

Montana's Public Employees' Retirement Plans: Summary Tables

TABLE 1
BENEFIT ELIGIBILITY AND BASIC BENEFIT FORMULA

Minimum service requirement before being vested	Teachers' Retirement System (TRS) (1937)	PERS DEFINED BENEFIT (DB) PLAN (1945)	SHERIFFS' (SRS) (1974)	MUNICIPAL POLICE (MPORS) (1974)	FIREFIGHTERS' UNIFIED (FURS) (1981)	HIGHWAY PATROL (HPORS) (1971)	GAME WARDENS' AND PEACE OFFICERS' (GWPORS) (1963)	JUDGES' (JRS) (1967)
Minimum service and age requirements to receive full (unreduced) normal retirement benefit	25 yrs service, any age or 5 yrs svc and age 60	30 yrs service, any age or 5 yrs svc and age 60 or age 65 regardless of service	20 yrs service, any age	20 yrs service, any age	20 yrs service, any age, or age 50 with 5 yrs service	20 yrs service, any age	20 yrs service and age 50 or age 55 with 5 yrs	5 yrs service and age 60
Service retirement benefit formula	$1/60 \times \text{AFC}^1 \times \text{yrs of service}$ (1/60 = 1.6666%)	$1/56 \times \text{HAC}^1 \times \text{yrs of service}$ (1/56 = 1.78571%) -with 25 or more years of membership service $1/50 \times \text{HAC} \times \text{yrs of service}$ (1/50 = 2.0%)	$2.5\% \times \text{HAC} \times \text{yrs of service}$	$2.5\% \times \text{FAC}^2 \times \text{yrs of service}$ Pre-7/1/77: FAC = monthly compensation of last year	$2.5\% \times \text{FAC} \times \text{yrs of service}$ Pre-7/1/81 who did not elect GABA: - with less than 20 yrs, greater of: $2.5\% \times \text{FAC} \times \text{yrs}$ or $2\% \times \text{FMC}^3 \times \text{yrs}$ - with more than 20 yrs: $50\% \times \text{FMC}$ plus 2% of FMC for each year over 20	$2.5\% \times \text{HAC} \times \text{yrs of service}$	$2.5\% \times \text{HAC} \times \text{yrs of service}$	$3.33\% \times \text{HAC} \times \text{yrs of service to 15 yrs} + 1.785\% \times \text{HAC} \times \text{yrs of service over 15 yrs}$ Pre 7/1/97: HAC = current salary Post 1/7/97 and those who elected GABA: HAC = highest 36 months
Benefit formula is actuarially reduced for early retirement	Yes Actuarially reduced benefit at age 50 with 5 yrs service	Yes Actuarially reduced benefit at 25 years service any age or age 50	Yes Actuarially reduced benefit at age 50 with 5 yrs service	No	No	No	No	Yes: Actuarially reduced benefit at any age with 5 yrs service, if involuntarily terminated

Source: Title 19, Montana Code Annotated, 2007

1 HAC = highest average compensation = average compensation of the 3 highest consecutive years of service.
 2 FAC = final average compensation = average salary over the last 36 consecutive months of service.
 3 FMC = final monthly compensation = monthly salary last received by member.
 4 AFC = average final compensation = average compensation over 3 highest consecutive years of full-time service.
 * GABA = An automatic annual Guaranteed Annual Benefit Adjustment, an annual increase in a recipient's monthly benefit amount.

