

# MONTANA

## GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM MEMBER HANDBOOK



## PUBLIC EMPLOYEES' RETIREMENT BOARD

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# PREFACE

This Game Wardens' and Peace Officers' Retirement System (GWPORS) Member Handbook is a general summary of the benefits provided by the Montana Public Employees' Retirement Administration (MPERA). It is intended to give you an idea of what your benefits are and to acquaint you with GWPORS. Every effort has been made to ensure the contents agree with the law and rules. The law and its interpretation can change. This handbook is not a final source of the law and rules. **IT SHOULD NOT BE TAKEN AS FINAL LEGAL AUTHORITY.** If this handbook differs with the law or rules, the law or rules will apply. This handbook replaces all previous GWPORS member handbooks.

## MONTANA CODE

The law governing GWPORS may be found in Title 19, [Chapters 2 and 8](#), Montana Code Annotated (MCA).

- ◆ MCA is available online at [http://www.leg.mt.gov/bills/mca/title\\_0190/chapters\\_index.html](http://www.leg.mt.gov/bills/mca/title_0190/chapters_index.html)
- ◆ The ARM is available at [mtrules.org](http://mtrules.org)

## OVERVIEW

- ◆ GWPORS provides service retirement benefits, disability benefits or survivor benefits, if eligible.
- ◆ You and your employer contribute to your future retirement benefits.
- ◆ You may withdraw only your contributions (plus interest) if you leave GWPORS-covered employment and don't retire. **Employer contributions are not refundable.** If you withdraw your contributions, you will lose your right to any future retirement benefit.

# RETIREMENT SECURITY FOR OUR MEMBERS SINCE 1963!

The Game Wardens' and Peace Officers' Retirement System (GWPORS) is a public pension plan for Montana game wardens and peace officers. The 1963 Legislature created GWPORS to grant service retirement, disability retirement, or survivor benefits to plan members and their beneficiaries. As of June, 2018, membership of GWPORS consisted of the following:

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The Board, an independent, seven-member board appointed by the Governor and confirmed by the Senate, administers GWPORS, eight other retirement systems, and the State's 457(b) Deferred Compensation Plan. MPERA does the day-to-day work. This handbook uses the terms we, us, MPERA, and the Board interchangeably.

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1 Disability benefits are automatically converted to service benefits without recalculation upon the member reaching normal retirement age. As a result, this number includes only disability benefit recipients that have not been converted to a service retirement.

## WHAT IS GWPORS?

GWPORS is a **defined benefit** retirement system. The monthly benefit you receive upon retirement is based on your years of service and your highest average compensation. Benefits and contributions are set by law, protected by the Montana Constitution and only the Legislature may change them.

Money you contribute to GWPORS earns interest and helps pay for your benefits. MPERA tracks your contributions individually and credits interest to you. We combine the funds from all member accounts in a trust fund, which is invested by the Board of Investments. Income earned is reinvested in the trust fund. Only the Retirement Board can authorize payment from the trust fund. Current law limits payments from the trust fund to benefits and refunds for members or their survivors. In addition, the Retirement Board pays administrative expenses from the investment earnings.

Every year, an actuary evaluates the trust fund's capability to pay the benefits promised to members. Before each legislative session, the Board reviews the sufficiency of the benefits and advises the Legislature.

# MEMBERSHIP ENROLLMENT

The following information will explain your membership, contributions, and service in GWPORS.

GWPORS membership is required for most GWPORS-covered positions. The following state peace officers must become members of GWPORS:

- ◆ Game wardens assigned to law enforcement in the Department of Fish, Wildlife and Parks.
- ◆ Motor carrier officers employed by the Department of Transportation.
- ◆ Campus security officers employed by the Montana University System.
- ◆ Wardens, deputy wardens, corrections officers, drill instructors, and probation and parole officers employed by the Department of Corrections.
- ◆ Stock inspectors and detectives employed by the Department of Livestock.

## DESIGNATION OF BENEFICIARY(IES)

As a new GWPORS-covered employee, you were asked to complete a GWPORS *Membership/Designation of Beneficiary* form to designate your beneficiary(ies) for your GWPORS account.

You can designate any persons, charitable organization, estate, or trust (for the benefit of a living person) you wish as a beneficiary(ies). Beneficiaries are either primary or contingent. Contingent beneficiaries will receive a payment or a benefit only if no primary beneficiary survives you. Designate your beneficiaries on a *GWPORS Membership/ Designation of Beneficiaries* form and give it to your payroll clerk. The clerk will send it to us. If you are no longer actively employed in a GWPORS-covered position, go to our website and download a new form.

**You should update  
your beneficiaries  
whenever you have a  
life-changing event.**

Your beneficiary designation is important. It is necessary that you keep it up-to-date. Consider updating your beneficiary designation if you get married or divorced, become a parent or your beneficiary dies. Your beneficiary information is printed on your Annual Benefit Statement, which is mailed to you every July. Review the statement carefully. If your beneficiary information is outdated, please update it as soon as possible.

