

BUDGET COMPONENTS & TIMING

61100	Salaries
62100	OTHER SERVICES
62200	SUPPLIES & MATERIALS
62300	COMMUNICATIONS
62400	TRAVEL
62500	RENT
62700	REPAIR & MAINTENANCE
62800	OTHER EXPENSES
TOTAL FY 20xx OPERATING BUDGET	

Fixed Costs (DOA)

Insurance
 Warrant Writer
 HRIS Fixed Costs
 Audit Fees
 SABHRS costs
 Workers Comp Mgmt
 Messenger Services
 SWCAP
 ITSD

Other Costs

Personnel Services
 Contracts
 Input from Management/Supervisors
 Travel
 Printing & Postage
 Records Storage
 Education
 Recruiting
 Security
 Moving staff/equipment

Timing of Budget

Not Biennial

Apr - June	Work on Budget
?	Union Negotiations (every other year)
?	Non-Union Pay Plan (every other year)
June	Approve Fiscal Year Budget
Nov	Budget Review
Feb	Budget Review
May	Budget Review
Aug	Budget Review

Applicable Laws

19-2-408. Administrative expenses. (1) The legislature finds that proper administration of the pension trust funds benefits both employers and members and continues to benefit members after retirement.

(2) (a) The administrative expenses of the retirement systems administered by the board must be paid from the investment earnings on the pension trust fund of the public employees' retirement system's defined benefit plan, except as otherwise provided in this section. The board shall compute the administrative expenses attributable to each retirement system or plan administered by the board and transfer that amount from each retirement system's or plan's pension trust fund to the pension trust fund of the public employees' retirement system's defined benefit plan in a manner that ensures that the public employees' retirement system's defined benefit plan trust fund is fully compensated for expenditures made on behalf of other systems or plans so that there is no

(b) The total administrative expenses of the board, including the administration of the Volunteer Firefighters' Compensation Act, may not exceed 1.5% of the total defined benefit plan retirement benefits paid.

(3) For purposes of calculating the percentage specified in subsection (2)(b), administrative expenses do not

(a) expenditures to purchase intangible assets for plan administration;

(b) expenses of the defined contribution plan;

(c) expenditures of funds allocated under 19-3-112(1)(b) to the education fund established in 19-3-112(1)(a); or

(d) expenses for an actuarial valuation under 19-2-405(2) performed during the first year of a biennium.

(4) The administrative expenses of the defined contribution plan must be paid, as provided in 19-3-2105, from assets of the defined contribution plan.

19-3-2105. Administrative expenses and fees. (1) The board may establish a fund within the defined contribution plan for paying the plan's administrative expenses.

(2) The board may:

(a) assess fees to pay the reasonable administrative costs of the plan; and

(b) negotiate with a vendor or vendors for vendor reimbursement of board administrative expenses for the plan.

(3) All fees assessed must be fully disclosed to plan members and treated as public information.

(4) Costs for the board to provide for contract oversight are included as part of the administrative expenses of the

19-3-112. Education fund established -- allocation of employer contributions -- educational program requirements. (1) (a) The board shall establish an education fund to be used to educate and inform system members in a manner consistent with the provisions of this section.

the employer contributions made pursuant to 19-3-316, 0.04% of the compensation paid to all of the employer's employees who are members of the system must be allocated to the education fund established in subsection (1)(a). The board shall from time to time review the sufficiency of this amount and recommend to the legislature the adjustments that it considers appropriate.

19-3-2141. Long-term disability plan -- benefit amount -- eligibility -- administration and rulemaking. (1)

For members hired prior to July 1, 2011:

entitled to a disability benefit equal to one fifty-sixth of the member's highest average compensation, as defined in 19-3-108, multiplied by the member's years of service credit, including any service credit purchased under 19-3-513;

(b) an eligible member with at least 25 years of membership service is entitled to a disability benefit equal to 2% of the member's highest average compensation, as defined in 19-3-108, multiplied by the member's years of service credit, including any service credit purchased under 19-3-513.

