

23-09 Financial Compliance Audit

Teachers' Retirement System





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Teachers' Retirement System Overview

- Established in 1937
- Initial enrollment of 3,367 members
- Provided benefits and services to ~ 50,000 members.
- As of July 1, 2023
 - Serving approximately 17,700 beneficiaries
 - 20,000 Active Plan Members



Teachers' Retirement System Mission

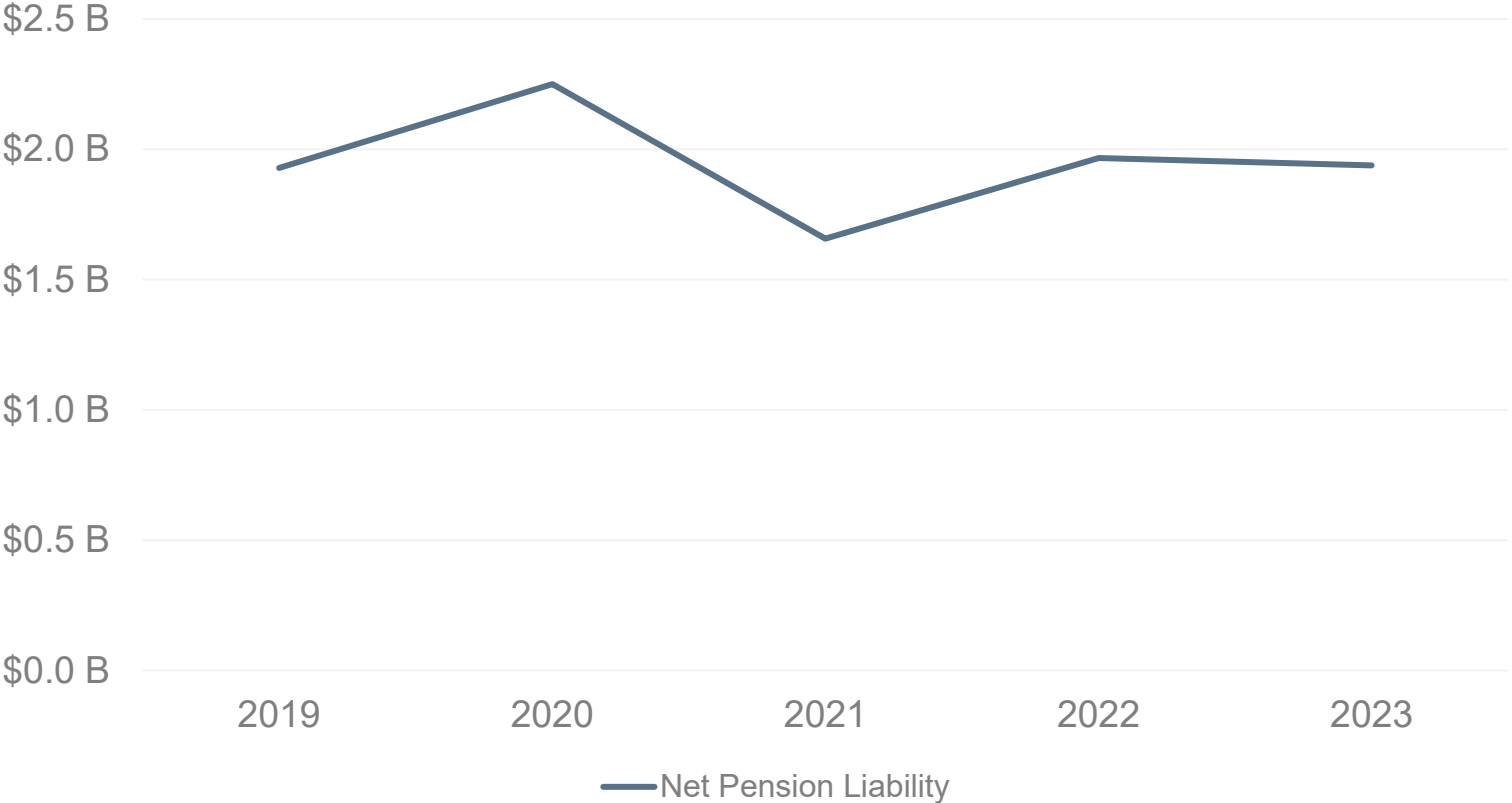
“To promote **long-term financial security** for our members while proactively **maintaining the stability** of the system.”

