

Montana Public Employees' Retirement Board
Table of Proposed Funding Legislation for
2023

MCA Section	Proposed Change	Reason	Notes
19-3-316 19-3-319 19-3-2117 (PERS)	Revise the current PERS employer contribution rate statutes (19-3-316, MCA) to reflect an increase in the current employer contribution rate from 9.07% to a rate that will amortize the unfunded liabilities of the system at 25 years. This revision eliminates the 1.27% employer contribution rate increase with 0.1% increases that sunset in FY2024 under HB 454.	Section V. B. 4 of the MPERB's Funding and Benefit Policy, requires the MPERB to recommend to the Legislature that funding be increased for a defined benefit system to address the financial sustainability of the system if the amortization period of a system's unfunded liabilities is projected to exceed 30 years for two consecutive valuations and the Board cannot reasonably anticipate that the amortization period would decline without an increase in funding sources.	The results of the 2022 Actuarial Experience Study increased the amortization period of PERS from 28 years to 37 years.
19-8-504 (GWPORS)	Revise the current GWPORS employer contribution rate statute (19-8-504, MCA) to reflect an increase in the employer contribution rate from 9% to a rate that will amortize the unfunded liabilities of the system at 25 years.	Through an Actuarial Experience Study completed in May of 2022, the Board made changes to both economic and demographic assumptions used to value the costs and liabilities of its defined benefit plans. The Board lowered its assumed rate of return from 7.65% to 7.30% which increased the unfunded liabilities of each system and which brought PERS, GWPORS, HPORS, and SRS to periods of amortization surpassing 30 years.	The results of the 2022 Actuarial Experience Study increased the amortization period of GWPORS from 35 years to an infinite period.
19-6-404 (HPORS)	Revise the current HPORS employer contribution rate statute (19-6-404, MCA) to reflect an increase in the employer contribution rate from 38.33% to a rate that will amortize the unfunded liabilities of the system at 25 years.	In addition, a 4-year period of asset smoothing is used to determine each system's actuarial rate of return and to value each system's unfunded liabilities and the period necessary to amortize such liability in any given year. Each system will be dropping off a 8.9% rate of return and replacing it with a -4.32% for this past fiscal year. As such, it is expected that each system's unfunded liabilities will increase and the period to amortize these liabilities will continue to exceed 30 years in each system's next two valuations.	The results of the 2022 Actuarial Experience Study increased the amortization period of HPORS from 26 years to 62 years.
19-7-404 (SRS)	Revise the current SRS employer contribution rate statute (19-7-404(3)(b), MCA) to reflect an increase in the employer contribution rate from 13.115% to a rate that will amortize the unfunded liabilities of the system at 25 years.		The results of the 2022 Actuarial Experience Study increased the amortization period of SRS from 18 years to 41 years.