EXHIBIT
DATE 1/2/09
NO International Relations

TABLE 2
DISABILITY BENEFITS

	Teachers' Retirement System (TRS)	PERS DEFINED BENEFIT PLAN	SHERIFFS' (SRS)	MUNICIPAL POLICE (MPORS)	FIREFIGHTERS' UNIFIED (FURS)	HIGHWAY PATROL (HPORS)	GAME WARDENS' AND PEACE OFFICERS' (GWPORS)	JUDGES' (JRS)
Eligibility criteria for disability benefit	- at least 5 yrs of service - totally incapacitated from further performance of duties - permanent or of uncertain duration	- at least 5 yrs of service - totally unable to perform essential tasks of covered position - permanent or of uncertain duration	same as in PERS DB plan	same as in PERS DB plan	same as in PERS DB plan	same as in PERS DB plan	same as in PERS DB plan	same as in PERS DB plan
Non-duty-related disability benefit	<u>Greater of:</u> - normal (1,6667%) retirement formula Or - 25% of Avg. Final Compensation	<u>Pre-2/24/91:</u> greater of 90% of normal (1,786%) formula, or 25% of HAC <u>Post-2/24/91 or election:</u> normal retirement formula (based on age 60, no actuarial reduction)	Actuarial equivalent of normal (2.5%) retirement formula	<u>Pre-7/1/77:</u> Normal (2.5%) retirement formula, but minimum of 50% of FMC <u>Post-7/1/77:</u> 50% FAC for 20 yrs or less and 2.5% FAC for each year over 20	50% FAC for 20 yrs or less and 2.5% FAC for each year over 20	Actuarial equivalent of normal (2.5%) retirement formula	Actuarial equivalent of normal (2.0%) retirement formula	Actuarial equivalent of normal retirement formula (3.33% for first 15 yrs service and 1.785% after 15 years)
Duty-related disability benefit	Same as non-duty-related	Same as non-duty-related	50% of HAC	Same as non-duty-related	Same as non-duty-related	50% of HAC	50% of HAC with at least 5 yrs of service	<u>Non-GABA:</u> 50% of current salary of sitting judge <u>With GABA:</u> 50% of HAC
Actuarial cost to plan (reported in June 30, 2008, actuarial valuation)	0.11%	0.31%	0.76%	1.80%	2.03%	0.78%	0.72%	0.63%

TABLE 3

RETIREE AND BENEFIT RECIPIENT DATA
(Based on June 30, 2008, Actuarial Valuations and MPERA data)

Number of benefit recipients	11,788	16,627	394	636	535	290	120	50
Average age of current retirees	69 yrs	72 yrs	62 yrs	66 yrs	67 yrs	68 yrs	68 yrs	80 yrs
Average retirement age	57 yrs	59 yrs	52 yrs	47 yrs	50 yrs	49 yrs	55 yrs	66 yrs
Average years of service at retirement	26 yrs	19.34 yrs	18.76 yrs	19.33 yrs	23.61 yrs	23.83 yrs	23.23 yrs	15.33 yrs
Average monthly benefit (service retirement)	\$1,477	\$975	\$1,756	\$2,079	\$2,387	\$2,109	\$1,760	\$3,440
Post-retirement benefit adjustments	1.5% GABA* (after 3 years)	3.0% GABA* (after 1 year) if hired before 7/1/07 1.5% GABA if hired on or after 7/1/07	3.0% GABA (after 1 year) if hired before 7/1/07 1.5% GABA if hired on or after 7/1/07	Pre-7/1/97 who did not elect GABA: ½ monthly salary of new officer All post-7/1/97 or who elected GABA: 3.0% (after 1 year)	Pre-7/1/97 who did not elect GABA: ½ monthly salary of new firefighter All post-7/1/97 or who elected GABA: 3.0% (after 1 year)	Pre-7/1/97 who did not elect GABA: 2% of base salary of probationary officer All post-7/1/97 or who elected GABA: 3.0% (after 1 year)	3.0% (after 1 year) if hired before 7/1/07 1.5% GABA if hired on or after 7/1/07	Pre-7/1/97: benefits increased same as salary of sitting judge All post-7/1/97 or who elected GABA: 3.0% GABA (after 1 year)
Social security coverage	Yes	Yes	Yes	No	No	No	Yes	Yes

* GABA = An automatic annual Guaranteed Annual Benefit Adjustment, an annual increase in a recipient's monthly benefit amount.

TABLE 4
ACTIVE MEMBERSHIP DATA

(NOT including retirees and other benefit recipients)

(Based on June 30, 2008, Actuarial Valuations)

	Teachers' Retirement System (TRS)	PERS DEFINED BENEFIT (DB) PLAN	SHERIFFS' (SRS)	MUNICIPAL POLICE (MPORS)	FIREFIGHTERS' UNIFIED (FURS)	HIGHWAY PATROL (HPORS)	GAME WARDENS' AND PEACE OFFICERS' (GWPORS)	JUDGES' (JRS)
Total active members	18,292 (12,694 full time) (5,598 part time)	28,293	1,109	673	525	212	885	51
Average age of actives	46.1 yrs	48.4 yrs	40.2 yrs	38.5 yrs	39.0 yrs	39.7 yrs	40.4 yrs	57.2 yrs
Average years of service of actives	12.3 yrs	9.9 yrs	6.5 yrs	8.9 yrs	10.3 yrs	9.6 yrs	5.7 yrs	11.6 yrs
Average annual salary of actives	\$36,995	\$35,143	\$42,626	\$47,449	\$51,150	\$50,505	\$37,410	\$99,917
Number of participating employers	368	528	57	27	19	1	7	1
Employers' annualized payroll (2008 Valuation)	\$657 million	\$994.3 million	\$47.3 million	\$32.9 million	\$227.7 million	\$11.0 million	\$34.2 million	\$5.2 million

