



October 2011

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*Should any information in this newsletter
conflict with statute or rule, the statute or rule
will apply.*

Exciting News For Your DC and 457(b) Accounts!

We are excited to announce that during its meeting in August, the Public Employees' Retirement Board (PERB) voted to add T-Rowe Price Target Date Funds to the investment lineup for the 401(a) Defined Contribution Retirement Plan (DCRP) and 457(b) Deferred Compensation plan. Target Date Funds are designed to help you simplify investing through a "ready-made" fund based on your projected retirement date. See the article on page 2 for a detailed look at Target Date Funds. Our Target Date Funds will be professionally managed and monitored through T-Rowe Price. The Target Date Funds became available to you as an investment option on October 3, 2011.

With Target Date Funds being added, the Asset Allocation Funds for 457(b) Deferred Compensation participants will be removed. This does not mean that the underlying funds themselves will be removed, just the automatic distribution to the underlying funds based on your risk tolerance. Please read the article on page 3 for the details.

When the Employee Investment Advisory Council (EIAC) met in April, it decided to search for a replacement for the Dodge and Cox Balanced Fund, which is currently on probation for the 457(b) Plan. This decision was based on a recommendation from Wilshire Investment Consulting. Due to the implementation of Target Date Funds, Wilshire has not yet recommended a replacement.

Also affecting the 457(b) is the Davis NY Venture fund that continues to perform poorly and was placed on probation in April. It currently has two morning star ratings for both the three and five year periods. EIAC requested Wilshire to search for a replacement fund and will look at recommendations at the October 20th meeting.

For the DCRP, the Munder Mid Cap Core Growth fund was retained in the Mid Cap Growth Category, with Munder remaining on probation. The fund has improved its performance, and our investment consultant did not feel there is a better option available at this time. If you have any questions regarding your account, Great-West contact information is available on page 2.

And finally, MPERA and Great-West have teamed up to offer you many more webinars about retirement! You can attend webinars and ask questions about topics ranging from Managing Market Volatility to Retirement Planning. See page 5 for details.

Have a great fall here in beautiful Montana! ♦

A handwritten signature in cursive script that reads 'Roxanne'.

What Is A Target Date Fund?

Even for the seasoned investor, choosing and managing investments can be a confusing and time-consuming task. A professionally managed target date fund can help reduce anxiety and second guessing.

Target Date Funds are designed to help you simplify investing through a “ready-made” fund based on your projected retirement date. It’s a lot like a cake mix in a box; all the ingredients are already there! Instead of managing several funds, your target date fund will have a diversified set of mutual funds contained in a single fund. You don’t have to actively manage a target date fund—it’s professionally allocated among different asset classes and rebalanced for you!

The investments in each fund are customized or “targeted” for the date you choose to retire. For example: if you’re retiring in 2030, your fund will have a mix of investments appropriate for you. Choosing a fund with a later date can allow you to be more aggressive—as an investor you have a longer timeframe to ride out the ups and downs of the market and enjoy greater returns. As you close in on your retirement date, the fund will adjust to become more conservative (example: fewer stocks, more fixed income). As you approach or even pass your retirement date, the allocation of your funds will continue to help to support your retirement. Like other investment options, Target Date Funds involve risk and do not guarantee a specific rate of return.



MPERA is pleased to add Target Date Funds to the defined contribution and 457(b) deferred compensation plans beginning in October 3 of this year! Target Date Funds are a simple way to diversify your investments—just choose a date that best fits your situation and the fund manager does the rest!

You may want to consult an investment advisor or a Great-West representative (1-877-699-4014 or 449-2408 in Helena) for more information on which fund may be appropriate for you. ♦

Did You Know?

The Director’s Blog is a great way to stay informed about important retirement news. Our Executive Director, Roxanne Minnehan, frequently writes her thoughts about what is happening at MPERA, pension legislation, and national retirement issues. Check out Roxanne’s blog on our website at mpera.mt.gov.

See you there!

Great-West Contact Information

If you have any questions regarding either your Defined Contribution Retirement Plan or 457(b) Deferred Compensation Plan, Great-West Retirement Services can help. You can contact Great-West at (406) 449-2408 or toll free (800) 981-2786. You can also visit their website at <https://www.gwrs.com/login.do>. The website provides important fund information as well as various investment tools such as a loan calculator and a college planner. Great-West Retirement Services’ Helena Office is located at: 208 N Montana Ave Suite 103-C, Helena, MT 59601. ♦

Asset Allocation To Be Discontinued for 457(b) Deferred Compensation

Upcoming Changes On October 3, 2011 T-Rowe Price Target Date Funds were added to the investment line up for the 457(b) Deferred Compensation Plan. With the addition of Target Date Funds, the Public Employees' Retirement Board (PERB) voted to remove the Risk Based Asset Allocation Funds from the 457(b) Deferred Compensation Plan effective December 29, 2011.

