



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

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Director
AMY CARLSON

DATE: October 9, 2013
 TO: Economic Affairs Interim Committee
 FROM: Kris Wilkinson, Senior Fiscal Analyst
 RE: Impacts of the Transfers of Old Fund Surplus to the General Fund

In FY 2002, FY 2003, and FY 2004 a total of \$23.1 million of surplus funding from the Old Fund was transferred to the general fund. To determine the impact of the transfer on the unfunded liabilities of the Old Fund, Figure 1 shows the assets, transferred funds with accumulated interest, and liabilities of the Old Fund.

Figure 1

Old Fund												
Estimated Impacts on Unfunded Liabilities if Funds												
Not Transferred to the General Fund												
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Assets	133,790,269	94,027,148	87,730,106	82,245,673	67,502,273	56,837,293	36,868,908	22,371,556	11,681,603	(75,600)	0	0
Transferred Funds with Interest*	0	<u>22,553,395</u>	<u>24,327,780</u>	<u>25,665,808</u>	<u>27,077,427</u>	<u>28,566,686</u>	<u>30,137,853</u>	<u>31,795,435</u>	<u>33,544,184</u>	<u>35,339,114</u>	<u>27,235,248</u>	<u>18,092,438</u>
Revised Assets	133,790,269	116,580,543	112,057,886	107,911,481	94,579,700	85,403,979	67,006,761	54,166,991	45,225,787	35,263,514	27,235,248	18,092,438
Liabilities	<u>128,902,238</u>	<u>113,180,563</u>	<u>108,499,935</u>	<u>104,851,596</u>	<u>97,768,808</u>	<u>98,232,540</u>	<u>86,732,631</u>	<u>79,162,697</u>	<u>71,136,458</u>	<u>64,621,362</u>	<u>56,961,706</u>	<u>51,026,000</u>
Surplus or (Unfunded Liability)	<u>\$4,888,031</u>	<u>\$3,399,980</u>	<u>\$3,557,951</u>	<u>\$3,059,885</u>	<u>(\$3,189,108)</u>	<u>(\$12,828,561)</u>	<u>(\$19,725,870)</u>	<u>(\$24,995,706)</u>	<u>(\$25,910,671)</u>	<u>(\$29,357,848)</u>	<u>(\$29,726,458)</u>	<u>(\$32,933,562)</u>

* Interest earnings calculated at 5.5% annually actual investment earnings may be higher or lower in any given year

As shown while the additional funding would have reduced the amount of the unfunded liability, it does not entirely eliminate it. Assets in the Old Fund would still be depleted and a source for funding for claims payments would still be needed in later years.