

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 September 24, 2022, the Public Employees' Retirement Board (board) proposes to amend the above-stated rule.

2. The 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 Montana Public Employee Retirement Administration (MPERA) no later than 5:00 p.m. on August 26, 2022, to advise us of the nature of the accommodation that you need. Please contact Kris Vlastic, MPERA, P.O. Box 200131, Helena, Montana, 59620-0131; telephone (406) 444-2578; fax (406) 444-5428; TDD (406) 444-1421; or e-mail kvlastic@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 June 8 ~~9, 2017~~ 2022), providing actuarial rates, assumptions, methods, and factors used for valuation and actuarial equivalence purposes. BOARD Admin 09 also contains the early retirement factor tables applicable to PERS, HPORS, and SRS.  
(2) and (3) remain the same.

AUTH: 19-2-403, MCA  
IMP: 19-2-405, 19-17-107, MCA

STATEMENT OF REASONABLE NECESSITY: The Internal Revenue Service requires public pension systems to adopt actuarial assumptions, rates, methods, and factors in a manner that gives them the force and effect of law. The IRS requirement is an issue that may affect the qualified status of public pension retirement systems. Adopting the applicable actuarial assumptions, rates, methods, and factors into rule by reference gives them the force and effect of law.

The board's actuary performs an experience study every five to seven years. Information obtained through the experience study is used by the actuary to update demographic and economic assumptions relied on when conducting annual valuations of the defined benefit retirement systems administered by the board and to determine actuarial equivalent option factors as well as actuarial cost factors for all defined benefit retirement systems (BOARD Admin 09).

The recommended assumptions resulting from an experience study for the 5-year period from July 1, 2016 to June 30, 2021, were presented to the board on May 12 of this year and adopted in the same meeting. BOARD Admin 09 was updated with those recommended assumptions accordingly and approved by the board on June 9, 2022. This administrative rule update is necessary to give the applicable actuarial assumptions, rates, methods, and factors from that board policy the force and effect of law.

4. Concerned persons may submit their data, views, or arguments concerning the proposed action in writing to: MPERA, 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 2, 2022.

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 Vladic at the above address no later than 5:00 p.m., September 2, 2022.

6. If the 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 9,380 persons based on the following combined total of members, retirees, and beneficiaries in each defined benefit system administered by MPERA as of June 30, 2021: Public Employees' Retirement System – 79,581, Judges' Retirement System – 134, Highway Patrol Officers' Retirement System – 648, Sheriffs' Retirement System – 3,283, Game Wardens' and Peace Officers' Retirement System – 2,115, Municipal Police Officers' Retirement System – 2,039, Firefighters' Unified Retirement System – 1,550, Volunteer Firefighters' Compensation Act – 4,453, for a total of 93,803 persons.

7. The 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 4 above or may be made by completing a request form at any rules hearing held by the board.

8. An electronic copy of this proposal notice is available through the Secretary of State's web site at <http://sosmt.gov/ARM/Register>.

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 board has determined that the amendment of the above-referenced rule will not significantly and directly impact small businesses.

/s/ Nicholas Domitrovich  
Nicholas Domitrovich  
Chief Legal Counsel  
and Rule Reviewer

/s/ Maggie Peterson  
Maggie Peterson  
President  
Public Employees' Retirement Board

Certified to the Secretary of State July 26, 2022.