“Long-Term”

Actuary Study

Fiscal Year End	Amortization Period (in years)
June 30, 2023	24
June 30, 2022	25
June 30, 2021	24
June 30, 2020	29
June 30, 2019	29

Net Pension Liability by Fiscal Year



Source: Compiled by the Legislative Audit Division from Teacher's Retirement System Actuarial Information

“Financial Security”

Benefits Paid

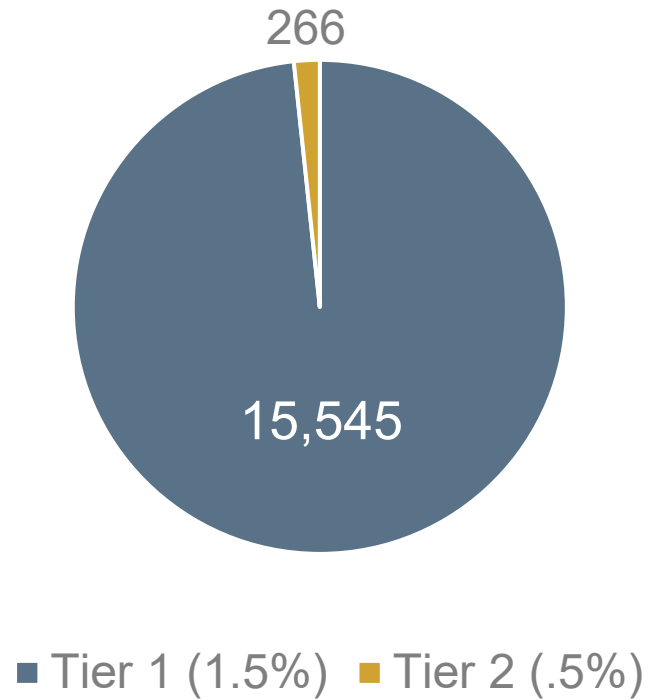
- Eligibility for benefits dictated by MCA
- GABA Adjustment (Tier 1 vs. Tier 2)
- Multiple Benefit Options available for beneficiaries

MCA's Dictating Benefits

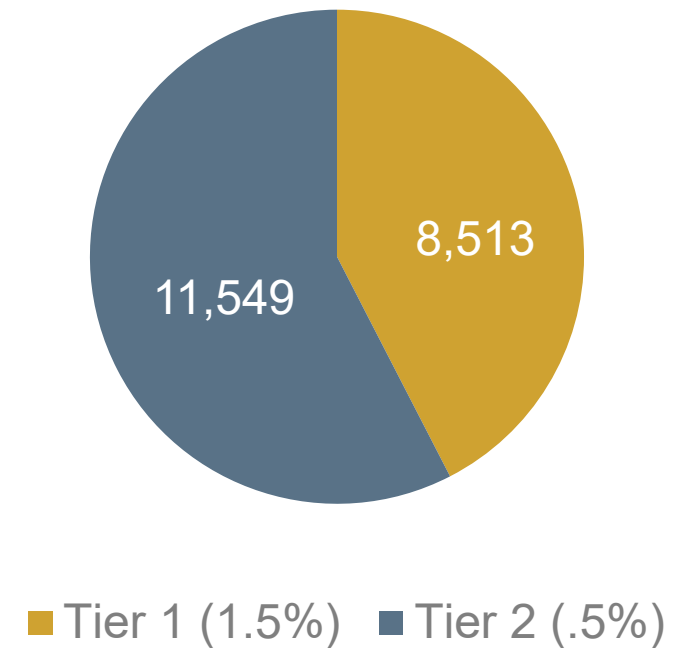
- 19-20-801, MCA- Eligibility for Service Retirement
- 19-20-802, MCA- Early Retirement
- Other laws dictating member benefits:
 - 19-20-702, MCA: Optional Allowances – Joint and Survivor Annuity – Period Certain
 - 19-20-716, MCA: Termination Pay
 - **19-20-719, MCA: Guaranteed Annual Benefit Adjustment (GABA)**
 - 19-20-804, MCA: Allowance For Service Retirement
 - 19-20-805, MCA: Calculation of Average Final Compensation

Guaranteed Annual Benefit Adjustment (GABA)

Distribution of Tier Type of Members Receiving Benefits



Distribution of Tier Type of Active Members



Contributions and Investments

“Maintain Security”

Employees

Employers

State
Supplemental
Contribution



Contributions and Investments

“Maintain Security”