**Updates to beneficiary designation will take effect when received by MPERA. Any beneficiary change is not effective until the form is received in our office.<sup>1</sup>**

### **TRANSFER OF MEMBERSHIP**

If you were a member of the Public Employees' Retirement System (PERS) and transferred to a GWPORS-covered position, you must elect to either become a member of GWPORS or remain a member of PERS. If you are member of GWPORS, and transfer to a position other than law enforcement within the same state agency, you may elect to remain in GWPORS.

In either of the above cases, your payroll clerk must file your completed election form with MPERA within 90 days of your transfer to the new position.

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<sup>1</sup> If you are prohibited from changing your current beneficiary designation by a temporary restraining order (TRO) issued under [§ 40-4-121, MCA](#), such a change will not be effective while the TRO is valid.



# CONTRIBUTIONS

You and your employer are required to pay contributions to GWPORS. The following section explains these contributions to GWPORS and what is expected of you and your employer.

## MEMBER CONTRIBUTIONS

All members must contribute part of their gross compensation to GWPORS. Your contribution rate is 10.56%.

**Interest:** Your GWPORS account earns interest each month. The interest credited to your account will not affect the amount of your monthly retirement benefit. All interest credited is tax-deferred.

**Taxation:** Contributions paid to GWPORS before July 1985 were taxed. If you have taxed money on account, part of your monthly benefit or refund will not be taxed.

Contributions paid to GWPORS after July 1985 are tax-deferred. This means state and federal taxes are not paid until you receive the money as a benefit or refund.

## EMPLOYER CONTRIBUTIONS

Your employer contributes 9% of their total GWPORS-covered payroll to the pension trust fund. **Employer contributions are not refundable** and provide “pooled” funds for retirement, disability and death benefits.

## SERVICE

The amount of time you work and contribute to GWPORS affects the amount of your retirement benefit. Your monthly benefit will depend on the number of years you work in a GWPORS-covered position, whether you work full- or part-time, any purchases of service and your highest average compensation.

### MEMBERSHIP SERVICE

We use membership service to determine if you are eligible for vesting, retirement, or other GWPORS benefits. You earn one month of membership service for any month you contribute to GWPORS, regardless of the number of hours you worked or the pay you received during that month.

### VESTING

You are “vested” after you accumulate five years of membership service. Once vested, you are entitled to any retirement benefits for which you are eligible. If you withdraw your accumulated contributions, you are no longer vested and you will give up your right to any GWPORS benefits.

### SERVICE CREDIT

We use service credit to calculate the amount of your benefit. If you work 160 hours or more in any month, you earn one month of service credit. If you work less than 160 hours, you will receive proportional service credit. For example, if you work 80 hours you earn one-half of a month of service credit. However, if you work at least 2,080 non-overtime hours in a fiscal year and are reported as working less than 160 hours in any months during that year, you will receive one full year of service credit.

Service credit is granted **when you are paid**, not when it is earned.

### PART-TIME SERVICE

If you work part-time, we will adjust either your service credit or your Highest Average Compensation (HAC) at retirement. We adjust one or the other to prevent a double reduction of your benefit. You will not see the adjustment to your service credit until retirement.

## ANNUAL BENEFIT STATEMENT

Each July, we will send you an Annual Benefit statement with your current membership information. Carefully review your annual statement to verify all the information is correct.

**Carefully review the statement to verify all the information is correct.**

**NOTE:** We must correct mistakes in your account or service when identified and verified. Mistakes will not bind us to pay a benefit for which you are not eligible.

## PURCHASE OF SERVICE

**Eligibility:** As a GWPORS member, you can purchase service at any time before retirement. Purchasing service may enhance your retirement benefit.

**Purchase of Service:** To purchase refunded or other types of optional service, you can contribute amounts beyond your regular contributions. These additional payments are pre-tax if you authorize payment by a payroll deduction contract. You may also rollover funds from an eligible plan or make cash payments.

**Types of service you can purchase:** You **do not** need to be vested (have five years of membership service) to purchase the following types of service:

- ◆ If you leave your job and request a refund of your accumulated contributions (contributions plus interest) and later return to a GWPORS-covered position, you can purchase the refunded service at anytime prior to retirement if you are an active member. You must be vested to purchase refunded service if you are inactive. To purchase the refund, you must repay the accumulated contributions you received and pay the interest that would have been credited to your account had the refund not taken place.

*Refunded service is both membership service and service credit.*

- ◆ **Montana Public Service:** If you refunded (or you are eligible to receive a refund) from other public service employment with the state of Montana or a political subdivision, you may be eligible to purchase that service in GWPORS at **actuarial cost**. You cannot buy service from another public retirement system that will make you eligible for retirement in GWPORS until you receive a refund of the service from

the other public system. You must be an active GWPORS member to be eligible to purchase this service.

*Montana public service is both membership service and service credit.*

- ◆ **Absence Due to Illness or Injury:** You can purchase time that you are absent from work due to a work-related injury or illness if you did not refund your account. The time which can be purchased may not exceed five years. If you are eligible and pay the contributions and interest, the absence will count as both membership service and service credit.

Upon return to work, you and your employer need to file a written application to buy the time. MPERA needs to receive within one year of your return to work the certification that the injury was work-related.

