

# Public Employees' Retirement Board

August 13, 2015

**Topic: Proposed Amendment of Administrative Rule – Notice. No. 2-43-531**

This rule is proposed to be amended to adopt by reference the most recently approved Actuarial Rates and Assumptions. The revised Actuarial Rates and Assumptions were approved at the Board's December 2014 meeting.

## Staff Recommendation:

Staff recommends the Board adopt the proposed rule amendment and approve submittal to the Secretary of State's office as a "Notice of Proposed Amendment"

## Board Motion:

Uphold Staff Recommendation

Other.

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\_\_\_\_\_  
Moved by

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Seconded by

\_\_\_\_\_  
Vote

BEFORE THE PUBLIC EMPLOYEES' RETIREMENT BOARD  
OF THE STATE OF MONTANA

In the matter of the amendment of ) NOTICE OF PROPOSED  
ARM 2.43.1306 pertaining to actuarial ) AMENDMENT  
rates and assumptions )  
) NO PUBLIC HEARING  
) CONTEMPLATED

TO: All Concerned Persons

1. On October 30, 2015, the Public Employees' Retirement Board proposes to amend the above-stated rule.

2. The Public Employees' Retirement Board will make reasonable accommodations for persons with disabilities who wish to participate in this rulemaking process or need an alternative accessible format of this notice. If you require an accommodation, contact the Public Employee Retirement Administration no later than 5:00 p.m. on September 21, 2015, to advise us of the nature of the accommodation that you need. Please contact Kris Vladoic, Montana Public Employee Retirement Administration, P.O. Box 200131, Helena, Montana, 59620-0131; telephone (406) 444-2578; fax (406) 444-5428; TDD (406) 444-1421; or e-mail kvladoic@mt.gov.

3. The rule as proposed to be amended provides as follows, new matter underlined, deleted matter interlined:

2.43.1306 ACTUARIAL RATES AND ASSUMPTIONS (1) The actuary will present the actuarial data and recommend the board adopt specific rates and assumptions. The board in its discretion will adopt rates and assumptions and publish them in a board policy. The board adopts and incorporates by reference BOARD Admin 09 Actuarial Valuation Assumptions and Methods (approved ~~October 13, 2014~~ December 11, 2014) and BOARD Admin 10 Actuarial Equivalence Option Factor Determination (approved June 10, 2010), providing actuarial rates, assumptions, and methods used for valuation and actuarial equivalence purposes. BOARD Admin 09 also contains the early retirement factor tables applicable to PERS, HPORS, and SRS.

(2) MPERA shall maintain a historical file of all rates or assumptions, including the current version. The file shall be open and readily available to the public. Copies of the assumptions and board policies BOARD Admin 09 and BOARD Admin 10 may be obtained from MPERA, 100 North Park Avenue, Suite 200, P.O. Box 200131, Helena, MT 59620-0131, phone 1 (877) 275-7372, e-mail mpera@mt.gov.

(3) This rule applies to all systems administered by MPERA, including the VFCA but excluding the deferred compensation (457) plan.

AUTH: 19-2-403, MCA

IMP: 19-2-405, 19-17-107 MCA

STATEMENT OF REASONABLE NECESSITY:

BOARD Admin 09 as adopted December 11, 2014, amends the early retirement factors applicable to the Highway Patrol Officers' Retirement System (HPORS) and the Sheriffs' Retirement System (SRS). The HPORS changes factor in the 10-year vesting period for HPORS members hired on or after July 1, 2013. The SRS changes incorporate the GABA reduction to 1.5% for SRS members hired on or after July 1, 2007. The SRS table has been in use, but was not previously referenced in the policy. Finally, the December 11, 2014 policy was amended to provide hyperlinks to the actual tables referenced in the policy.

The Internal Revenue Service requires public pension systems to adopt actuarial assumptions, rates, and methods in a manner that gives them the force and effect of law. Adopting the applicable actuarial assumptions, rates, and methods into rule by reference gives them the force and effect of law. Since the policy is adopted by reference, 2-4-307(3), MCA, requires that the amended policy also be adopted by reference. Therefore, it is necessary to amend the rule that adopts the policy by reference to reflect the most current policy.

4. Concerned persons may submit their data, views, or arguments concerning the proposed action in writing to: Public Employee Retirement Administration, P.O. Box 200131, Helena, Montana, 59620-0131; telephone (406) 444-3154; fax (406) 444-5428; or e-mail [mpera@mt.gov](mailto:mpera@mt.gov), and must be received no later than 5:00 p.m., September 28, 2015.

5. If persons who are directly affected by the proposed amendments wish to express their data, views, or arguments orally or in writing at a public hearing, they must make written request for a hearing and submit this request along with any written comments they have to Kris Vlastic at the above address no later than 5:00 p.m., September 28, 2015.

6. If the Public Employees' Retirement Board receives requests for a public hearing on the proposed amendments from either 10 percent or 25, whichever is less, of the persons directly affected by the proposed amendment; from the appropriate administrative rule review committee of the Legislature; from a governmental subdivision or agency; or from an association having not less than 25 members who will be directly affected, a hearing will be held at a later date. Notice of the hearing will be published in the Montana Administrative Register. Ten percent of those directly affected has been determined to be 1,132 persons based on approximately 2,188 participants in the Defined Contribution Retirement Plan and 8,488 participants in the Deferred Compensation Plan as of June 30, 2014, for a total of 11,320 participants.

7. The Public Employees' Retirement Board maintains a list of interested persons who wish to receive notices of rulemaking actions proposed by this agency. Persons who wish to have their name added to the list shall make a written request

that includes the name, e-mail, and mailing address of the person to receive notices and specifies for which program the person wishes to receive notices. Notices will be sent by e-mail unless a mailing preference is noted in the request. Such written request may be mailed or delivered to the contact person in 5 above or may be made by completing a request form at any rules hearing held by the PER Board.

8. An electronic copy of this proposal notice is available through the Secretary of State's web site at <http://sos.mt.gov/ARM/Register>. The Secretary of State strives to make the electronic copy of this notice conform to the official version of the notice, as printed in the Montana Administrative Register, but advises all concerned persons that if a discrepancy exists between the official printed text of the notice and the electronic version of the notice, only the official printed text will be considered. In addition, although the Secretary of State works to keep its web site accessible at all times, concerned persons should be aware that the web site may be unavailable during some periods, due to system maintenance or technical problems.

9. The bill sponsor contact requirements of 2-4-302, MCA, do not apply.

10. With regard to the requirements of 2-4-111, MCA, the Public Employees' Retirement Board has determined that the amendment of the above-referenced rules will not significantly and directly impact small businesses.

/s/ Melanie A. Symons  
Melanie A. Symons  
Chief Legal Counsel  
and Rule Reviewer

/s/  
President  
Public Employees' Retirement Board

Certified to the Secretary of State August 17, 2015