What Happens to Your Investments When the Asset Allocation Funds Are Removed? As part of this upcoming change, your balance(s) on December 29, 2011 will automatically transfer at the close of market on that day to the following underlying funds:

Montana Conservative Portfolio	Montana Moderate Portfolio	Montana Moderately Aggressive Portfolio
40% PIMCO Funds Total Return - Admin	25% Vanguard Institutional Index	30% Vanguard institutional Index
35% Montana 457 Fixed Fund	20% PIMCO Funds Total Return - Admin	20% Dodge & Cox International Stock
25% Vanguard Institutional Index	20% Montana 457 Fixed Fund	20% PIMCO Funds Total Return - Admin
	15% Dodge & Cox International Stock	15% Munder Mid Cap Core Growth Fund Class A
	10% Munder Mid Cap Core Growth Fund Class A	15% Neuberger & Berman Genesis Trust
	10% Neuberger & Berman Genesis Trust	

If you do not wish to have your current assets mapped as described above you will need to reallocate your current funds to an available investment option other than an Asset Allocation Fund before 2:00 p.m. on December 29, 2011.

What Happens If You Don't Reallocate Your Payroll Contributions? Any payroll contributions directed to one or more of the Asset Allocation Funds after December 29, 2011 will be automatically redirected to one of the new T-Rowe Price Target Date Asset Allocation Funds (see below) based on your normal retirement age. For example, if you were born in 1959 and turn age 60 in 2019, your future contributions will be placed into the 2020 Target Date Fund.

Birth Year	T. Rowe Price Target Date Fund
1953 - 1957	2015
1958 - 1962	2020
1963 - 1967	2025
1968 - 1972	2030
1993 - 1997	2055

If you do not wish to have your future payroll contributions mapped as described you will need to reallocate your future payroll contributions to an available investment option other than an Asset Allocation Fund before 2:00 p.m. on December 29, 2011.

How Can I Change My Asset Allocations? To reallocate current funds or redirect future contributions visit our website at mperadplans.gwrs.com. You can access your account to begin redirecting your contributions now or at any time in the future. If you do not already have a user name and PIN, or you do not have online access, call 1-877-699-4015 for assistance from a Great-West Retirement Services client services representative.

What Are Target Date Funds? Target Date Funds are designed to provide a simple investment solution for participants. They automatically adjust your asset allocation of stocks, bonds and cash over time to meet your changing needs up to and through retirement. You choose a target-date based upon your anticipated retirement date. These funds are professionally managed and monitored by T-Rowe Price. In October, more information will be available on our website at mpera.mt.gov.

Important Account Access Information Please be aware, to facilitate the closure of the Risk-Based Asset Allocation Funds, 457(b) Deferred Compensation Plan participants will not be able to make any account changes from the close of business on December 29, 2011 until the opening of business on December 30, 2011. If you need assistance with your account, you can contact a Great-West representative at 1-877-699-4015 (449-2408, in Helena). They will be happy to assist you. ♦

New Defined Contribution Default

Beginning October 3, 2011 new PERS members who elect the Defined Contribution Retirement Plan (DCRP) will initially default into the one of the new T-Rowe Price Target Date Funds. The Target Date Fund will be chosen based on when the member turns age 65. For example, if you turn age 65 in 2023, you will be placed in the 2025 Target Date Fund.

Note: It is important to remember that DCRP members can actively manage their investment options. Simply log on to your account at mperadcplans.gwrs.com. Online access allows you to transfer your money to other investment options, view educational materials, and check your balance along with many other features. If you do not have online access, you can call a Great-West Retirement Services client services representative at 1-877-699-4015 for personal assistance. ♦

Have You Been To Our Website Lately?

The MPERA website is the best place to stay updated on all the latest retirement news. You can read Executive Director Roxanne Minnehan's Blog, attend webinars, read newsletters and find out when MPERA is hiring. Check it out at mpera.mt.gov! ♦

Are You Managing Your DCRP Account?

Did you know that approximately 51% of Defined Contribution Plan (DCRP) members keep their money in the Vanguard Balanced Index Fund?

If you have not diversified your money, please consider logging in to your account, doing your research and diversifying the funds. You will be happy you did. For more information regarding your investment options, contact Great-West Retirement Services at: 1-800-981-2786. ♦

URGENT! Are You Saving Enough for Retirement?

Have you taken time to consider how much you will need in retirement? For most people, retirement income is based on social security, employer-sponsored pension plans, personal savings and investments. Retirement experts are predicting that due to longer life expectancies, inflation and rising health costs, retirees will need to replace 100% or more of their pre-retirement income. Social security will not be enough to maintain your current standard of living in retirement.

Personal savings and investments can help you create a secure retirement. One way to begin saving is through the State of Montana's 457(b) Deferred Compensation Plan. This voluntary supplemental retirement plan allows you to contribute and invest pre-tax dollars. This plan is available to all state of Montana and university system employees and employees of other public entities that have contracted with MPERA. If your employer does not offer a deferred compensation plan, we can contract with your local government to provide this valuable service! Simply have your Human Resource or payroll office contact us for more information.

