



Montana Legislative Services Division
Legal Services Office

TO: State Administration and Veterans' Affairs Interim Committee
FROM: K. Virginia Aldrich
DATE: August 21, 2013
RE: Legislative Administrative Rule Review Report

Pursuant to 5-5-228, MCA, the State Administration and Veterans' Affairs Interim Committee is responsible for reviewing administrative rules within its jurisdiction. Staff for the State Administration and Veterans' Affairs Interim Committee has prepared this report for informational purposes only. This report does not represent any action or opinion of the State Administration and Veterans' Affairs Interim Committee and does not preclude additional action that may be taken by the State Administration and Veterans' Affairs Interim Committee pursuant to its authority under the Montana Administrative Procedure Act (Title 2, chapter 4, MCA).

MAR NOTICE NUMBER: 2-43-490

AGENCY/BOARD: Public Employees' Retirement Board of the State of Montana

RULE CLASSIFICATION: (e.g. substantive/interpretative/emergency/temporary): Substantive

SUBJECT: Criteria to Be Used by the Board's Actuary to Obtain Information Related to PERS, Its Amortization Period, Its Funding Status, Its Future GABA Rates, and Its Actuarial Equivalent Factors.

NOTICE DESCRIPTION: (e.g. proposal notice/adoption notice):
Notice of proposed amendments

SUMMARY OF RULE(S):

MPERA proposes to adopt three rules previously adopted as emergency rules, now proposed as regular rules. *See* MAR Notice No. 2-43-478.

MPERA proposes to adopt three rules to implement certain provisions of Chapter 390, L. 2013. Proposed Rule I is applicable when the PERS amortization period is under 40 years and reduces the 1.5% GABA in 19-3-1605 by 0.1% for each full 2 percentage points the funded percentage is below 90%. In addition, Rule I establishes a GABA expressed in tenths of a percent and adjusts a 1.5% GABA each year based on that year's PERS funding percentage.

Rule II gives direction to the actuary regarding factors for calculating actuarially-equivalent benefits for optional benefit determinations, early retirement factors, money purchase benefit calculations, and service purchases to assume a 1.5% GABA rate for future years and establishes new actuarial equivalent factors effective January 1. Any service purchases, optional benefit determinations, early retirement factor reductions, and money purchase benefit calculation prior to July 1, 2013, are not affected.

Rule III relies on Office of Budget and Program Planning reports to determine the annual amount

of coal severance tax and interest income that will be statutorily appropriated.

NOTES: (e.g. hearing dates)

A public hearing is scheduled on the above-referenced rules on September 23, 2013, at 10:00 a.m., in Room 201, 100 N. Park Avenue, Helena, Montana. The public comment period ends on September 23, 2013.

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