



Winter 2011

## Association of Montana Retired Public Employees

P.O. Box 4721, Helena, MT 59604-4721

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*A non-profit corporation of P.E.R.A. Retirees for P.E.R.A. Retirees*

## Letter From Our President - Rusty Wrigg

Having just completed my first full year as your President, I am here to report that your Public Employee Retirement protection organization is active and thriving. Our Board remains strong with former PERS employees like yourself serving to protect and enhance your retirement benefits. At the end of December a valued Board Member, Jim Penner, resigned to spend more time with his family and on other commitments. He was replaced by Jan Brown, a former State Legislator from Helena. (See her bio in this newsletter.) Jim will be missed, but he has assured us he will remain active and can be called on to help us when necessary.

We continue to work hard to improve our membership base. Currently we have about 2,000 active members out of 20,000 + PERS retirees. Any successes we might achieve through your membership dollars is a benefit to all PERS retirees, so we are stepping up our recruitment efforts by changing our initial retirement contact, improving our membership brochure, offering first year free memberships, improving our website to provide better member information and services and by asking you, as current members, to help us recruit your fellow retirees that are friends and neighbors who might not yet be members.

As I stated in our last newsletter *“Because of the current economic situation, the 2011 Legislature could produce a number of attacks on current and future retirement benefits.”* That has not changed; your retirement funds (PERS) currently face a one billion dollar unfunded liability. As of this writing

there have been more than 60 bill draft requests for legislation that would ultimately affect PERS. Most of the bill draft requests are for changes to the current system that will affect only “new hires”. The one bill draft request that could affect current retirees is HB197 -Constitutional Amendment giving the legislature authority to modify a public retirement plan and retirement plan contracts. We are continuing to monitor the progress of this proposed legislation closely, along with any others that may affect our retirement plan.

In order to improve the retiree’s representation on the PERA Board, we are having a bill drafted that would increase the number of “retirees” on the Board from one to two by reducing the number of “at large” Board members by one. Your AMRPE board feels that with the current and growing number of retirees in the system (over 20,000) that it is time to increase your representation on the PERS Board. When the first “retired” member of the Board was added in 1983 there were 8374 retirees and 27,830 active employees. The current active employees (35,000) are represented by 3 Board members, which is a much more favorable ratio. This legislation may get lost in the pond with the bigger fish, but we feel we need to call attention to the problem.

I encourage all members to stay informed during the session by monitoring bills of interest through the Legislatures online bill tracking system, at [www.mt.gov](http://www.mt.gov) or thru the link on our web site [www.amrpe.com](http://www.amrpe.com).

On the WEB at [www.amrpe.com](http://www.amrpe.com)

# 2011 LEGISLATIVE UPDATE

By Leo Berry

It was with a great deal of anticipation and some trepidation that the Association awaited the start of the 2011 Legislative Session. The November elections radically changed the make-up of the legislative bodies, in particular the House of Representatives. In the 2009 Session, the House was split 50/50 between Democrats and Republicans. Following the November elections the Republicans picked up 18 seats for an overwhelming majority of 68/32. The Senate saw an increase of one seat by the Republicans giving them a 28/22 majority.

The budget will again dominate the majority of the Legislature's focus in the session. However, there are several other major items that will be the subject of substantial debate and effort, one of which will be the current unfunded liability of four of the retirement funds, including the Public Employee Retirement System and the Teacher's Retirement System. The unfunded liability for PERS is approximately one billion dollars and for TRS, one and a half billion dollars. It must be emphasized that no one's retirement check is in jeopardy, but this is a long-term problem that will take some long-term solutions. The primary sources of revenue for the funds are contributions by the employer and the active employees and the investment earnings on the assets of the funds. The funds anticipate receiving investment income of 7.75%, but that didn't happen due to the financial downturn in 2008 and 2009. It will take several years of investment returns beyond that number for the funds to return to financial stability.

During the interim, there were numerous proposals developed for the Legislature to address some of the

issues involved. As of now, there are 58 bill draft requests submitted to make changes to the PERS system. The most worrisome bill is one requested by Representative Brian Hoven of Great Falls. His bill (HB197) is a Referendum to change Montana's Constitution to give the Legislature authority over the State's retirement systems. In essence, it modifies the contract clause of the Constitution by allowing the Legislature to void or amend contracts with public employees and retirees. This is a fundamental change in Montana's Constitution which currently protects the employment contract between public employees, retirees and the public employers. There are other alternatives that will help the stability of the fund without harming retirees.

