

**Complete Shaded Areas**

Form last update 1/16/2006

**Proposed 2007 Session Legislation**

<b>Agency Name &amp; No:</b>	Teachers' Retirement System 6105		
<b>Priority Number:</b>	1	<b>Filename:</b>	610501001
<b>Short Title:</b>	TRS Actuarial Funding		
<b>Agency Contact Person/Phone:</b>	Dave Senn 444-3376		

**1. Purpose:**

Fund the Teachers' Retirement System (TRS) as required by the Montana Constitution, Article VIII, Section 15. Options to actuarial fund the TRS include: Increased contribution rates for employers; infusion of excess fund balance if available; eliminate funding stressors that increase benefits (or provide the necessary funding to pay for the benefit increases); and pursuant to 19-20-621, MCA, increase University System's supplemental contribution rate to amortize their share of the unfunded liabilities by July 1, 2033.

**2. Background:**

Montana TRS, like most other public and private pension plans, saw a significant decline in the fair market value of its' investments between 2000 and 2002. Consequently, the TRS does not currently meet the requirements of actuarial soundness because current contribution rates will not amortize the Unfunded Actuarial Accrued Liability (UAAL) over 30 years or less. To stay financially sound in the future, the System will need either (1) future investment returns well over the 7.75% assumption, (2) an increase in the employer contribution rate, (3) changes in future experience that reduce the funding stressors on the system, or a combination of all three. Contribution rate increases could be scheduled as either a one time event, or graded over a number of years. Legislation was proposed in the 2005 Regular Session, HB 181, but failed to pass. During the 2005 Special Session the legislature transferred \$100 million to the TRS.

**3. Fiscal Impact by Fund Type:** *This impact should be as specific as possible.*

The 2006 Actuarial Valuation will be completed in late September 2006. The contribution rate increase necessary to actuarially fund the TRS could be fully or partially offset by a transfer of ending fund balance, and tightening of adverse experience related to salary spiking and retirees returning to work. .

**4. Summary Checklist [Check & complete all that apply]--**

<input type="checkbox"/> Housekeeping Only	<input type="checkbox"/> Federal Requirement	<input checked="" type="checkbox"/> Audit Recommendation (Audit No.):	<input type="text"/>	<input checked="" type="checkbox"/> Major Legislation
<input checked="" type="checkbox"/> Anticipated to be Controversial Legislation	<input type="checkbox"/> Bill Draft has been included in Legislation Submittal (if available)			
<input type="checkbox"/> Supports Submitted EPP Item Number	<input type="text"/>	<input checked="" type="checkbox"/> Local Government Fiscal Impact		
<input type="checkbox"/> Increases FTE, or <input type="checkbox"/> Decreases FTE by	List FTE amount and program <input type="text"/>			
<input type="checkbox"/> Increases Existing Revenue	<input type="radio"/> Tax	<input type="radio"/> Fee	<input type="radio"/> Penalty [amount in #3]	
<input type="checkbox"/> Decreases Existing Revenue	<input type="radio"/> Tax	<input type="radio"/> Fee	<input type="radio"/> Penalty [amount in #3]	
<input type="checkbox"/> Establishes New Revenue	<input type="radio"/> Tax	<input type="radio"/> Fee	<input type="radio"/> Penalty [amount in #3]	
<input checked="" type="checkbox"/> Leg. has been Submitted in Previous Legislative Sessions (list priority no, LC no, or bill no):	<input type="text"/>			
<input type="checkbox"/> Legislation would affect other state agencies (list):	<input type="text"/>			
<input type="checkbox"/> Special Interest Groups Affected (list):	<input type="text"/>			
<input type="checkbox"/> Other:	<input type="text"/>			