*This service counts as both membership service and service credit.*

You **must be** vested (have five years of membership service) to purchase the following types of service:

- ◆ **“One-for-Five” Service:** For each five-year period of membership service, you can buy one year of service credit. You may buy up to five years of “One-for-Five” years. You could also buy less than a full year. “One-for-Five” service is not membership service and cannot be used to make you eligible to retire or to purchase other types of service.
- ◆ **Military/Reserve Military Service:** At any time prior to retirement, you may purchase up to five years of your active military or reserve military service at the actuarial cost. You can purchase reserve military time prior to your separation from the services in the reserves. You cannot purchase military time if you are receiving a retirement benefit from the military or from another retirement system or plan, for that time. Reserve military service cannot be purchased if you have already received service credit under USERRA for that time period.

*This service is both membership service and service credit.*

- ◆ **Employment in United States Government:** If you were assigned to a federal agency under the Intergovernmental Personnel Act of 1970, you may purchase the federal employment time if you are vested and return to full-time service in a GWPORS-covered position for at least one year after completing employment with the federal agency. You may continue making contributions to GWPORS while assigned to the federal agency, or may pay an amount equal to the regular employer

and employee contributions, plus interest, within two years after returning to a GWPORS-covered job.

**Limitations:** Current law limits the purchase of active military, reserve military, additional, and other public service to a combined total of five years.

**When purchasing service, your most recent service must be purchased first.**

Contact us if you would like to know approximately how much purchasing service may cost. If you are ready to purchase service, request an official cost statement.

**Requesting a cost statement:** A cost statement will tell you the amount you would be required to pay for the service you are interested in buying. The statement will also include your payment options. To make a request, you will need to provide the following information in writing:

- ◆ your full name (including any former names),
- ◆ a current mailing address,
- ◆ person ID,
- ◆ current employer, and
- ◆ the type of service you wish to buy.

You should also send any documents that relate to the service, including the approximate dates of service, your current retirement system and the name of the employer for whom service was performed. We will review the request and send you a cost statement and the necessary forms for buying any eligible service.

**Paying for service purchases:** You can pay for a service purchase in one lump-sum within 30 days of the date of your cost statement or make monthly payments. If you are an **active member**, you can make monthly payments by pre-tax payroll deduction. You can also purchase service by rolling funds from an eligible retirement plan.

Inactive vested members, active members not paid monthly, or active members who wish to pay in a lump-sum, can send payments directly to MPERA. Payments made directly to MPERA are not made pre-tax. If you fail to make a regular monthly payment, you give up the right to make any more payments. Your service purchase contract will terminate and your service purchase to date will be prorated.

If you do not complete payments on your service purchases before you retire, the service credit will be prorated based on the amount paid. Payment is subject to interest if not paid as a lump-sum.

# **BENEFITS**

This section explains how to qualify for retirement, the payment options available, and how to calculate your benefit.

## **ELIGIBILITY**

To receive benefits under the GWPORS Defined Benefit Retirement Plan, you will need to fulfill certain age and service requirements. Eligibility varies for early, service and disability retirement.

Retirement benefits are payable directly to you. The benefit option you choose at retirement may also provide for a continued survivor benefit. Once you are eligible to retire and begin taking a retirement benefit, you will receive your retirement benefit for your lifetime.

## **APPLYING FOR RETIREMENT**

Approximately five years before you plan to retire, we recommend you attend an interactive retirement webinar. This will give you a detailed look at the retirement process and your options. The webinar schedules are available on our website, or for your convenience you can watch the “Steps to Retirement” video which is also available on our website.

At least three months before you plan to retire, contact us for an official Defined Benefit Estimate Request. The Benefit Estimate will give you an approximate amount of your monthly benefit.

At least thirty days before you plan to retire, you must complete the retirement application forms that accompanied your benefit estimate and return them to MPERA.

Once we have received and processed your completed forms, you will be considered retired on the first day of the month following your termination. Your first and subsequent benefit will be paid on the last working day of the month.

# CALCULATING YOUR RETIREMENT BENEFIT

Defined benefit retirement plans use a set or defined formula to calculate your benefit. Benefits are based on the law in effect at the time of your termination from employment; therefore, some information found here may not apply in specific cases. Information in this handbook is based on 2017 law.

The formula for a GWPORS monthly service retirement benefit depends on your hire date, your years of **membership service** and years of **service credit**. The basic formula for a GWPORS monthly service retirement is:

## **Retirement Factor x Years of Service Credit x HAC**

Your benefit is calculated based on:

- ◆ **Retirement Factor** - a percentage based on your years of service defined in law.
- ◆ **Years of Service Credit** - the amount of service you earned through employment (see page 10).
- ◆ **HAC<sup>1</sup>** - (Highest Average Compensation) is the average of a set number of highest consecutive months of salary, depending on when you were hired. **For members hired on or after July 1, 2013**, HAC will be capped at 110% on compensation earned during each year of the highest average compensation period.