(2) For members hired on or after July 1, 2011, the monthly disability benefit payable to a disabled member eligible under the provisions of this section who has:

(a) more than 5 but less than 10 years of membership service is equal to 1.5% of the member's highest average compensation multiplied by the member's years of service credit, including any additional service credit

(b) 10 or more but less than 30 years of membership service is equal to one fifty-sixth of the member's highest average compensation multiplied by the member's years of service credit, including any additional service credit purchased under 19-3-513; or

(c) 30 or more years of membership service is equal to 2% of the member's highest average compensation multiplied by the member's years of service credit, including any additional service credit purchased under 19-3-

(3) Payment of the disability benefit provided in this section is subject to the following:

(a) the member must be vested in the plan as provided in 19-3-2116;

(b) for members hired prior to July 1, 2011:

(i) if the member's disability occurred when the member was 60 years of age or less, the benefit may be paid only until the member reaches 65 years of age; and

(ii) if the member's disability occurred after the member reached 60 years of age, the benefit may be paid for no more than 5 years;

(c) for members hired on or after July 1, 2011:

(i) if the member's disability occurred when the member was less than 65 years of age, the benefit may be paid only until the member reaches 65 years of age; and

(ii) if the member's disability occurred after the member reached 65 years of age, the benefit may be paid for no more than 5 years; and

(d) the member shall satisfy the other applicable requirements of this section and the board's rules adopted to implement this section.

(4) Application for a disability benefit must be made in accordance with 19-2-406.

(5) The board shall make determinations on disability claims and conduct medical reviews in a manner consistent with the provisions of 19-2-406 and 19-3-1015. A member may seek review of a board determination as provided in rules adopted by the board.

(6) If a member receiving a disability benefit under this section dies, the disability benefit payments cease and the member's beneficiary is entitled to death benefits only as provided for in 19-3-2125.

(7) The board shall establish a long-term disability plan trust fund from which disability benefit costs pursuant to this section must be paid. The trust fund must be entirely separate and distinct from the defined benefit plan trust

(8) The board shall perform the duties, exercise the powers, and adopt reasonable rules to implement the

19-50-102. Deferred compensation programs permitted -- rules. (1) The state or a political subdivision may establish deferred compensation plans that are eligible under section 457 of the Internal Revenue Code, 26 U.S.C. 457, as amended, and in compliance with regulations of the U.S. department of the treasury. Eligible deferred compensation plans for employees may be established in addition to any retirement, pension, or other (2) An employee may enter into a written agreement with the state or a political subdivision to defer a part of the employee's compensation to one or more of the investment options provided in subsection (4) for the purpose of investment as provided by this chapter. The total amount deferred may not exceed the employee's annual salary and may not exceed the amounts permitted under applicable sections of the Internal Revenue Code. (3) Compensation deferred pursuant to this chapter is included as compensation for the purpose of computing retirement or pension benefits.

investment options and the financial institutions or entities in which state or political subdivision employee deferred compensation plan funds may be invested. The board or an appropriate officer of a political subdivision shall notify affected plan members of potential changes in investment options and financial institutions before the changes are made. The investment options and entities may include:

(a) a state deferred compensation investment fund established pursuant to Title 17 for the purpose of administering a state-invested deferred compensation plan. All contributions made by participants in the state deferred compensation investment fund and all interest or increase in the fund must be credited to the fund. These state-invested funds may be commingled with other state investment funds, but separate accounting must be maintained. The assets of the fund must be maintained for the benefit of participants and may not be diverted except for paying the reasonable expenses for administering the state deferred compensation investment fund.