The Association urges you to contact your local legislators and tell them not to undermine the current retirement systems for public employees. You can contact your legislator either at their home address or by calling the Capitol at (406) 444-4800 and leaving a message. Be sure to know the name of your local legislator and be concise in your message. It will be delivered to them. Or you may find out your legislative representative's email and address at <http://leg.mt.gov/css/default.asp> and click on "find a legislator." Or go to the AMRPE website and click on the links page.

The Association will update you on the various bills as they progress through the Legislative Session, and we may request you to immediately contact your legislators on particular bills if we give you a legislative alert. Please update your email address so that we may contact you quickly.

**DON'T FORGET TO SEND IN YOUR RENEWAL FORM AND CHECK**

## Moved? Membership Change of Address

**PLEASE KEEP US UP TO DATE BY COMPLETING THE FORM ON THE BACK PAGE**

**TO: AMRPE, P.O. Box 4721, Helena, MT 59604-4721**

**Or email us at [info@amrpe.com](mailto:info@amrpe.com)**

## State Retiree Health Benefit Plan Update

State government retiree health insurance continues as a topic of legislative interest. In their analysis of the state employee health plan budget the Legislative Fiscal Analyst is again making the point that retiree premiums do not cover the claims cost incurred by the plan. This issue will be discussed by the Appropriations Committee as part of their discussion of the budget for the state employee health plan. AMRPE representatives will be in attendance to defend the interests of retirees who remain on the plan.

Two issues are complicating the future of the plan. The first is the federal health insurance reform legislation (Patient Protection and Affordable Care Act, PPACA) passed in 2010. This new law places limits on actions that can be taken to reduce costs. The good news is that there is federal grant money under the new PPACA available to offset the cost of providing coverage for early retirees, those less than 65. The Department of Administration has submitted a grant request and this would offset some of the costs to the plan.

The other issue is that the wage settlement between the Schweitzer administration and employee unions does not include an increase in the state share for benefits for the 2012 and 2013 plan years. This means that members of the plan (employees and retirees) will most likely see substantial increases in out of pocket expenses, with a combination of increases in premium payments and increases in deductibles and co-payments.

The health insurance landscape continues to grow in complication, uncertainty and cost. AMRPE will do our best to keep you informed and be an advocate for all retirees.

## The Legislature and Your Retirement Plan

Our public retirement systems were created by state law. Any changes to these retirement systems require the Legislature to pass new laws that are signed by the governor. There are already 58 bills related to retirement issues that have been introduced or are being drafted as bills.

The main issue for public retirement plans is the unprecedented downturn in the stock market in the last few years. The investment rate of return for Montana's Public Employees Retirement System in fiscal year 2009 was a negative 20.69%. Generally 3/4 of the funding for retirement benefits comes from investment return. Because of this shortfall, the PERS Board is attempting to correct this problem with HB122. This bill would reduce the liability in two ways: adjust benefits for new hires, and increase employer contributions.

Not all bill drafts address this issue or maintain the health of PERS. In fact, a half dozen of the bill drafts attempt to close the PERS plan as we know it, and move employees to a defined contribution (401(k)) type of plan. Unfortunately this does not address the current unfunded liability in PERS and will create an even larger liability.

One bill in particular that your AMRPE Board is following very closely is HB197. This bill would place a constitutional referendum before the general public to exclude public retirement plans from protection by our constitution as a contract. It will give authority to the legislature to modify public retirement contracts and benefits to members.

This session has a wide variety of bills to change your retirement plan; some could be good for the plan and others could be very detrimental. We are following these bills closely with our lobbyist and board members at the legislature. We will contact you if you need to take action to protect your benefits.

The Legislative Services Division has made it easy to follow the legislative process. You can check it out on the internet at [www.leg.mt.gov](http://www.leg.mt.gov) or contact a legislator by phone at 444-4800. Legislators like to hear from Montanans. They particularly like to hear from their constituents. Don't hesitate to contact the legislature regarding your concerns. Remember the legislature has an important role in the direction of your retirement system.

## New Officers of AMRPE

### Rusty Wrigg, President

Rusty grew up in Glendive and began his career with the Department of Transportation there. He retired from MDT as the Missoula Maintenance Chief 30 years later. After his retirement he worked as a construction manager at a local engineering firm for several years.

### Carolyn Knuckles, Vice-President

Carolyn has been a resident of Helena since 1972. In 1973 she began her state employment with the Montana Department of Highways, GVW Division, (currently the Department of Transportation, Motor Carrier Services Division). Carolyn remained with MCS/MDT for 31 years, retiring in 2004 and again in 2005.

