to receive payment of any death benefits from an active or inactive member's account. A member may designate more than one primary beneficiary. Primary beneficiaries will receive payment before any other beneficiaries the member may have designated. See also beneficiaries and contingent beneficiary.

REDUCTION IN FORCE (RIF) - is involuntarily ending a member's employment to reduce the number of workers.

REFUND - is the payment of all the money in a member's retirement account to the member. A refund of a member's accumulated contributions will include all contributions and interest in the account. To receive a refund, the member must end covered employment and request the refund.

In the DBRP, MPERA must refund the entire account, since current rules prohibit partial refunds. A person who receives a refund is no longer a member of the system and is no longer eligible for benefits. Former members who later accept covered employment must join the retirement system, but without credit for the refunded service. The member may purchase the refunded service after rejoining the retirement system. If they elect the DBRP once again.

In the DCRP, the member will receive a portion of the employer contributions if the member is vested. Partial refunds in the DCRP are allowed.

Any member purchasing service will have contributions placed in a separate account. These contributions are combined with regular contributions when the service purchase is complete. If a member receives a refund of accumulated contributions, MPERA will also refund the members service purchase contributions which have been paid toward the service purchase.

REGULAR CONTRIBUTIONS - are an employee's payments to a retirement system for future benefits. Law sets the rate which the employee contributes and the rate is a percent of the member's compensation as defined by MCA. Employers deduct the contributions from the employee's pay and send it to the trust fund. Since the 1980's, IRS and state rules require deferring income tax on all regular contributions.

REMITTANCE - is payment of money for any purpose.

RETIREMENT or **RETIRED** - is the status of a member receiving a retirement benefit from a retirement system.

RETIREMENT BENEFIT - see benefit.

SALARY - is compensation paid periodically for work done. See also compensation and wages.

SEASONAL EMPLOYMENT - employment of a permanent employee who is designated by an agency as seasonal, who performs duties interrupted by seasons, and who may be recalled without loss of rights or benefits accrued during the preceding season.

SERVICE - means employment of an employee in a position covered by a retirement system.

SERVICE PURCHASES - is the qualification of other employment or additional service into a retirement system by paying the required cost.

SERVICE CREDIT - are the periods a member serves in a covered position and pays the required contributions. The MPERA uses service credit to calculate retirement or survivorship benefits payable under a retirement system. See also membership service.

SPOUSE - is a member's husband or wife.

SRS - Sheriffs' Retirement System.

STATUTE - is a law passed by the legislature.

SYSTEM - in this manual means a retirement system administered by the Board.

TAX-DEFERRED - means temporarily exempted from taxation.

TERMINATION OF EMPLOYMENT - means that there has been a complete severance of a covered employment relationship by the positive act of either the employee, the employer, or both for at least 30 days. The member is no longer receiving compensation for covered employment, and the member has been paid all compensation for compensatory leave, sick leave, or annual leave to which the member was entitled.

TERMINATION OF SERVICE - means there has been a complete severance of a covered employment relationship by the positive act of either the employee, the employer, or both for at least 30 days. The member is no longer receiving compensation for covered employment and has been paid all compensation for compensatory leave, sick leave, or annual leave to which the member was entitled.

TRS - Teachers' Retirement System.

TRUST FUND - is a fund established to hold the contributions, income, and assets of a retirement system in public trust.

VESTED MEMBER - is a member who has attained the minimum membership service and is entitled to benefits from the system. The vesting period in all systems is five years.

WAGES - compensation paid periodically for work done. See also compensation and salary.

WORKER'S COMPENSATION - is payment to an employee who is temporarily unable to work because of an injury. **Worker's compensation payments are not retirement benefits.**

WORKING RETIREE - Working Retirees are employees who are currently receiving a monthly benefit from the DBRP and have returned to work for an employer covered under the same retirement system. Working Retirees are applicable to PERS, (§ 19-3-1106, MCA), SRS, (§ 19-7-1101, MCA), and FURS, (§ 19-13-301(8), MCA), and have working limitations depending on age of the employee. There are no working retiree provision for the DCRP.