(b) savings accounts in federally insured financial institutions;

(c) life insurance contracts and fixed annuity and variable annuity contracts from companies that are licensed to do business in the state and subject to regulation by the insurance commissioner;

- (d) investment funds managed pursuant to investment services contracts maintained by the board or an appropriate officer of a political subdivision with investment managers registered with the United States securities and exchange commission, unless exempt from the commission's regulation;
 - (e) mutual funds provided through contracts maintained by the board or an appropriate officer of a political subdivision with mutual fund companies regulated by the United States securities and exchange commission, unless exempt from the commission's regulation; or
 - (f) a combination of the items in subsections (4)(a) through (4)(e).
- (5) The deferred compensation plan funds invested pursuant to this section and the income from those funds must be held in a trust, custodial account, or insurance contract for the exclusive benefit of participants and their
- (6) The administrator may allocate any necessary costs against the assets and interest earnings accumulated in funds, accounts, or contracts established under this chapter.
- (7) The board or appropriate officer of a political subdivision shall promulgate rules not inconsistent with this chapter for the proper administration of deferred compensation plans established under this chapter.

last updated 6/2014

Source of Revenue

DB LIMITS

Projected Benefits
 Projected Budget Cap
 Less: Actuarial Valuation - 1st year of biennium 19-2-408(3)(d)
 Less: Intangibles 19-2-408(3)(a)
 Projected Expenses Less Intangibles and Valuation (1st yr of biennium)
 Amount Under Cap

DC/457/DB ED/DC ED LIMITS

Estimated Beginning Balance
 Plus Anticipated Revenue:
 Projected FY ER Forfeitures
 Plus Projected Fees
 Projected Education Income
 Less Projected Budgeted Expen
 Estimated Ending Balance

DC Fee Summary

Revenues to pay administrative expenses	401(a)	457
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Forfeitures	Yes	No
Revenue Sharing	No - return to member (1/2013)	No - return to member (1/2013)
Fidelity 12(b)(1) fees	No	No - return to member (7/2014)
Annual Fee	No	No
Basis Point Fees (charged by Great West to participant accounts)	9/2003 \$73 Annual fee and 75 basis points	6/2000 \$5 Annual fee and \$0 to \$20k 45 basis points \$20k to \$50k 35 basis points \$50k to \$100k 20 basis points \$100k and above 0 basis points
	3/2006 \$57 Annual fee and 75 basis points capped at \$300	
	9/2006 \$57 Annual fee and 50 basis points capped at \$300	6/2004 \$5 Annual fee and \$0 to \$20k 35 basis points \$20k to \$50k 25 basis points \$50k to \$100k 15 basis points \$100k and above 0 basis points
	9/2007 \$57 Annual fee and 25 basis points capped at \$300	
	7/2012 \$0 Annual fee and 20 basis points capped at \$300	7/2012 \$0 Annual fee and \$0 to \$20k 33 basis points \$20k to \$50k 23 basis points \$50k to \$100k 13 basis points \$100k and above 0 basis points capped at \$200

DC Expenses Paid

Fee Assessed/ Expenses Paid	401(a)	457
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PIMCO	Yes	Yes
SSKC	Yes	Yes
Transamerica (Aegon)	Yes	Yes
Great West	\$73/year until 06/30/07	
	\$57/year 07/01/07 to 06/30/2014	
	\$63/year effective 07/01/14	
MPERA Admin Expenses	Yes	Yes

Budget Allocations

Allocations	FTE	Sq Ft	Mbrshp	DB/DC	PRG	Newsys	DBed/DCed	DC/457
DB	77%	78%	85%	90%	82%	84.7%		
DC	7%	12%	6%	10%	10%	7%		50%
457	7%	10%	9%		8%	8.3%		50%
DBEd	6%						90%	
DCEd	3%						10%	
NewSys								
	100%	100%	100%	100%	100%	100%	100%	100%

