



Montana Legislative Services Division
Legal Services Office

TO: State Administration and Veterans' Affairs Interim Committee
FROM: K. Virginia Aldrich
DATE: May 4, 2016
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: 2-43-538

AGENCY/BOARD: Public Employees' Retirement Board

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

SUBJECT: Investment Policy Statement for the Defined Contribution Retirement Plan -- Investment Policy Statement for the 457 Deferred Compensation Plan

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 (the Board) is proposing to amend two rules. The proposed amendments update current rules that adopt by reference the State of Montana 401(a) Defined Contribution Plan Investment Policy Statement and the State of Montana 457 Plan (deferred compensation) Investment Policy Statement from previous versions to versions approved on April 14, 2016. On April 14, 2016, the Montana Public Employees' Retirement Board revised both documents with nearly identical language that allows an exception to the Board's investment criteria. Previously, mutual funds had to have an expense ratio no greater than the mean for the fund's peer group. The amendments allow a mutual fund that is retained or added to each plan to have an expense ratio to exceed the mean for the fund's peer group if (1) revenue sharing fees are returned to the fund participants; or (2) the expense ratio less revenue sharing offset results in a lower net fee than other available share classes of the same fund.

NOTES: A public hearing is not contemplated. The public comment period ends on June 3, 2016.

FULL TEXT OF NOTICE: The full text of the notice proposal is available online at <http://www.mtrules.org/gateway/ShowNoticeFile.asp?TID=7152>.