## **SERVICE RETIREMENT**

You need to be age 50 with at least 20 years membership service. The formula for a monthly service retirement benefit in GWPORS depends on your years of membership service and service credit as explained below:

### **2.5% x Years of Service Credit x HAC**

For members hired **before** July 1, 2011: Your GWPORS retirement benefit is based on your highest consecutive 36 months of compensation. This does not have to be your last 36 months of employment.

For members hired **on or after** July 1, 2011: Your GWPORS retirement benefit is based on your highest consecutive 60 months of compensation. This does not have to be your last 60 months of employment.

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<sup>1</sup> If you were hired **before** July 1, 2011, your HAC is 36 months. If you were hired **after** July 1, 2011, your HAC is 60 months.



## **EARLY RETIREMENT**

If you terminate your GWPORS-covered employment after completing five years of membership service, but before reaching normal retirement age, you may file a written application with MPERA to be paid a retirement benefit when you reach age 55. The benefit will be calculated using the normal service retirement benefit formula:

$$\mathbf{2.5\% \times \text{Years of Service Credit} \times HAC}$$

# DISABILITY RETIREMENT

## Eligibility

To qualify for a disability retirement, you must meet the following requirements:

- ◆ Your disability must occur during your active membership.
- ◆ You must be a vested member (have at least five years of membership service).
- ◆ Your disability must be permanent, or at least of extended and uncertain duration.
- ◆ Your disability must totally prevent you from doing the essential functions of your job even with reasonable accommodation.
- ◆ Your employer must have defined the essential elements of your job and shown reasonable accommodation was attempted for the disabling condition(s) in compliance with the Americans with Disabilities Act.

## DISABILITY BENEFIT

If you become disabled as a direct result of service **in the line of duty** and

- ◆ have less than 20 years of membership service, you may receive a disability retirement benefit equal to one-half of your HAC; or
- ◆ have 20 years or more of membership service, you may receive a disability retirement benefit equal to 2.5% of your HAC for each year of service credit.

If you are an active member and become disabled but not in the line of duty, you will receive a disability retirement benefit based on the actuarial equivalent of the accrued service retirement benefit when your disability occurred.

## DISABILITY REVIEWS

At its discretion, the Board may review the medical condition of any member receiving a disability benefit. Periodic reviews are performed to decide if the member still qualifies for disability retirement. The Board may require the recipient of a disability retirement benefit to undergo a medical examination at the Board's expense.

If the Board determines you are no longer disabled, you must be reinstated to the position you held immediately before retirement or to a position comparable in pay, benefits and duties within your capacity, whichever is first available.

## DISABILITY BENEFIT CANCELLATION

The Board will cancel your disability retirement in the following cases:

- ◆ You are no longer totally disabled and can return to your former job.
- ◆ You refuse to submit to a current medical exam or provide updated medical records.

Contact us for complete details about disability benefits and how to apply.

**NOTE:** If you are still disabled when you reach normal retirement age, we will convert your disability retirement to a service retirement. The benefit amount will not be recalculated. Converting to a service retirement will end medical reviews.

# RETIREMENT AND DISABILITY PAYMENT OPTIONS

At retirement, GWPORS offers four benefit payment options. The option you choose determines whether or not the benefit continues to someone else (a **contingent annuitant**) after your death. If you choose an option to provide income for someone after you die, your monthly retirement benefit will be reduced. The reduction depends upon the option you choose, your age and the age of your named contingent annuitant.

**Generally, once you receive and accept your first benefit payment, you cannot change your retirement option, except under specific circumstances as described on page 21.**

## OPTION 1

Option 1 will provide a monthly benefit for your lifetime only and is the largest monthly amount you can choose. Option 1 is also the basis for calculating all other options. The benefit is computed using the defined benefit formula described on page 16.

Upon your death, your designated beneficiary will receive any balance left in your account. That balance will be the amount that was available at retirement, minus the total benefits already paid to you. All Option 1 monthly benefit payments end upon your death.

## OPTION 2

To calculate a benefit for Option 2, your Option 1 benefit is multiplied by an actuarial factor based on both your age and your **contingent annuitant's** age at your retirement.

Option 2 provides a monthly benefit to you for your lifetime. When you die, your **contingent annuitant** will receive the same monthly benefit for the rest of their life, subject to annual benefit increases.

**Option 2 provides the same benefit amount to your contingent annuitant for their lifetime.**

Upon his/her death after receipt of any benefits, your remaining account balance, if any, will revert to the GWPORS trust fund. You may not change your option election or your contingent annuitant except in limited circumstances (see next page).

The benefit amount of Option 2 is less than Option 1 because the lifetime value of your benefit is spread over two lives instead of one. **According to IRS regulations, if the age difference between you and your non-spouse contingent annuitant is greater than ten years, you may not select Option 2. This limit does not apply to a spouse.**

### OPTION 3

Option 3 will provide a monthly benefit to you for your lifetime. When you die, your **contingent annuitant** will receive **one-half of that amount** for the rest of their life, subject to annual benefit increases. Upon his/her death after receipt of any benefits, your remaining account balance, if any, will revert to the GWPORS trust fund. You may not change your option election or your contingent annuitant except in limited circumstances (see below).