### Bob Robinson, Secretary

Bob was raised in Helena, received his BA from Carroll College and MST from the University of Missouri. He began his career in state government in 1974 as a budget analyst for the Legislative Fiscal Analyst. From there, he held management positions with DNRC, Workers Comp, Justice, and DEQ. He retired in 1996 from the Governor's office.

### John McEwen, Treasurer

John grew up in Lewistown and Glasgow, receiving his BA in political science and economics from UM and a master's degree in public administration from MSU. He worked for 30 years for the Department of Administration, Personnel Division, retiring in 2003 as the division administrator.

### New Board Member—Jan Brown



Jan was born in Roundup, grew up in Helena, graduated from Carroll College, and received an MPA degree from the University of Montana. She retired from the Montana Department of Environmental Quality in 2007, after working as an administrative rule writer since 2001. She was a member of the State Tax Appeal Board from 1999-2001, and served in the Montana House of Representatives from 1983-1992. Jan's first state job was with the State Board of Equalization in 1960, and she held various secretarial and administrative positions in city and state government over the years.

Front row left to right: Bob Robinson, Secretary; Carolyn Knuckles, Vice-President; Rusty Wrigg, President; John McEwen, Treasurer.

Back row, left to right: Jim Christnacht; Jan Brown; Bill Palmer; Barb Anderson; Mike O'Connor





### Retiring Board Member—Jim Penner

Jim Penner has decided to retire from the board after volunteering for XX years. For the last year, he has served as Secretary of the Board. He retired from the State in 2004 after 16 years as the Chief Investment Officer for the Montana Board of Investments. He has always been active in coaching local sports and participating as well. His fiscal and investment knowledge will be missed on our board, but he promises to stay active and help out where he can.

## AMRPE Membership Dues -Time To Renew

If you are an annual member, enclosed you will find an envelope to mail in your 2011 dues. You may also pay with a credit card online using Pay Pal at [www.amrpe.com](http://www.amrpe.com).

Annual		\$15.00 (1 yr)
		\$29.00 (2 yr)
		\$43.00 (3 yr)
Life	(under 60)	\$250.00
	(60 to 69)	\$200.00
	(70 and over)	\$150.00

Our largest expense is legal advice and lobbying by Leo Berry of Browning, Kaleczyc, Berry and Hoven, P.C. and our contractor, Martha Vogt for data base and web page management, newsletters, and dues receipts. Other expenses are printing and mailing. Our Board does not receive any compensation.

You may also renew online at:  
[www.amrpe.com](http://www.amrpe.com)

### AMRPE Accomplishments Over 28 Years

- ◆ Lobbied for one time pension increases in 1983, 1985 and 1993.
- ◆ In 1993 we supported a Constitutional Amendment keeping retirement trust funds from being used for other purposes.
- ◆ In 1997 we successfully lobbied for the 1½% GABA (Guaranteed Annual Benefit Adjustment).
- ◆ In 2001 we successfully lobbied for an additional 1½% bringing the GABA to 3% annually.
- ◆ In 2009 we successfully lobbied for inflationary state tax relief to any retiree with a Federal adjusted gross income of less than \$30,000.

If you would like to contact your legislative representatives, you can find out their email and mailing addresses at <http://leg.mt.gov/css/default.asp> and click on “find a legislator.” Or go to our website and click on the links page.

You are invited to attend any of our board meetings in Helena. They are on the 3rd Tuesday of the month from 9:30-11:30 in the MPERA conference room on the 2nd floor of the IBM building on Park Avenue. We do not meet in June, July or August. Please come and participate in your retirement organization.

**YOU MAY PAY YOUR DUES ONLINE!**  
**On the WEB at [www.amrpe.com](http://www.amrpe.com)**



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RETIRED PUBLIC EMPLOYEES

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**PERA retirees working for  
PERA retiree benefits**

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**We're on the Web at:**

**www.amrpe.com**

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## Membership Renewal Envelope Enclosed

If your membership is up for renewal, an envelope is enclosed. **BE SURE TO COMPLETE THE RENEWAL FORM ON THE ENVELOPE** and insert your check for the type of membership you are requesting. If you are interested in committee work, especially with the 2011 Legislature, be sure to complete the section on serving on committees. Include your email address on the membership renewal form so that we can keep you informed on important updates. Remember, you may renew and pay online at [www.amrpe.com](http://www.amrpe.com). *We do not sell our mailing lists!*

**If there is no renewal notice enclosed, you are current on your dues.  
Please send us a change of address form below if you have moved.**

### *Change of Address Form*

Name	First	MI	Last
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