		Total FY 2013	Total FY2014	% chg	DB FY 2010	DC FY 2010	457 FY 2010	DB Ed FY 2010	DC Ed FY 2010	Total FY 2010
62405	In-State Other									
	In-State Other									
	DB \$10/day * 3 days	30	30	0%	30	30	30	30	30	150
	DC \$10/day * 3 days	30	30	0%						
	457 \$10/day * 3 days	30	30	0%						
	DBED \$10/day * 3 days	30	30	0%						
	DCED \$10/day * 3 days	30	30	0%						
		150	150	0%						
62238	Minor Equipment									
	Minor Equipment-Office Equipment									
	DB calculators	140	70	-100%	127	7	6	-	-	140
	PRG calculators	70	70	0%						
		210	140							

ACRONYM	Retirement Systems
PERS	Public Employees' Retirement System
JRS	Judges' Retirement System
HPORS	Highway Patrol Officers' Retirement System
SRS	Sheriffs' Retirement System
GWPORS	Game Wardens' and Peace Officers' Retirement System
MPORS	Municipal Police Officers' Retirement System
DROP	Deferred Retirement Option Plan
FURS	Firefighters' Unified Retirement System
VFCA	Volunteer Firefighters' Compensation Act
457 Plan	The State's Deferred Compensation Plan

ACRONYM	Conferences
APPFA	Association of Public Pension Fund Auditors
GFOA	Government Finance Officers Association
NAGDCA	National Association of Governmental Defined Contribution Administrators
NAGTAD	National Association for Government Training and Development
NAPPA	National Association of Public Pension Attorneys
NASRA	National Association of State Retirement Administrators
P&I	Pensions and Investments
PRISM	Public Retirement Information System Managers

ACRONYM	MEANING
ARM	Administrative Rules of Montana
BOI	Board Of Investments
BY	Budget Year
CAFR	Comprehensive Annual Financial Report
CAPPP	Certificate of Achievement in Public Plan Policy
CD-ROM	Computer Disk - Read Only Memory
CFR	Code of Federal Regulations
CICS	Customer Information Control System
COLA	Cost-Of-Living Adjustment
CPI	Consumer Price Index
CY	Calendar Year
DB	Defined Benefit
DBRP	Defined Benefit Retirement Plans
DC	Defined Contribution
DCRP	Defined Contribution Retirement Plans
DOA	Department of Administration
DOL	Department of Labor (federal)
DOL	Department Of Labor
EIAC	Employee Investment Advisory Council
FAC	Final Average Compensation
FAS	Final Average Salary

ACRONYM	MEANING
FASB	Financial Accounting Standards Board
FLO	Family Law Order
FMC	Final Monthly Compensation
FTE	Full Time Employee
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GAAS	Generally Accepted Accounting Standards
GABA	Guaranteed Annual Benefit Adjustment
GASB	Governmental Accounting Standards Board
GSD	General Services Division
HAC	Highest Average Compensation
HR	Human Resources
HRIS	Human Resource Information System
IPS	Investment Policy Statement
IRA	Individual Retirement Account
IRC	Internal Revenue Code
IRS	Internal Revenue Service
ITSD	Information Technology Services Division
LSD	Legislative Services Division
MCA	Montana Code Annotated
MOM	Montana Operations Manual
MPERA	Montana Public Employee Retirement Administration
MUS-RP	Montana University System Retirement Plan (formerly ORP)
NCPERS	National Council on Public Employee Retirement Systems
OBPP	Office of Budget and Program Planning
ORP	Optional Retirement Program (no longer used)
PDC	Professional Development Center
PERB	Public Employees Retirement Board
PERD	Public Employees Retirement Division (no longer used)
PPCC	Public Pension Coordinating Council
PPE	Pay Period Ending
PRG	Program
QDRO	Qualified Domestic Relations Order
SABHRS	Statewide Accounting, Budgeting, and Human Resources System
SAD	State Accounting Division
SBAS	Statewide Budgeting and Accounting System (no longer used)
SFCAP	State Funds Cost Allocation Plan
SHRD	State Human Resource Division
SPD	State Personnel Division (no longer used)
SWCAP	Statewide Cost Allocation Plan
USC	United States Code
USCA	United States Code Annotated