TABLE 5

CONTRIBUTIONS, COSTS, AND ACTUARIAL DATA

(Based on June 30, 2008, Actuarial Valuations)

Teachers' Retirement System (TRS)	PERS DEFINED BENEFIT (DB) PLAN	SHERIFFS' (SRS)	MUNICIPAL POLICE (MPORS)	FIREFIGHTERS' UNIFIED (FURS)	HIGHWAY PATROL (HPORS)	GAME WARDENS' AND PEACE OFFICERS' (GW/PORS)	JUDGES' (JRS)	
Employer contribution as percentage of payroll	School Districts: 7.47% University & State agencies: 9.47% State: 2.11% Effective 7/1/2009 (2.49%)	7.035% (1) School Districts: 6.8% State: 0.235% Local Government Employers: 6.935% State: 0.1%	9.825% (2)	14.41%	14.36%	26.15%	9.0%	25.81%
Employee contribution as percentage of salary	7.15%	6.9%	9.245%	Non-GABA: Pre-7/1/75: 5.8% Pre-7/1/79: 7.0% Pre-7/1/97: 8.5% With GABA: 9%	Pre-7/1/97 not electing GABA: 9.5% Post-7/1/97 or electing GABA: 10.7%	Pre-7/1/97 not electing GABA: 9.0% Post-7/1/97 or electing GABA: 9.05%	10.56%	7%
Additional funding from other sources as a percentage of payroll	None	None	None	State General Fund: 29.37%	State General Fund: 32.61%	Driver's license fees: 10.18%	None	None
Total available contributions as percentage of payroll	16.73% (Effective 7/1/2009 17.11%)	13.935% (.04% transferred to education fund)	19.07%	52.78%	57.66%	45.38%	19.56%	32.81%
Normal costs as percentage of payroll	10.87%	12.13%	19.24%	26.65%	26.15%	22.25%	18.54%	25.12%
Percentage used to fund unfunded liabilities	6.24%	1.765%	0	26.13%	31.51%	23.13%	1.02%	7.69%

- (1) - On July 1, 2009, this will increase to 7.17%, the state share for school districts will increase to .37%, and the local government contribution will increase to 7.07%.
(2) - On July 1, 2009, this will increase to 10.115%.

Actuarial liabilities (rounded)	Teachers' Retirement System (TRS)	PERS DEFINED BENEFIT (DB) PLAN	SHERIFFS' (SRS)	MUNICIPAL POLICE (MPORS)	FIREFIGHTERS' UNIFIED (FURS)	HIGHWAY PATROL (HPORS)	GAME WARDENS' AND PEACE OFFICERS' (GW/PORS)	JUDGES' (JRS)
	\$3.95 billion	\$4.5 billion	\$205 million	\$328 million	\$287 million	\$135 million	\$83 million	\$39 million
Actuarial Value Funded ratio (rounded) (percentage of liabilities covered by reported assets)	79.9%	91%	98%	65%	72%	75%	93%	157%
Unfunded liability (surplus) (rounded)	\$794.6 million	\$439 million	\$5.1 million	\$115 million	\$81 million	\$33 million	\$5.9 million	(\$23 million)
Years to amortize unfunded liability	31.3 yrs	24.9 yrs	16.3 yrs	18.6 yrs	11.3 yrs	17.4 yrs	13.0 yrs	0 (surplus)
Market value of assets (rounded)	\$2.9 billion	\$3.9 billion	\$189 million	\$200 million	\$195 million	\$96 million	\$73 million	\$59 million
Market Value Funded ratio (rounded) (percentage of liabilities covered by reported assets)	76%	85%	92%	61%	68%	71%	88%	149%

Sources: June 30, 2008, Actuarial Valuations

TABLE 6
INVESTMENT DATA

* Investment objective: Meet or beat the actuarial return assumption of 8%, while outperforming the market indices for each asset class over any current 5-year period.