Laws Dictating Contribution Process

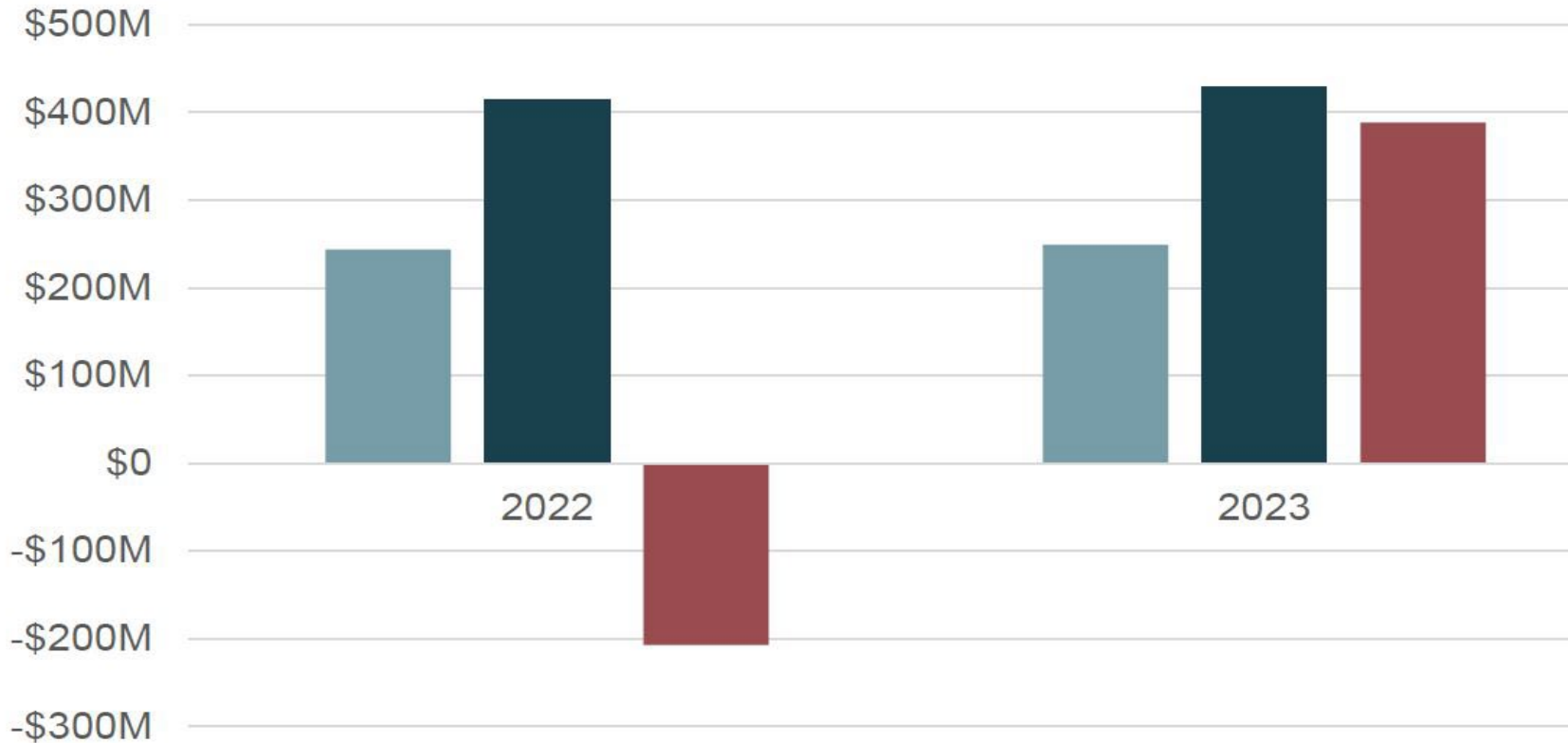
- 19-20-602, MCA- Annuity Savings Account, Member's Contribution:
- 19-20-605, MCA- Pension Accumulation Account – Employer's Contribution:
- 19-20-607, MCA- Supplemental State Contribution:
- 19-20-609, MCA Employer's Supplemental Contribution – Actuarially Determined Adjustments:

Comparison of Activity

Figure 1

Comparison of Board Activity

While **contribution revenue** and **benefit payments** remained stable, **investment income** in 2023 was up by roughly \$595 million when compared to 2022.



Source: Compiled by the Legislative Audit Division from Teachers' Retirement System information.

Summary of Audit Results

Opinion Issued: **Unmodified**

Recommendations Issued:

To the System: 0

To the Legislature: 0

Material Weaknesses in Internal Control: 0

Significant Deficiencies in Internal Control: 0

There were no prior audit recommendations.

Questions?

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