

Montana's Public Employees' Retirement Plans: Summary Tables

TABLE 1
BENEFIT ELIGIBILITY AND BASIC BENEFIT FORMULA

	PERS DEFINED BENEFIT (DB) PLAN	TEACHERS' RETIREMENT SYSTEM (TRS)	SHERIFFS' (SRS)	MUNICIPAL POLICE (MPORS)	FIREFIGHTERS' UNIFIED (FURS)	HIGHWAY PATROL (HPORS)	GAME WARDENS' AND PEACE OFFICERS' (GWPORS)	JUDGES' (JRS)
Minimum service and age requirements to receive full (unreduced) normal retirement benefit	30 yrs service, any age or 5 yrs srvc and age 60 or age 65 regardless of service	25 yrs service, any age or 5 yrs srvc and age 60	20 yrs service, any age	20 yrs service, any age	20 yrs service, any age, or age 50 with 10 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
Minimum service requirement before being vested	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years
Service retirement benefit formula	1/56 x HAC ¹ x yrs of service (1/56 = 1.78571%) -with 25 or more years of membership service 1/50 X HAC X yrs of service (1/50 = 2.0%)	1/60 x FAS x yrs of service (1/60 = 1.6666%)	2.5% x HAC x yrs of service	2.5% x FAC ² x yrs of service Pre-7/1/77: FAC = monthly compensation of last year	2.5% x FAC x yrs of service Pre-7/1/81 who did not elect GABA: - with less than 20 yrs, greater of: 2.5% x FAC x yrs or 2% x FMC ³ x yrs - with more than 20 yrs: 50% x FMC plus 2% of FMC for each year over 20	2.5% x HAC x years of service	2.5% x HAC x years of service	3.33% x HAC x yrs of service to 15 yrs + 1.785% x HAC x years 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 25 years service any age or age 50	Yes Actuarially reduced benefit at as early as age 50 with 5 yrs service	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, 2003

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.

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

TABLE 2
DISABILITY BENEFITS

	PERS DEFINED BENEFIT PLAN	TEACHERS' RETIREMENT SYSTEM (TRS)	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 unable to perform essential tasks of covered position - permanent or of uncertain duration	-at least 5 yrs of service -incapacitated for the further performance of duties -likely to be permanent	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>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)	<u>Greater of:</u> - normal (1.6667%) retirement formula or - 25% of Avg. Final Compensation (same as HAC)	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> Normal (2.5%) retirement formula but minimum of 50% of FAC	Normal (2.5%) retirement formula but minimum of 50% of FAC	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	Normal (2.5%) retirement formula, but minimum of 50% of HAC	Same as non-duty-related	Same as non-duty-related	Normal (2.5%) retirement formula, but minimum of 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, 2004, actuarial valuation)	0.32%	0.15%	0.78%	1.66%	1.98%	0.77%	0.71%	0.68%

TABLE 3
RETIREE AND BENEFIT RECIPIENT DATA

(Based on June 30, 2004, Actuarial Valuations)

	PERS DEFINED BENEFIT (DB) PLAN	TEACHERS' RETIREMENT SYSTEM (TRS)	SHERIFFS' (SRS)	MUNICIPAL POLICE (MPORS)	FIREFIGHTERS' UNIFIED (FURS)	HIGHWAY PATROL (HPORS)	GAME WARDENS' AND PEACE OFFICERS' (GWPORS)	JUDGES' (JRS)
Number of benefit recipients	14,834	10,375	323	571	498	274	85	50
Average age of current retirees	72.1 yrs	69.1 yrs	61.4 yrs	65.5 yrs	67.1 yrs	66.4 yrs	70.4 yrs	78.6 yrs
Average retirement age	59.8 yrs	56.7 yrs	52.8 yrs	47.4 yrs	50.7 yrs	49.9 yrs	55.2 yrs	67.4 yrs
Average years of service at retirement	18.9 yrs	26 yrs	18.9 yrs	19.6 yrs	23.4 yrs	24.0 yrs	26.0 yrs	15.8 yrs
Average monthly benefit (service retirement)	\$793	\$1,283	\$1,522	\$1,776	\$1,913	\$1,787	\$1,666	\$2,946
Post-retirement benefit adjustments	3.0% GABA* (after 1 years)	1.5% (after 3 year)	3.0% (after 1 years)	<u>Pre-7/1/97 who did not elect GABA:</u> ½ monthly salary of new officer <u>All post- 7/1/97 or who elected GABA:</u> 3.0% (after 1 year)	<u>Pre-7/1/97 who did not elect GABA:</u> ½ monthly salary of new firefighter <u>All post- 7/1/97 or who elected GABA:</u> 3.0% (after 1 year)	<u>Pre-7/1/97 who did not elect GABA:</u> 2% of base salary of probationary officer <u>All post- 7/1/97 or who elected GABA:</u> 3.0% (after 1 year) <u>Pre-7/1/91:</u> supplemental lump sum to certain eligible recipients, paid from motor vehicle registration fees	3.0% (after 1 year)	<u>Pre-7/1/97:</u> benefits increased same as salary of sitting judge <u>All post-7/1/97 or who elected GABA:</u> 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, or increase in a recipient's monthly benefit amount.

