



Montana Legislative Services Division
Legal Services Office

TO: State Administration and Veterans' Affairs Interim Committee
FROM: K. Virginia Aldrich
DATE: September 11, 2015
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: 2-43-529

AGENCY/BOARD: Public Employees' Retirement Board

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

SUBJECT: Investment policy statements for the Defined Contribution Retirement Plan and 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 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 Investment Policy Statement from previous versions to versions approved on June 11, 2015. The Montana Public Employees' Retirement Board revised the documents to broaden the investment guidelines for the plans, including changes allowing the evaluation of viable fund options with less than 3 years' measurable operating history based on the investment manager's history of managing a fund with similar management and investment objections for at least 5 years. The changes also allow the plans to retain funds that have a strong performance record over a long time period (such as ten years), even if the fund has short-term under-performance.

The Montana Administrative Procedure Act requires that a rule adopted by reference contain "a statement of the general subject matter of the omitted rule" (2-4-307, MCA) and a rule that implements policy must have a "description of the policy implemented" (2-4-305, MCA). Although neither rule currently contains specific statements pertaining to the content of the adopted documents, the titles of the policies and statements incorporated by reference do allow the public notice of the general subject matter of the omitted material and may fulfill this statutory requirement. Furthermore, the Board will consider a recommendation to include the statement in revisions to the proposed amendments in October.

NOTES: Public hearings are not contemplated. The public comment period ends on September 28, 2015.

FULL TEXT OF NOTICE: The full text of the notice proposal may be found online at <http://www.mtrules.org/gateway/ShowNoticeFile.asp?TID=6575>

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/docs/boardpacket/20150611/V.E.6.Admin11-12%20IPS.pdf>

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