



PO BOX 201706
Helena, MT 59620-1706
(406) 444-3064
FAX (406) 444-3036

State Administration and Veterans' Affairs Interim Committee
65th Montana Legislature

SENATE MEMBERS

SUE MALEK--Chair
DOUG KARY--Vice Chair
DEE BROWN
FRANK SMITH

HOUSE MEMBERS

DENISE HAYMAN
FORREST MANDEVILLE
WENDY MCKAMEY
KATHY SWANSON

COMMITTEE STAFF

SHERI SCURR, Lead Staff
K. VIRGINIA ALDRICH, Staff Attorney
JENNI CARR, Secretary

TO: State Administration and Veterans' Affairs Interim Committee

FROM: K. Virginia Aldrich

DATE: January 17, 2018

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: 2-43-564

AGENCY/BOARD: Public Employees' Retirement Board

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

SUBJECT: Adoption by Reference of the State of Montana Public Employee Defined Contribution Plan Document and the State of Montana Public Employee Deferred Compensation (457) Plan Document.

NOTICE DESCRIPTION: (e.g. proposal notice/adoption notice): Notice of Proposed Amendment

SUMMARY OF RULE(S):

The Public Employees' Retirement Board proposes to amend two rules. The proposed amendments update current rules that adopt by reference the State of Montana Defined Contribution Plan Document and the State of Montana Public Employee Deferred Compensation Plan Document from previous versions to versions approved on December 14, 2017.

In December, the Montana Public Employees' Retirement Board revised its plan documents. In the Defined Contribution Plan Document, the Board revised certain definitions, including additions of in-kind goods and services, lump-sum payments, and bonuses under the definition of "compensation" to ensure conformity with statute. The revisions also added a definition for "rollover account" and allow a direct rollover of eligible distributions "only to the extent permitted by the Code." This change allows the potential inclusion of Roth rollovers, depending on future statutory changes, and it specifies that rollover accounts immediately vest. The revisions specify that the plan choice rate is now directed to the member's employer contribution account because the plan choice rate was paid off as of March 14, 2016. A default investment target was specified if a participant does not have a valid investment direction on file. The interest rate for transfers from a defined benefit account to a defined contribution account was specified, and a lump sum payment is now required to be made no later than one year after the date of a participant's death. The revisions also made other minor modifications to align the Plan Documents with 2017 legislative changes.

In the Deferred Compensation Plan Document, the Board revised certain definitions for clarity, increased minimum annual deferral/minimum deposit amounts from \$10 to \$20 a calendar month and updated the maximum deferral amounts based on IRS limits for 2018. In addition, the revisions require periodic distributions to start no less than one year after the participant's death and specify the procedure when a participant's beneficiary cannot be located. The revisions also specify that if a participant's account balance is less than \$1,000 at the time of severance from employment, the plan administrator may pay a lump sum distribution from the participant's account.

NOTES: A public hearing is not anticipated. The public comment period ends on February 9, 2018.

FULL TEXT OF NOTICE: The full text of the notice proposal may be found online at http://www.mtrules.org/gateway/Cycle_Home.asp?CID=2634.

FULL TEXT OF DOCUMENTS ADOPTED BY REFERENCE: The full extent of the amendments within the documents adopted by reference may be found at <http://mpera.mt.gov/Portals/175/documents/BoardPacket/20171214/V.C.4.RevisedDeferredCompensationPlanDoc.pdf> and <http://mpera.mt.gov/Portals/175/documents/BoardPacket/20171214/V.C.3.RevisedDefinedContributionPlanDoc.pdf>