TABLE 4

ACTIVE MEMBERSHIP DATA***(NOT including retirees and other benefit recipients)***

(Based on June 30, 2004, Actuarial Valuations)

	PERS DEFINED BENEFIT (DB) PLAN	TEACHERS' RETIREMENT SYSTEM (TRS)	SHERIFFS' (SRS)	MUNICIPAL POLICE (MPORS)	FIREFIGHTERS' UNIFIED (FURS)	HIGHWAY PATROL (HPORS)	GAME WARDENS' AND PEACE OFFICERS' (GWPORS)	JUDGES' (JRS)
Total active members	28,201	17,614	662	603	438	194	685	50
Deferred Retirement Option Plan (DROP)	n/a	n/a	n/a	31	n/a	n/a	n/a	n/a
Average age of actives	47.3 yrs	45.6 yrs	41.0 yrs	38.3 yrs	40.3 yrs	39.2 yrs	39.8 yrs	54.8 yrs
Average years of service of actives	9.8 yrs	12.2 yrs	8.8 yrs	9.9 yrs	12.4 yrs	9.7 yrs	5.4 yrs	9.5 yrs
Average annual salary of actives	\$29,487	\$40,537	\$40,408	\$40,371	\$44,063	\$38,669	\$31,023	\$88,770
Number of participating employers	526	411	56	22	15	1	8	1
Employers' annualized payroll (2004 Valuation)	\$832.8 million	\$576.4 million	\$27.4 million	\$24.5 million	\$20.2 million	\$7.8 million	\$21.4 million	\$4.4 million

TABLE 5
CONTRIBUTIONS, COSTS, AND ACTUARIAL DATA

(Based on June 30, 2004, Actuarial Valuations)

	PERS DEFINED BENEFIT (DB) PLAN	TEACHERS' RETIREMENT SYSTEM (TRS)	SHERIFFS' (SRS)	MUNICIPAL POLICE (MPORS)	FIREFIGHTERS' UNIFIED (FURS)	HIGHWAY PATROL (HPORS)	GAME WARDENS' AND PEACE OFFICERS' (GWPORS)	JUDGES' (JRS)
Employer contribution as percentage of payroll	6.9% Political subdivisions: 6.8% State: 0.1% (to fund GABA)	7.47%	9.535%	14.41%	14.36%	26.15%	9.0%	25.81%
Employee contribution as percentage of salary	6.9%	7.15%	9.245%	<u>Non-GABA:</u> <u>Pre-7/1/75:</u> 5.8% <u>Pre-7/1/79:</u> 7.0% <u>Pre-7/1/97:</u> 8.5% <u>With GABA:</u> 9%	<u>Pre-7/1/97 not electing GABA:</u> 9.5% <u>Post-7/1/97 and electing GABA:</u> 10.7%	<u>Pre-7/1/97 not electing GABA:</u> 9.0% <u>Post-7/1/97 and electing GABA:</u> 9.05%	10.56%	7%
Additional funding from other sources as a percentage of payroll	None	<u>State General Fund:</u> 0.11% ¹ <u>For ORP:</u> 4.04%	None	<u>State General Fund:</u> 29.37%	<u>State General Fund:</u> 32.61%	<u>Driver's license fees:</u> 10.18%	None	None
Total available contributions as percentage of payroll	13.80%	14.73%	18.78%	52.78%	57.65%	45.38%	19.56%	32.81%
Normal costs as percentage of payroll	12.08%	10.34%	19.44%	25.77%	26.12%	22.09%	18.54%	26.33%
Percentage used to fund unfunded liabilities	1.68% (.04% transferred to education fund)	4.39%	0	27.01%	31.53%	23.29%	1.02%	6.48%

(TABLE 5 continued on next page)

¹ This amount was enacted by the 1999 Legislature as part of the funding for the current 1.5% GABA. This terminates when amortization schedule is 10 years or less, based on the most recent actuarial valuation.

