

Proposal for Retirement Plan Legislation
(for the 2007 Legislative Session)

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PROPOSER'S NAME/TITLE: Carole Carey, President
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1. What is the problem or issue?

Public retirement systems are required to be actuarially sound by the Montana Constitution, Article VIII, Section 15 and §19-2-502, MCA. Three of the eight defined benefit retirement plans administered by the Public Employees' Retirement Board are not funded on an actuarially sound basis – Public Employees' Retirement System (PERS), Sheriffs' Retirement System (SRS) and Game Wardens' and Peace Officers' Retirement System (GWPORS). The major contributing factor is the downturn in the investment markets in 2000-2002 and the decisions to not increase contributions during the 2005 session.

2. What do you want the legislation to do?

Maintain the actuarial soundness of affected public retirement systems by increasing employer contribution rates in PERS, SRS and GWPORS to amortize the unfunded actuarial liabilities over a 30 year period as required by §19-2-405(4), MCA.

3. If possible, please list the MCA (Montana Code Annotated) sections that would need to be amended.

PERS – §19-3-316 SRS – §19-7-404 GWPORS – §19-8-504

4. Which retirement plan or plans would be covered by the legislation? (If the proposal is limited to certain plans, please indicate why.)

PERS, SRS and GWPORS

The proposal is limited to the 3 defined benefit retirement systems administered by the Public Employees' Retirement Board that were that were not actuarial sound as of the last actuarial valuation. The remaining 5 systems are currently adequately funded.

- 5. If the proposed change requires additional funding, what funding sources do you propose (e.g., an increase in employer contributions, employee contributions, or both)?**

Increase in employer contribution rates. The full fiscal impact will not be known until after the July 1, 2006 actuarial valuation is completed in September 2006. As of July 1, 2005 employer contribution rates needed to be increased by: PERS – phased in at 0.66% and 0.67% during the subsequent two fiscal years. SRS – phased in at 1.2% and 1.2% during the subsequent two fiscal years. GWPORS – 0.24%, one time increase.

- 6. Has similar legislation been requested in the past, been introduced in another state, or provided as a model act? If so, please provide a citation, reference, or point of contact.**

Yes, similar legislation was requested in the 2005 Regular Legislative Session – HB148.

- 7. If you are a holdover senator or a legislative candidate running unopposed, do you want the Legislative Services Division staff to consider this a bill draft request?**

NA