



EXHIBIT 5  
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HB 12

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House State Administration Committee  
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Montana Public Employee Retirement Administration

## House Bill No. 12 – Requiring Employer Contributions for Working Retirees

- ❖ Only three systems allow retirees to return to work in a covered position – Public Employees’ Retirement System (PERS), Sheriffs’ Retirement System (SRS), and Firefighters’ Unified Retirement System (FURS).
- ❖ There are currently approximately 450 working retirees, most of which are in PERS-covered positions – there are two in SRS and one in FURS.
- ❖ Currently state law does not require either the employer or the employee to make retirement system contributions on the wages earned by working retirees.
- ❖ While the Public Employees’ Retirement Board and MPERA are in complete support of employers employing retirees, the systems suffer actuarial damage as a result of each working retiree because no contributions are being made for that position. This bill would ensure that the systems are not damaged.
- ❖ If the positions were occupied by anyone other than working retirees, the employees would be active members and the employers would be making the required employer contributions. As such, there should be no additional, unbudgeted cost for the employers.
- ❖ Requiring employer contributions for working retirees in PERS-covered positions would reduce the unfunded actuarial liability amortization for PERS by 0.2 years. Since the SRS and FURS working retirees currently are so few, there is no measurable actuarial impact on those funds for requiring employer contributions.
- ❖ MPERA anticipates that as more reliable data regarding working retirees is reported to MPERA, the number of known working retirees will increase. MPERA also believes that the impending retirement of the baby-boom generation will result in a significant increase in the number of working retirees.
- ❖ This bill is necessary in order to prevent actuarial damage to the systems as a result of the absence of contributions on working retirees’ wages.