	PERS DEFINED BENEFIT (DB) PLAN	TEACHERS' RETIREMENT SYSTEM (TRS)	SHERIFFS' (SRS)	MUNICIPAL POLICE (MPORS)	FIREFIGHTERS' UNIFIED (FURS)	HIGHWAY PATROL (HPORS)	GAME WARDENS' AND PEACE OFFICERS' (GWPORS)	JUDGES' (JRS)
Actuarial value of assets (rounded)	\$3.0 billion	\$2.5 billion	\$141 million	\$150 million	\$142 million	\$79 million	\$45 million	\$45 million
Actuarial liabilities (rounded)	\$3.5 billion	\$3.3 billion	\$149 million	\$260 million	\$228 million	\$104 million	\$50 million	\$35 million
Actuarial Value Funded ratio (rounded) (percentage of liabilities covered by reported assets)	87%	76%	95%	57%	62%	76%	90%	130%
Unfunded liability (surplus) (rounded)	\$466.8 million	\$757.8 million	\$8 million	\$110 million	\$86 million	\$25 million	\$5 million	(\$10 million)
Years to amortize unfunded liability	>30 yrs	>30 yrs	>30 yrs	24.4 yrs	18.7 yrs	19.1yrs	>30 yrs	0 (surplus)
Market value of assets (rounded)	\$3.0 billion	\$2.2 billion	\$141 million	\$148 million	\$141 million	\$79 million	\$45 million	\$45 million
Market Value Funded ratio (rounded) (percentage of liabilities covered by reported assets)	86%	73%	95%	57%	62%	76%	90%	129%
Contribution rate increase required to amortize unfunded liabilities over 30 years	1.19%	2.87%	2.15%	0	0	0	0.23%	0

Sources: June 30, 2004, Actuarial Valuations

TABLE 6

INVESTMENT DATA

* Investment objective: Achieve a total rate of return that exceeds the CPI by 3% over any five-year rolling period, while outperforming the market indices for each asset class over any current 5-year period.

* CPI: Percentage change in the CPI in Fiscal Year 2004, 3.0%

	PERS DEFINED BENEFIT RETIREMENT PLAN (DBRP)	TEACHERS' RETIREMENT SYSTEM (TRS)	SHERIFFS' (SRS)	MUNICIPAL POLICE (MPORS)	FIREFIGHTERS' UNIFIED (FURS)	HIGHWAY PATROL (HPORS)	GAME WARDENS' AND PEACE OFFICERS' (GWPORS)	JUDGES' (JRS)
Amount invested, rounded (market value, on June 30, 2004)	\$3.0 billion	\$2.4 billion	\$140 million	\$141 million	\$134 million	\$78 million	\$45 million	\$45 million
Market rate of return for composite index, FY 2004	13.39%	13.47%	13.18%	12.81%	12.88%	13.18%	13.18%	13.14%
Market rate of return on the fund in 2004, all assets	13.43%	13.51%	13.24%	12.85%	12.93%	13.25%	13.22%	13.21%
Market rate of return for composite index, 5-year period	2.77%	2.70%	2.57%	2.56%	2.49%	2.59%	2.62%	2.65%
Rate of return on the fund, 5-year period	2.84%	2.84%	2.68%	2.67%	2.62%	2.66%	2.72%	2.70%
Objective relative to CPI met?	no	no	no	no	no	no	no	no
Asset allocation objectives: Fixed Income	32% to 50%	30% to 45%	24% to 43%	same as Sheriffs'	same as Sheriffs'	same as Sheriffs'	same as Sheriffs'	same as Sheriffs'
Equity	50% to 68%	55% to 70%	57% to 76%					
Actual Asset allocation: Fixed Income	43.06%	31%	42.72%	42.30%	42.04%	41.63%	44.90%	42.81%
Equity	56.94%	69%	57.28%	57.70%	57.96%	58.37%	55.10%	57.19%
Percentage growth in total liabilities between 2002 valuation and 2004 valuation	35.38%	12.72%	38.47%	25.24%	21.94%	24.15%	63.49%	12.85%
Percentage growth in total assets between 2002 valuation and 2004 valuation	8.21%	14.42%	9.7%	10.54%	10.45%	5.04%	17.48%	6.95%

Sources: Public Employees' Retirement Board, Teachers' Retirement Board, Financial and Actuarial Reports, and Title 19, Montana Code Annotated, 2003; the 2004 Annual Report of the Montana Board of Investments; the U.S. Census Bureau, Statistical Abstract of the United States.