**Option 3 provides one-half of the benefit amount to your contingent annuitant for their lifetime.**

The benefit amount of Option 3 is less than Option 1 because the lifetime value is spread over two lives instead of one. The Option 3 factor is based on both your age and your contingent annuitant's age at your retirement date. However, because the contingent annuitant receives only one-half of your benefit, your Option 3 benefit would be larger than the Option 2 benefit. Your Option 3 benefit is calculated by multiplying the Option 1 benefit by an Option 3 factor. The Option 3 factor is based on both your age and your contingent annuitant's age at your retirement date.

### CHANGING YOUR OPTION IF YOU ELECTED 2 OR 3

There are only two circumstances under which you can change your Option 2 or Option 3 payment or contingent annuitant. You may only change if:

- ◆ your original contingent annuitant dies; or
- ◆ you and your contingent annuitant divorce and there is no **Family Law Order** in place, giving your contingent annuitant the right to receive part of your benefit.

Under these conditions, if you had selected either Option 2 or 3 when you retired, you may:

- ◆ revert to the higher Option 1 retirement benefit that was available at the time of your retirement, plus any guaranteed annual benefit adjustments (GABA) you have received; or

- ◆ change your benefit Option and name a new contingent annuitant; or
- ◆ keep the same Option and name a new contingent annuitant.

To change your payment option or contingent annuitant, you must designate a new contingent annuitant or payment option in writing, **within 18 months** of the death of or divorce from the contingent annuitant. Please note your retirement benefit calculation will change if you select a new option or new contingent annuitant, because the calculations are based on your age and your new contingent annuitant's age at the time of the election. Contact us to receive an estimate of the new benefit and an application form.

## OPTION 4

Option 4 will provide a continuing benefit to one or more contingent annuitants. As with all options, you will receive the monthly benefit for **your life**. If you die before the end of the “certain” or guaranteed period, your contingent annuitant will receive the benefit for the balance of the guaranteed period. If you name more than one contingent annuitant, they will receive the continuing benefit payment, divided equally, for the remainder of the guaranteed period. Payments to the contingent annuitant(s) will stop when the guaranteed period ends. This benefit has two alternatives:

- ◆ **10-year period certain.** You must be **age 75 or younger** when you retire to be eligible for this benefit. The 10-year period begins on your effective date of retirement. You will receive this benefit for life. If you die before the 10-year period ends, then your contingent annuitant(s) will receive the same benefit for the remainder of the 10-year period.
- ◆ **20-year period certain.** You must be **age 65 or younger** when you retire to be eligible for this benefit. The 20-year period begins on your effective date of retirement. You will receive this benefit for life. If you die before the 20-year period ends, then your contingent annuitant(s) will receive the same benefit for the remainder of the 20-year period.

You can change your Option 4 contingent annuitant designation after retirement at will. Contingent annuitant(s) receiving the Option 4 benefit may, in turn, designate their own contingent annuitants.

**NOTE:** The Option 4 benefit will be calculated using Option 4 factors which are based on **your age only**.

# CIRCUMSTANCES AFFECTING BENEFITS

## WORKING RETIREE

As a retiree, you may work in a GWPORS-covered position for less than 480 hours during a calendar year. If your yearly income from the GWPORS-covered position exceeds \$5,000, your retirement benefit will be reduced \$1 for each \$3 you earn over the limit. Income earned from non-GWPORS employment does not apply to your earnings limit.

Your GWPORS employer is required to report hours you work and your compensation. If you exceed the 480 hour limit, we will stop your retirement benefit and you will start paying membership contributions. We recommend you complete a new GWPORS *Membership /Designation of Beneficiary* form and send it to MPERA.

**Benefit upon second retirement:** starting the month following your termination of active GWPORS-covered service, you will be eligible to begin receiving the same retirement benefit amount paid to you prior to returning to active service (postretirement benefit increases will not accrue on suspended retirement benefits during your active service). In addition:

- ◆ if you accrued less than 5 years of service credit after you returned to active service you will receive a refund of the accumulated contributions associated with that additional service.
- ◆ if you accrued 5 or more years of service credit after you returned to active service you will be eligible for a second retirement benefit for that additional service based on the laws in effect as of your rehire date

When you are ready to retire for the second time, notify MPERA.

# ADDITIONAL INFORMATION

## BENEFIT INCREASES

The Guaranteed Annual Benefit Adjustment (GABA) will increase your retirement benefit every year **if you are eligible**.

You need to have received your benefit for at least 12 months to become eligible for a GABA increase. You will receive your first increase in your retirement benefit payment that following January. For example: If you retire on July 1, 2017, you will meet the 12-month requirement on July 1, 2018. You will then receive your first GABA increase beginning with your January 1, 2019 benefit.

If you were hired **before** July 1, 2007, (including members who transferred to an GWPORS-covered position from another MPERA-administered system) you will be eligible for a 3% GABA. If you were hired **on or after** July 1, 2007, you will be eligible for a 1.5% GABA.

Other events which increase your benefit will reduce the amount you will get from GABA. If the other increases are greater than your GABA amount, then you will not receive a GABA increase.

