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STATE ADMINISTRATION

Exhibit No. 2

Date 2-13-15

Bill No. HB85

January 19, 2015

Mr. Shawn Graham
Executive Director
Teachers' Retirement System
State of Montana
1500 Sixth Avenue
Helena, MT 59620-0139

Subject: HB 85

Dear Shawn:

As requested we have determined the impact of **HB 85** on the Teachers' Retirement System (TRS).

Background

Per Section 19-20-1001, MCA, the designated beneficiary of a tier two member may only receive a pre-retirement survivor annuity other than a refund of accumulated member contributions only if the member died within 1 year of the last day on which the tier two member was employed in a position reportable to the TRS. **HB 85** allows the designated beneficiary of a tier two member to receive a pre-retirement survivor annuity regardless of length of time between the date of death and the last day of employment in a position reportable to the TRS.

Data, Methods and Assumptions

The data, methods and assumptions used to determine the impact of **HB 85** are the same as those used in the July 1, 2014 valuation.



Costs

The pre-retirement survivor annuity is determined as if a member had elected an Option A on the date of the death. Option A provides an allowance to the member throughout the member's lifetime and, upon the member's death, continue throughout the lifetime of the member's joint annuitant. All optional forms are determined on an actuarial equivalent basis, therefore HB 85 has no actuarial impact on TRS.

Certification

This is to certify that the independent consulting actuary is a member of the American Academy of Actuaries and has experience in performing valuations for public retirement systems, that the valuation was prepared in accordance with principles of practice prescribed by the Actuarial Standards Board, and that the actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the retirement system and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the System.

Future actuarial results may differ significantly from the current results presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Since the potential impact of such factors is outside the scope of a normal annual actuarial valuation, an analysis of the range of results is not presented herein.

Sincerely,

Handwritten signature of Edward A. Macdonald in cursive.

Edward A. Macdonald, ASA, FCA, MAAA
President

Handwritten signature of Todd B. Green in cursive.

Todd Green, ASA, FCA, MAAA
Principal and Consulting Actuary

TBG:jnw