



MONTANA LEGISLATIVE AUDIT DIVISION

FINANCIAL-COMPLIANCE

Teachers' Retirement System

For the Two Fiscal Years June 30, 2010

DECEMBER 2010

10-09A

REPORT SUMMARY

The Teachers' Retirement System has more than 18,950 active participants and approximately 12,400 retirees or beneficiaries are currently receiving benefits. In fiscal year 2010, \$220 million were paid out in benefits to retirees or beneficiaries.

Context

The Teachers' Retirement System (system) is a component unit of the state of Montana. State law established the system in 1937. All full-time members of the public teaching profession, except for eligible employees of the Montana University System hired after July 1, 1993, are required by law to be members of the retirement system.

A six-member board governs the system. The board members each serve five-year terms. The Executive Director and system personnel are responsible for the daily administration of the system at June 30, 2010; the system had 16 full-time equivalent employees and is authorized for two more full-time equivalent employees.

Most system funding comes from employee and employer contributions and investment income. In fiscal year 2009-2010, these additions totaled over \$430 million.

Results

The audit report does not have any recommendations.

The prior audit report had one recommendation concerning the actuarial unsoundness of the system. In order to be actuarially sound, the system must be funded to meet current year costs and amortize its unfunded liability in thirty years or less. The amortization period of the system as of July 1, 2009, did not amortize. As of July 1, 2010 the amortization period was 49.5 years. System Management intends to request legislation to address the prior recommendation. We make no further recommendation at this time.

Recommendation Concurrence	
Concur	0
Partially Concur	0
Do Not Concur	0

Source: Agency audit response included in final report.

For a complete copy of the report or for further information, contact the Legislative Audit Division at 406-444-3122; e-mail to lad@mt.gov; or check the website at <http://leg.mt.gov/audit>. Report Fraud, Waste, and Abuse to the Legislative Auditor's FRAUD HOTLINE Call toll-free 1-800-222-4446, or e-mail lad@mt.gov.