The GABA applies to:

- ◆ Service Retirement Benefit
- ◆ Early Retirement Benefit
- ◆ Disability Retirement Benefit
- ◆ Survivorship Benefit

GABA also applies to recipients, other than members, such as contingent annuitants and survivors. It **does not apply** to a person receiving the lump-sum death payment as an annuity.

If you were hired **before** July 1, 2007 and terminate GWPORS-covered employment, but did not withdraw your accumulated contributions (take a refund), your GABA will remain 3% if you return to GWPORS covered employment.



## DEATH BENEFITS

### DEATH BEFORE RETIREMENT

**Duty Related**: If you die as a **direct result of injuries received in the course of your service**, your beneficiary is entitled to either:

- ◆ a monthly survivorship benefit equal to 50% of your Highest Average Compensation (HAC) if you had 25 years or less of service credit; or
- ◆ a monthly survivorship benefit equal to 2% of your HAC for each year of service credit, if you had more than 25 years of service credit.

**Non-Duty Related**: If you die in a **non-duty related death** as an active member, your beneficiary is entitled to either:

- ◆ A lump-sum payment of your accumulated contributions (your contributions plus interest); or
- ◆ an actuarial equivalent of a service retirement benefit.

**Non-Vested**: If you are an non-vested member, GWPORS will pay a lump-sum death payment to your beneficiary. This death payment will be your accumulated contributions (your contributions plus interest).

### DEATH AFTER RETIREMENT

If you were receiving an Option 1 benefit, and you die before receiving benefits equal to your account balance, your designated beneficiary or estate will receive your remaining account balance. Your remaining account balance is your contributions, plus interest to date of retirement, minus any benefit payments you received. Your designated beneficiary or estate may request the lump-sum payment be received as an annuity.

If you chose Options 2, 3 or 4, see Payment Options for details on death benefits.

### DEATH BENEFIT CLAIM

Upon notification of your death, MPERA will send a death benefit claim to your designated beneficiary or contingent annuitant. To claim a death benefit, the completed form must be returned to MPERA along with a certified copy of your death certificate.

## REFUND OF CONTRIBUTIONS

If you are a vested member and decide to end your GWPORS-covered employment, you can leave your money on account to continue to earn interest and later receive a retirement benefit; or you can receive a refund of your accumulated contributions (your contributions plus interest). **Employer contributions are not refundable.**

To receive a refund after you terminate, you can download a refund application from our website or request one from our office. You need to complete the application and send it to MPERA.

**Processing a Refund:** We cannot process your refund before we receive your completed application and your final payroll information. This process may take over four weeks from the date you get your last paycheck.

**Mandatory Refunds:** If you are not a vested member (see page 10) IRS regulations require that we distribute your contributions to you as follows.

- ◆ If you have less than \$200 in accumulated contributions, you will receive a lump sum refund to the address we have on file. No taxes are withheld.
- ◆ If you have between \$200 and \$1,000 in accumulated contributions, request a refund application from MPERA and return it within 90 days of termination. The application allows you to request a lump-sum sent directly to you or to rollover your contributions to another eligible plan. Rolling your contributions to another eligible plan protects the tax-deferred status of your contributions. If you do not request a rollover within 90 days of termination your contributions will be directly refunded to you, less required federal income tax withholding.

**Optional Refund:** If you have more than \$1,000 in accumulated contributions, you may leave your contributions on account and continue to earn interest.

**NOTE:** If you receive a refund greater than \$200 directly, the IRS requires us to withhold 20% for federal income tax purposes. You may also be subject to an additional 10% penalty if you withdraw your account before you reach age 59½. Montana state income tax can be withheld if requested.

**Return to Work After Receiving a Refund:** If, after receiving a refund, you return to a mandatory GWPORS-covered position, you will again become a member. We will consider you a new member. You may reinstate the refunded service through a service purchase. For more information on purchase of service, see page 11.

**Remember . . .**

**Once you withdraw the money from your account, your membership ends. You have lost your right to any benefit from GWPORS.**

## **TAXES ON BENEFITS**

Some or all of your retirement benefit will be subject to federal and state income taxes. You must pay taxes on any part of your benefit that is based on contributions that were not taxed (made pre-tax) during your working career. You have not paid income tax on contributions made on or after July 1, 1985, or service purchases you made through payroll deductions after 1999. You will be asked to elect to withhold federal and/or Montana state income tax on your benefit at the time you apply for your benefit. You may change your withholding at any time by completing and submitting a Tax Withholding Certificate form. This is available online at the MPERA website.

### **TAX STATEMENTS**

Once you are retired and receiving a benefit, MPERA will send you Federal Form 1099R each year. The 1099R will show the gross benefit you received during the past calendar year along with the taxable amount of the benefit and any state or federal taxes withheld during the year.

### **TAX ADVICE**

Tax laws change frequently. Contact a tax professional for specific, up-to-date information about state and federal taxes.