TABLE 7

VOLUNTEER FIREFIGHTERS' COMPENSATION ACT

(Based on June 30, 2004, Actuarial Valuation)

PENSION PLAN FEATURES		VOLUNTEER FIREFIGHTERS' PENSION FUND
Minimum service and age for normal (unreduced) retirement		Age 55 and 20 years of service; or Age 60 and 10 years of service
Vested		10 years
Full Pension Benefit		\$150.00 a month (age 55 with 20 yrs service)
Additional Benefit		\$7.50 per year of service after age 55 and 20 years of service (maximum of 30 yrs service)
Disability		\$7.50 per year of service, with a minimum of \$75 per month up to a maximum of \$150 per month
Death benefit		\$7.50 per year of service
Membership		944 retirees and beneficiaries
		2,687 active members
		<u>671 vested inactive (terminated) members</u>
		4,302 total members
Average age of members	Active	44 years old
	Retired	70 years old
Average years of service of members	Active	9 years
	Retired	23 years
Average benefit for retirees		\$139 per month
Contributions		5% of insurance premium taxes collected (See Section 19-17-301, MCA)
Actuarial liabilities		\$28.7 million
Actuarial value of assets		\$20.1 million
Unfunded liability		\$8.6 million
Years to Amortize		20yrs
Funded ratio		70%

TABLE 8

PERS DEFINED CONTRIBUTION RETIREMENT PLAN (DCRP)

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	6.9% of salary allocated as follows: -- 0.4% to an educational fund -- 2.37% to PERS DB plan as plan choice rate -- 4.49% to member accounts
Total contributions to member accounts	11.39% of salary
Investment choices	16 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 federal tax penalty for withdrawal before age 59 1/2.
Disability benefit	A defined disability benefit based on a $1/56 \times \text{FAS} \times \text{years of service}$ formula, similar to what is provided in the PERS DBRP.
Death/survivorship benefit	Member's account balance
Plan administration	<ul style="list-style-type: none"> - PERB is the plan's board of trustees - Great West is the plan's recordkeeper - Educational Technologies Inc. will provide educational services for the initial transfer education. - Investment fund manager bids are still being evaluated

TABLE 9

UNIVERSITY SYSTEM OPTIONAL RETIREMENT PLAN
(As of June 30, 2000)

PLAN FEATURES	OPTIONAL RETIREMENT PROGRAM (ORP) (A Defined Contribution Retirement Plan)
Membership	<p>All administrative, scientific, and instructional staff of the University System. (When PERS DC plan is operational, University System employees in PERS will have option of joining PERS DC plan <i>or</i> the ORP.)</p> <p>Active membership: 1,115</p>
Retirement eligibility	<p>A plan member may "retire" (i.e., access the ORP account) any time after service is terminated. There are federal tax penalties for withdrawal prior to age 59 1/2.</p>
Benefit	<p>An ORP member's benefit depends on total contributions to the member's individual account, plus investment earnings, minus administrative expenses. The ORP is administered by TIAA-CREF, which offers eight investment options.</p>
Disability benefits	<p>All University System employees are covered under a long-term disability insurance plan. The basic plan is entirely employer-paid and provides disability payments up to 60% of monthly earnings, offset against other income, such as pension benefits, social security, workers' compensation insurance, etc.</p>
Death and survivor benefits	<p>The full current value in a member's annuity account is payable to the beneficiary before retirement. The benefit can be paid in a single sum, as an annuity income to the beneficiary for life, or as an annuity income for a fixed period of years. The annuity may also be deferred as federal law permits.</p>
Total payroll covered	\$31,475,709
Employer contribution as a percentage of payroll	4.956%
Employee contribution as a percentage of salary	7.044%
Total contributions to member accounts	12%
Contribution to TRS for unfunded liability	<p>3.73% on 7/1/00 4.04% on 7/1/01 (to be reviewed and possibly adjusted on 7/1/2033)</p>