

Agency Resolution of Intention

WHEREAS: The Public Employees' Retirement System Act (PERS), in sections 19-3-201 to 19-3-203, MCA, provides for the establishment of a retirement plan for employees of certain public agencies.

WHEREAS: This agency would like to become a covered employer on the same basis as the State of Montana under the Public Employees' Retirement System, as expressed in Montana Code Annotated Title 19, Chapters 2 and 3, and related rules, policies, and plan documents, and as the same may be changed in the future.

WHEREAS: This agency, as a governmental entity, believes it meets the criteria to have sections 19-3-201 to 19-3-203, MCA apply.

NOW THEREFORE, BE IT RESOLVED:

That this agency hereby declares its intention to approve the contract to become a covered employer on the same basis as the State of Montana and to establish the Public Employees' Retirement System as a retirement plan for its employees on the same basis as for State of Montana employees.

BE IT FURTHER RESOLVED:

That a secret ballot election of all eligible employees shall be held on the 13th day of December , 2014,¹ between the hours of 8:00 a.m. and 5:00 p.m., in the office of the clerk of this agency. All eligible employees shall be requested and allowed to vote on whether this agency should enter into a contract to become a covered employer under the Public Employees' Retirement System (see attached Sample Ballot).

BE IT FURTHER RESOLVED:

That a summary of the major provisions of PERS follows:

The Montana Public Employees' Retirement System (PERS) provides a retirement for public employees. PERS covers over 520 employers, and has roughly 29,000 active members and 17,500 benefit recipients. Local government employees have the same PERS rights as state employees, pursuant to Montana Code Annotated Title 19, Ch. 2 and 3.

Contributions– Effective July 1, 2013 eligible PERS members contribute 7.9% of gross compensation into PERS; this rate will be decreased to 6.9% on January 1 following actuary valuation results showing the amortization period has dropped below and will remain below 25 years following the reduction of

¹ By statute, ensure day of vote permits this body to meet to approve the PERS coverage contract within 40 days of the adoption of this resolution, but after the employee vote.

both the employer and member contribution rates. The contribution is made pre-tax. The investment earnings on the contributions are tax deferred. Members will pay taxes when the benefits are received. Effective July 1, 2013 the employer and the state contribute a total of 8.17% of payroll to PERS, most of which directly helps fund the member's benefit. This rate will increase 0.1% every year through fiscal year 2024 but will revert to 6.9% following an actuarial valuation determining that terminating both the member and employer increases which were effective beginning July 1, 2013 would not cause the amortization period to exceed 25 years. The employer contribution is not deducted from the member's paycheck, but is paid directly to PERS by the employer and the state.

Two Plans – New PERS members have one year to choose between two distinct retirement plans in PERS – the Defined Benefit Retirement Plan or the Defined Contribution Retirement Plan.

The **Defined Benefit Retirement Plan (DBRP)** deposits contributions into a pension trust fund with all other plan members' contributions. The Montana Board of Investments directs the investment of the pension trust fund. A member's retirement benefit does not depend on gains and losses in the pension trust fund. Instead, a lifetime monthly benefit is calculated by a formula using the member's years of PERS service, age, and highest average compensation.

The **Defined Contribution Retirement Plan (DCRP)** credits each member's individual account with member contributions and a portion of employer contributions. The member invests his or her account in the available investment options. The member realizes all gains and losses from those investments. The balance in the member's account will determine retirement income.

Complete information regarding the two plans is available on MPERA's website: <http://mpera.mt.gov/>.

Benefit Eligibility – A member must terminate PERS-covered employment to be eligible for a benefit from either plan.

A **DBRP** member who terminates covered employment prior to 5 years of service is eligible to receive a lump-sum payment of their contributions plus regular interest. Taxes and IRS penalties may apply.

A **DBRP** member who terminates covered employment after 5 years of service is eligible to receive a monthly benefit or a lump-sum payment of their contributions plus regular interest. Taxes and IRS penalties may apply.

A **DCRP** member who terminates covered employment prior to 5 years of service is eligible to receive their contributions plus investment earnings. Taxes and IRS penalties may apply.

A **DCRP** member who terminates covered employment after 5 years of service is eligible to receive their contributions plus investment earnings, and the allowable portion of employer contributions. Taxes and IRS penalties may apply.

Disability Benefit – In either plan, if the Public Employees’ Retirement Board finds a vested member disabled, the member can receive a monthly benefit regardless of the member’s age. The monthly benefit is paid after the member terminates PERS-covered employment.

Death Benefit – In either plan, a member’s benefit can be paid to designated beneficiary(ies) after the member dies.

BE IT FURTHER RESOLVED:

That this body will hold a meeting on the 14 day of December, 2014, at Ovando School for the purpose of canvassing the result of the employee election and adopting a Public Employees' Retirement System coverage contract, if in accordance with the tabulated votes of the employees of the agency.

This resolution was duly passed by Ovando School Board on
(Board or other legislative body)
the 14th day of December, 2014.

DATED Dec 14, 2014.

Signature of Officer: Elaine R. Caton

Printed Name: Elaine Caton

Title of Officer: Board Vice Chair

Certified as a true and accurate statement and proper signature.

Signature of Clerk: Dena R Hooker

(SEAL)

Printed Name: Dena R Hooker (if applicable)

Formal Title: School District Clerk

² By statute, this must occur within 40 days of the adoption of the resolution.

BALLOT

PERS Summary for Employees

Should any information in this Employer Summary conflict with statute or rule, statute or rule will apply.

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Death Benefit – In either plan, a member's benefit can be paid to designated beneficiary(ies) after the member dies.

VOTE

Should Ovando Elementary School District #11³ establish the Public Employees' Retirement System as a retirement plan for its employees on the same basis as for State of Montana employees, pursuant to Title 19, Chapters 2 and 3, Montana Code Annotated. The contract for PERS coverage will become effective either with the first regular pay period that begins at least one month after PER Board approval or with the pay period beginning February 1, 2015, whichever is later.⁴

YES

NO

(circle one)

³ Formal Agency Name

⁴ Effective date must be after the PER Board approval and must allow time for proper implementation.