### **TAXES ON REFUNDS**

The pre-tax portion of your accumulated contributions is subject to state and federal taxes when refunded directly to you in a lump-sum. If you choose to have the refund paid directly to you, you may elect to have Montana state income tax withheld. IRS regulations require us to withhold 20% for federal income taxes. Refunds taken before age 59½ are subject to an additional 10% penalty for early withdrawal. (IRC § 72(t)). You may avoid paying the 20% withholding tax and the 10% early withdrawal penalty by “rolling-over” the taxable part of your refund into an IRA or other eligible retirement plan immediately, as a direct rollover, or within 60 days. You will receive Federal Form 1099R with your refund or direct rollover for tax purposes.

**If you accept a lump sum payment, IRS rules allow you 60 days to reinvest or roll the refund over into an eligible retirement plan.**

## **ASSIGNMENT OF BENEFITS**

In most circumstances your retirement benefit is protected from attachment and cannot be assigned to or acquired by a third party.

However, the IRS may place a levy against your benefit for unpaid taxes and there are a few circumstances when your retirement benefit may be subject to attachment or assignment. If you have a court-ordered support obligation your benefits may be subject to an execution or income withholding order. A court may also assign all or a portion of your GWPORS benefits to an alternate payee (usually a former spouse) pursuant to a Family Law Order (FLO).

### **SUPPORT OBLIGATION**

Your GWPORS benefits are subject to execution and income withholding for the payment of support obligations. A writ of execution or income-withholding order may not require a type of benefit, option, or payment not available to you or an amount or duration of payment greater than that available to you. This means we cannot make any payments from your GWPORS defined benefit account to satisfy a support obligation before you retire and begin drawing benefits or take a refund.

### **FAMILY LAW ORDER (FLO)**

A Montana court may issue a FLO for child or parental support, spousal maintenance, or marital property rights. The FLO may require that we pay an alternate payee a set sum or percentage of your benefit. For example, the FLO may require us to pay \$500 per month until a set sum of \$20,000 has been paid. Or, the FLO may require us to pay 50% of your monthly benefit to your alternate payee for as long as you get a benefit. The FLO may also require you to choose a specific beneficiary or retirement option.

A FLO may not require GWPORS to make payments for a type of benefit that is not available to you or an amount or length of payment greater than that payable to you. This means a FLO cannot require any payments from your GWPORS defined benefit account before you retire and begin drawing benefits or take a refund.

# GLOSSARY OF TERMS

**ACCUMULATED CONTRIBUTIONS** - any regular and additional contributions made by a member plus interest earned.

**ACTIVE MEMBER** - a member in a GWPORS-covered job, making the required contributions, and properly reported for the most current reporting period.

**ACTUARIAL COST** - the amount determined by the Board in a uniform and nondiscriminatory manner to represent the present value of the benefits derived from the additional service credited based on the most recent actuarial valuation for the system and the age, years until retirement, and current salary of the member.

**ADDITIONAL CONTRIBUTIONS** - a member's payments to purchase various types of optional service credit.

**BENEFIT** - a service, early or disability retirement or survivorship benefit provided by GWPORS.

**COMPENSATION** - the pay an employee receives before taxes or other deductions are made in accordance with [§19-8-101\(1\)](#).

**COMPENSATION LIMIT** - For a member hired on or after July 1, 2013, the following amounts of excess earnings in the calculation of a member's highest average compensation are **not** included:

- ◆ for the first year included in the calculation, any compensation that is greater than 110% of the compensation paid to the member in the previous year; and
- ◆ for each subsequent year included in the calculation, any compensation that is greater than 110% of the compensation included in the calculation for the previous year.

**CONTINGENT ANNUITANT** - a person the retired member names to receive a continuing benefit after the member's death as provided for under Options 2, 3 or 4.

**DESIGNATED BENEFICIARY** - the person(s), charitable organizations, estate of the payment recipient, or trusts for the benefit of natural living persons a member names before retirement, or later upon retiring and electing an Option 1 retirement benefit to receive any survivorship benefits

or lump-sum payments upon the member's death. Designated beneficiaries are either primary or contingent.

**DISABILITY** - total physical or mental incapacity of a member to do the essential functions of the member's job even with reasonable accommodations required by the ADA, for a permanent or extended and uncertain duration.

**EMPLOYEE** - a person employed in any capacity by a GWPORS employer who pays the person's salary.

**EMPLOYER** - the state, its university system, or political subdivisions that contract with the Board to cover their employees under GWPORS.

**FAMILY LAW ORDER (FLO)** - an order from a Montana court that may assign all or part of a participant's payment.

**FISCAL YEAR** - the 12-month period starting July 1 and ending the following June 30.

**GUARANTEED ANNUAL BENEFIT ADJUSTMENT (GABA)** - a benefit increase that is paid if and when a member is eligible. The amount is based on date of hire.

**HIGHEST AVERAGE COMPENSATION (HAC)** - a member's highest average monthly compensation during a set period of consecutive months of membership service. Lump-sum payments for sick leave, banked holiday time and annual leave may not be added to a single month's pay. Your HAC may include termination payments, but only if they replace regular pay on a month for month basis. **For members hired on or after July 1, 2013**, HAC will be capped as provided by the compensation limit.

**INACTIVE MEMBER** - a member who terminates GWPORS-covered employment and does not withdraw his or her GWPORS accumulated contributions.