Amount invested, rounded (market value, on 6/30/2008)	Teachers' Retirement System (TRS)	PERS DEFINED BENEFIT RETIREMENT PLAN (DBRP)	SHERIFFS' (SRS)	MUNICIPAL POLICE (MPORS)	FIREFIGHTERS' UNIFIED (FURS)	HIGHWAY PATROL (HPORS)	GAME WARDENS' AND PEACE OFFICERS' (GWORS)	JUDGES' (JRS)
\$2.9 billion	\$3.9 billion	\$188.6 million	\$191.1 million	\$185.2 million	\$96.2 million	\$73.3 million	\$58.8 million	
Market rate of return for composite index, FY 2008	-5.63%	-5.61%	-5.56%	-5.75%	-5.66%	-5.58%	-5.51%	-5.58%
Market rate of return on the fund in 2008, all assets	-4.89%	-4.86%	-4.84%	-5.01%	-4.91%	-4.86%	-4.80%	-4.85%
Market rate of return for composite index, 5-year period	8.21%	7.90%	7.82%	7.68%	7.72%	7.86%	7.72%	7.81%
Rate of return on the fund, 5-year period	8.48%	8.47%	8.39%	8.26%	8.29%	8.44%	8.28%	8.39%
Objective relative to actuarial investment assumption met in FY 2008	No	No	No	No	No	No	No	No
Objective relative to actuarial investment assumption met in 5-year period?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Asset allocation objectives:								
Fixed Income Real Estate Equity	22 - 32% 0 - 8% 60 - 70%	22 - 32% 0 - 8% 60 - 70%	25 - 35% 4 - 8% 60 - 70%	25 - 35% 4 - 8% 60 - 70%	25 - 35% 4 - 8% 60 - 70%	25 - 35% 4 - 8% 60 - 70%	25 - 35% 4 - 8% 60 - 70%	25 - 35% 4 - 8% 60 - 70%
Actual Asset allocation:								
Fixed Income Real Estate Equity	27.7% 4.6% 67.7%	25.7% 4.5% 67.7%	26.6% 4.3% 67.2%	26.9% 4.3% 68.7%	26.8% 4.3% 68.0%	26.7% 4.3% 67.9%	26.3% 4.3% 66.8%	26.6% 4.3% 67.3%
Percentage growth in total liabilities between 2007 valuation and 2008	4.7%	7.2%	8.2%	5.5%	6.6%	5.0%	14.3%	7.0%
Percentage change in total assets between 2007 valuation and 2008	-6.7%	-6.1%	-4.1%	-5.1%	-3.0%	-6.3%	-0.1%	-5.1%

Sources: Public Employees' Retirement Board, Financial and Actuarial Reports, and Title 19, MontanaCode Annotated, 2007; FY2008 Montana Board of Investments information.

VOLUNTEER FIREFIGHTERS' COMPENSATION ACT
 (Based on June 30, 2008, Actuarial Valuation)

TABLE 7

VOLUNTEER FIREFIGHTERS' PENSION FUND (1965)	PENSION PLAN FEATURES
Age 55 and 20 years of service; or Age 60 and 10 years of service	Minimum service and age for normal (unreduced) retirement
10 years	Vested
\$7.50 per year of service, up to maximum of \$225 per month	Basic benefit formula
\$7.50 per year of service, with a minimum of \$75 per month up to a maximum of \$225 per month	Disability
\$7.50 per year of service (maximum of 40 months including any amounts retiree received)	Death benefit
1,082 retirees and beneficiaries 2,301 active members <u>793 vested inactive (terminated) members</u> 4,176 total members	Membership
44.6 years old	Average age of active members
9.2 years	Average years of service of active members
\$135 per month	Average benefit for service retirees
5% of insurance premium taxes collected (See Section 19-17-301, MCA)	Contributions
\$32.7 million	Actuarial liabilities
\$27.5 million	Actuarial value of assets
\$5.2 million	Unfunded liability
5 yrs	Years to Amortize
84%	Funded ratio

PERS DEFINED CONTRIBUTION RETIREMENT PLAN (DCRP)

TABLE 8

Operational July 1, 2002.

Membership	All active PERS members will have 12 months to make a one-time, irrevocable choice between the DBRP and DCRP plans.
Employee Contributions	6.9% of salary
Employer Contributions	7.035%* of salary allocated as follows: -- 0.04% to an educational fund -- 2.37% to PERS DB plan as plan choice rate -- 4.19% to member accounts -- 0.3% to disability trust fund -- 0.135% to PERS DB plan to reduce the plan choice rate unfunded actuarial liability, or to the long-term disability plan trust fund once the PCR UAL is retired (increasing to 0.27% on July 1, 2009)
Total contributions to member accounts	11.09% of salary
Investment choices	15 funds
Vesting	5 years for employer contributions and investment earnings on those contributions, but members have immediate control over how employer and employee contributions are invested
Benefits	Contributions plus investment earnings, minus administrative expenses; payable at any time after termination, with a possible federal tax penalty for withdrawal before age 59 1/2.
Disability benefit	A defined disability benefit based on a 1/56 x HAC x years of service formula, similar to what is provided in the PERS DBRP.
Death/survivorship benefit	Member's account balance
Plan administration	- PERB is the plan's board of trustees - Great West is the plan's record keeper

* On July 1, 2009, this will increase to 7.17%