MONTANA
ADMINISTRATIVE
REGISTER

PUBLIC EMPLOYEES' RETIREMENT BOARD

NOTICE OF PROPOSED RULEMAKING

MAR NOTICE NO. 2026-132.1

Summary

The proposed rulemaking amends ARM 2.43.1306 to update the version of BOARD Admin 09 Actuarial Valuation Assumptions and Methods, that is incorporated by reference into rule. Additionally, the proposed rulemaking amends ARM 2.43.3502 and 2.43.5102 to adopt by reference updated investment policy statements for the State of Montana 401(a) defined contribution plan and 457(b) deferred compensation plan, effective June 11, 2026.

No Hearing Scheduled

If the agency receives requests for a public hearing on the proposed rulemaking from either 10 percent or 25, whichever is less, of the persons directly affected by the proposed rulemaking; 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.

The estimated number of persons directly affected by the proposed rulemaking is 57,463, which includes 41,469 active or inactive vested members in defined benefit retirement plans, 6,461 participants in the defined contribution plan, and 9,533 participants in the 457(b) deferred compensation plan as of June 30, 2025.

Comments

Concerned persons may submit their data, views, or arguments concerning the proposed action in writing to: Montana 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. Comments must be received by Friday, August 7, 2026, at 5:00 p.m.

Accommodations

The agency 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. Requests must be made by Friday, July 31, 2026, at 5:00 p.m.

Contact

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Rulemaking Actions

AMEND

The rules proposed to be amended are as follows, stricken matter interlined, new matter underlined:

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 ~~9~~ 11, ~~2022~~ 2026), 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) MPERA shall maintain a historical file of all rates, assumptions, methods, and factors, including the current version. The file shall be open and readily available to the public. Copies of the assumptions and board policy BOARD Admin 09 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 and are available on MPERA's web site at www.mpera.mt.gov.

(3) This rule applies to all systems administered by MPERA, including the VFCA but excluding the ~~defined contribution (401)(a)~~ DCRP ~~plan~~ and the ~~deferred compensation~~ (457)(b) deferred compensation plan.

Authorizing statute(s): 19-2-403, MCA

Implementing statute(s): 19-2-405, 19-17-107, MCA

Reasonable Necessity Statement

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. Adoption of the applicable actuarial assumptions, rates, methods, and factors by rule through incorporation by reference helps ensure compliance with those requirements and supports the qualified status of the public retirement systems administered by the board.

The board's actuary performs periodic experience studies to evaluate demographic and economic experience and to recommend updates to the actuarial assumptions and methods used in the actuarial valuations of the defined benefit retirement systems administered by MPERA and in determining actuarial equivalence and actuarial cost factors.

Following the 2026 experience study, the board approved updated actuarial assumptions and methods and revised BOARD Admin 09 accordingly, with an effective date of July 1, 2026. Because ARM 2.43.1306 adopts BOARD Admin 09 by reference, it is necessary to amend the rule to identify the updated version of that board policy now being used for valuation and actuarial equivalence purposes. The board proposes additional, non-substantive amendments to align nomenclature used to refer to specific plans with that found in definitions or other administrative rules in the chapter.

2.43.3502 ADOPTION OF INVESTMENT POLICY STATEMENT AND FIXED FUND INVESTMENT POLICY STATEMENT

(1) The board adopts and incorporates by reference the State of Montana ~~401(a) Defined Contribution Plan~~ Investment Policy Statement 401(a) Defined Contribution Retirement Plan (DCRP Investment Policy Statement) approved by the board on ~~April~~ June 11, ~~2024~~ 2026. The DCRP Investment Policy Statement provides investment guidelines for the ~~defined contribution~~ DCRP ~~plan~~, a long-term retirement-savings vehicle that permits participants to invest employer and participant contributions on a tax-deferred basis. The investment guidelines help the board to meet its fiduciary responsibilities to evaluate and positively influence the direction of the plan and its investments for the benefit of the plan participants and beneficiaries.