**IRA** - an individual retirement account.

**LUMP-SUM PAYMENT** - an amount, which may include interest, that is payable instead of monthly benefits.

**MEMBER** - any person with contributions and service on account with the GWPORS. Persons receiving retirement benefits based on previous service credit are also members.

**MEMBERSHIP SERVICE** - the periods of service used to determine vesting and eligibility for retirement or other benefits. You get 1 month membership service for any month you contribute to GWPORS, even if you only work one day during that month. If you contribute anything, you get membership service for the whole month.

**PART-TIME EMPLOYMENT** - any month during which the employer pays the member for less than 160 hours.

**PARTICIPANT** - a member, beneficiary, survivor, or contingent annuitant who is receiving, or may receive, a benefit or payment from GWPORS.

**REFUND** - a withdrawal of all the accumulated contributions in a member's GWPORS account. This does not include employer contributions. By taking a refund, the member gives up all rights to any other benefits from the GWPORS.

**REGULAR CONTRIBUTIONS** - the payments an active member must make to the GWPORS. The payments are a percentage of the member's monthly pay and are made pre-tax.

**RETIREMENT BENEFIT** - the monthly payment to a member, for life, following early, service, or disability retirement.

**RETIREMENT or RETIRED** - the status of a member who ends active service and receives a monthly benefit.

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

**SERVICE CREDIT** - the periods of time for which the required contributions have been made to GWPORS and that are used to calculate retirement benefits or survivorship benefits.

**SURVIVORSHIP BENEFIT** - monthly payments for life to the beneficiary of a vested member who died while an active member.

**TERMINATION or TERMINATION OF SERVICE** - means the member has left the employment relationship for at least 30 days, has no written or verbal agreement to return, and has been paid all compensation due, including but not limited to payment of accrued annual and sick leave. Upon termination, the member will cease to accrue benefits attributable to that employment.



**VESTED MEMBER or VESTED** - the status of a member with at least five years of membership service. A vested member is entitled to retirement when they meet the minimum service or age provision.

# SAMPLE CALCULATIONS

The following are sample calculations. These calculations are for educational purposes only and do not cover all contingencies. **NOTE:** These sample calculations are for members hired before July 1, 2011.

## SERVICE RETIREMENT EXAMPLE

Wanda Age At Retirement.....	54
Service Credit.....	26 years
Highest Average Compensation (HAC).....	\$3,000 per month
Account Balance at Retirement.....	\$69, 796
Contingent Annuitant's Age.....	54

### Option 1 Formula: 2.5% x Service Credit (years) x HAC

$$0.025 \times 26 \times \$3,000 = \$1,950$$

Under Payment Option 1, Wanda will receive a monthly benefit of \$1,950 plus GABA increases when eligible, for life. Upon her death, monthly payments will cease. If the total benefits paid to Wanda are less than her balance at retirement (\$69,796), the balance will be paid in a lump-sum to her designated beneficiary or estate.

### Option 2 Formula: Option 1 Amount x Option 2 Factor

$$\$1,950 \times 0.9521 = \$1856.56 \text{ per month}$$

If Wanda elects Option 2, she will receive a monthly benefit of \$1856.56, plus GABA increases when eligible, for life. Upon her death, GWPORS will pay Wanda's contingent annuitant the same amount Wanda was receiving, plus increases when eligible, for life.

### **Option 3 Formula: Option 1 Amount x Option 3 Factor**

$$\text{\$1,950} \times 0.9394 = \text{\$1,831.83 per month}$$

If Wanda elects Option 3, she will receive monthly a benefit of \$1,831.83 plus GABA increases when eligible, for life. Upon her death, GWPORS will pay Wanda's contingent annuitant one-half of the amount Wanda was receiving, plus increases when eligible, for life.

### **Option 4 Formulas:**

#### **10-Year certain: Option 1 Amount x Option 4 10-year Factor**

$$\text{\$1,950} \times 0.9979 = \text{\$1,945.91 per month}$$

If Wanda chooses the 10-year certain payment option, she will receive monthly payments of \$1,945.91 plus GABA increases when eligible, for life. If she dies before the 10-year period ends, then her contingent annuitant(s) will collectively receive the same benefit Wanda was receiving. Those payments will increase annually and will continue until the end of the 10-year period. If Wanda dies after the 10-year period ends, all payments end. Her contingent annuitant(s) will not receive any benefit payments.

#### **20-Year certain: Option 1 Amount x Option 4 20-year Factor**

$$\text{\$1,950} \times 0.9910 = \text{\$1,932.45 per month}$$

If Wanda chooses the 20-year certain payment option, she will receive monthly payments of \$1,932.45 plus GABA increases when eligible, for life. If she dies before the 20-year period ends, then her contingent annuitant(s) will collectively receive the same benefit Wanda was receiving. Those payments will increase annually and will continue until the end of the 20-year period. If Wanda dies after the 20-year period ends, all payments end. Her contingent annuitant(s) will not receive any benefit payments.

The 10-year and 20-year periods begin on the effective date of your retirement. **Factors used for 10-year or 20-year periods are based only on the retiree's age.**