



Montana Legislative Services Division
Legal Services Office

TO: State Administration and Veterans' Affairs Interim Committee
FROM: K. Virginia Aldrich
DATE: October 17, 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: 2-43-497

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

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

SUBJECT: One-For-Five Additional Service -- Guaranteed Annual Benefit Adjustment Coverage

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

SUMMARY OF RULE(S):

The Public Employees' Retirement Board of the State of Montana proposes to amend two rules. Chapter 272, L. 2013, changed the vesting period for members of the Highway Patrol Officers' Retirement System (HPORS) from 5 years to 10 years and decreased the guaranteed annual benefit adjustment for members hired on or after July 1, 2013.

One proposed rule amendment concerns the ability of retirement system members to purchase additional years of service after achieving 5 years of service. Because new HPORS members require 10 years of service before they can purchase additional service, the Board proposes to amend a rule that relates to all of the systems that it manages. By replacing "a member with five or more years of membership service" in the rule with "a vested member", the Board is able to integrate the changes from Chapter 272 concerning HPORS in a rule relating to multiple systems.

The second proposed rule amendment generalizes a rule concerning the guaranteed annual benefit adjustment (GABA) for returning defined benefit members. The rule deletes references that specify that members of certain systems will be eligible for a 1.5% GABA upon their reentry to the system, rather than a 3.0% GABA, and instead states that the employee will be subject to the GABA in effect on the employee's return. This makes the rule consistent with the recent changes to the GABA provision pursuant to Chapter 390, L. 2013. In addition, because Chapter 272, L. 2013, decreased the GABA for HPORS, HPORS members now fall under the same rule. Staff has been in contact with MPERA staff to clarify wording within the proposed rule and to suggest the addition of an implementation statute.

NOTES: (e.g. hearing dates)

No public hearing is contemplated. The public comment period ends on November 14, 2013.