If you already participate in the 457(b) Deferred Compensation Plan, consider increasing your contributions. If you have recently received a pay increase, or finished paying off a debt, you might invest that extra money toward your retirement.

Great-West Retirement Services is the plan recordkeeper. If you wish to research 457(b) and learn more, go to: <http://mperadcplans.com>. You can log in as a guest and view all the information on the 457(b) plan including investment options, fund performance and enrollment information. Great-West staff in Montana can assist with questions and enrollment. They can be reached at: 1-406-449-2408. In addition to pre-tax payroll contributions, the 457(b) plan accepts rollovers from other qualified retirement plans like 401(k)s, 403(b)s and IRAs. It's never too late to work on your retirement plan. It's easy to get started; you can enroll in the plan at any time and begin contributing as little as \$10 a month. You can start today to ensure a better tomorrow! ♦

The MPERA website is mpera.mt.gov. Check us out!

Webinars Are A Great Way To Learn!



Are you concerned about market volatility? Are you ready to formulate an investment strategy for your account? Curious about distribution options within your account? Are you ready to supplement your retirement plan with a 457(b)? Do you need to formulate an action plan for retirement? MPERA is addressing these and many more questions in a series of new webinars.

What is a webinar? A webinar is a LIVE online educational presentation during which viewers can submit questions and comments to the presenters. How can you participate in a webinar? Go to our website mpera.mt.gov and click on the Education Calendar. This will take you to the webinar calendar. After you choose the webinar you would like to attend, just click on the session at the starting time and enter as a guest, no password is required. We have also added sessions during the evening! Below is a brief description of various webinar sessions we are currently offering, that will be presented by Great-West Retirement Services.

457(b) Deferred Compensation Plan - Are you looking for ways to supplement your retirement? Today's financial experts predict that you will need to replace 100% of your working income to enjoy a comfortable retirement. The state of Montana's 457(b) Deferred Compensation plan allows you to choose the pre-taxed amount deferred from your gross salary each pay period and gives you the control to manage its growth. Take advantage of this opportunity to save for your future.

Retirement Planning- Action Plan for Baby Boomers - This seminar is an action plan for "baby boomers" that are ready for some financial freedom during retirement. It will provide you with the "steps to prepare" for retirement. This seminar will cover topics such as: retirement planning, social security benefits and much more.

Building an Investment Strategy for your Defined Contribution and 457(b) Deferred Compensation plans - Are you ready to manage your account and build on those investments? This seminar will provide you with the tools to take charge and manage your account for your future! The tools explored are: creating a retirement savings goal, allocating investments among the asset classes, diversifying investment options within each asset class and reviewing your portfolio periodically. Manage your account for your future!

Managing Market Volatility - Market volatility is a fear that all investors feel as Wall Street fluctuates. If you are a participant in the 457(b) Deferred Compensation plan or the Defined Contribution plan, this seminar is for you. The seminar will help you develop a plan to manage risk.

Retirement Planning - Action Plan for Millennials - Congrats, you got the position you were seeking; the next step is planning for retirement! Why now, you ask? Every 3000 miles or 3 months you change the oil in your car, why? We plan to change our oil to avoid the cost of a new engine, so why not plan to retire comfortably? It's never too early to start planning and this seminar will provide you the tools to build your retirement.

Increasing Contributions to Your 457(b) Deferred Compensation Account - Are you ready to increase your contribution and manage your account for the future? This seminar explores the vital steps towards building your 457 (b) Deferred Compensation plan and taking the first step in developing your account for your future!

Exploring Your Distribution Options for Your Defined Contribution and 457(b) Deferred Compensation Accounts - Exploring the possibility of withdrawing your account? Whether you are moving on to a new position or severing employment, these decisions are important and require some planning. Within this seminar, you will discover; options available, tax consequences and benefits of maintaining your money in a tax-deferred investment.

Tax benefits of participating in a 457(b) Deferred Compensation plan? - Exploring the possibility of joining a deferred compensation plan and supplementing your pension? This seminar will analyze the tax benefits of participation, including before-tax contributions, tax-deferred growth and the saver's tax credit.

The presenter will guide you through the session once it begins. Plan now for your future and take advantage of MPERA's free webinars! ♦

*****Breaking News For Your 457(b)*****

The new IRS 457(b) contribution limits for the employee maximum deferral were just announced. The new 2012 maximum amount will increase from \$16,500 to \$17,000. Age 50 + catch-up did not increase, so it will remain at \$5,500. The 2012 limits will be as follows:

- ◆ Normal limit of \$17,000
- ◆ Standard 457(b) Catch-up of \$34,000
- ◆ Age 50 + Catch-up of \$22,500

Please contact us if you have any questions. ◆

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