(2) The board adopts and incorporates by reference the Montana Fixed Fund Investment Policy Statement approved by the board on February 10, 2022. These

guidelines apply to the investment of ~~401(a) defined contribution plan~~ DCRP participant assets and 457(b) deferred compensation plan participant assets that are pooled together in the plans' stable value group trust. The investment policy statement was developed through mutual agreement amongst the board, the investment manager, and the insurance wrap providers and provides guidance to the investment manager when investing participants' funds contained within the stable value group trust.

(3) Copies of the ~~Defined Contribution Plan~~ DCRP Investment Policy Statement and the Montana Fixed Fund Investment Policy Statement 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. The documents are also available online at www.mpera.mt.gov.

Authorizing statute(s): 19-3-2104, MCA

Implementing statute(s): 19-3-2104, 19-3-2122, MCA

2.43.5102 ADOPTION OF INVESTMENT POLICY STATEMENT AND FIXED FUND INVESTMENT POLICY STATEMENT

(1) The board adopts and incorporates by reference the State of Montana ~~457 Plan (deferred compensation)~~ Investment Policy Statement 457(b) Deferred Compensation Plan (457(b) Investment Policy Statement) approved by the board on ~~April~~ June 11, ~~2024~~ 2026. The 457(b) Investment Policy Statement provides investment guidelines for the ~~457(b) deferred compensation~~ plan, a supplemental retirement-savings vehicle that permits participants to invest on either a pre-tax or a tax-deferred basis. The investment guidelines help the board to meet its fiduciary responsibilities to evaluate and positively influence the direction of the plan and its investments for the benefit of the plan participants and beneficiaries.

(2) The board adopts and incorporates by reference the Montana Fixed Fund Investment Policy Statement approved by the board on February 10, 2022. These guidelines apply to the investment of ~~401(a) defined contribution plan~~ DCRP participant assets and 457(b) deferred compensation plan participant assets that are pooled together in the plans' stable value group trust. The investment policy statement was developed through mutual agreement amongst the board, the investment manager, and the insurance wrap providers and provides guidance to the investment manager advisor when investing participants' funds contained within the stable value group trust.

(3) Copies of the 457(b) ~~Plan~~ Investment Policy Statement and the Montana Fixed Fund Investment Policy Statement 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. The documents are also available online at www.mpera.mt.gov.

Authorizing statute(s): 19-50-102, MCA

Implementing statute(s): 19-50-102, MCA

Reasonable Necessity Statement

After a year-long process of analyzing the investment structure and options offered in both the DCRP and 457(b) deferred compensation plan, the board will be implementing changes to the investment alternatives for both plans. These changes will be implemented on July 1, 2026, and July 2, 2026, and the amendments to the investment policy statements for each plan reflect the new investment categories to participants in those plans.

Because the board adopts the DCRP and 457(b) deferred compensation plan investment policy statements by reference, 2-4-307(4), MCA, requires that subsequent changes to each document also be adopted by reference following the rulemaking procedure required by the Montana Administrative Procedure Act. It is therefore necessary to amend the rules that adopt each investment policy statement to indicate the version being adopted by reference. The investment policy statements are available on the board's web page at mpera.mt.gov.

The board proposes additional, non-substantive amendments to align nomenclature used to refer to specific plans with that found in definitions or other administrative rules in the chapter.

Small Business Impact

The board has determined that the proposed rulemaking will not significantly and directly impact small businesses. The amendment to ARM 2.43.1306 updates the board policy adopted by reference for actuarial assumptions, methods and factors applicable to the defined benefit retirement systems administered by MPERA. The amendments to ARM 2.43.3502 and 2.43.5102 apply only to the administration of the DCRP and 457(b) deferred compensation plan, and solely update the investment policy statements, adopted by reference. The proposed changes do not impose new fees, filing requirements, or compliance obligations on private employers or other small businesses, and any effects on participating employees are limited to the investment options available within existing retirement plans.

Bill Sponsor Notification

The bill sponsor contact requirements do not apply.

Interested Persons

The Montana Public Employee Retirement Administration (MPERA) 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 above or may be made by completing a request form at any rules hearing held by MPERA.

Rule Reviewer

Nicholas Domitrovich

Approval

Maggie Peterson
President
Public Employees' Retirement Board