



Montana Public Employee Retirement Administration

**State Administration and Veteran's Affairs**  
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# Participation in MPERA

- State, local governments, and certain employees of the Montana University system, & school districts are covered by MPERA.
  - 43,974 Active Employees (all systems)
  - 29,353 Retirees & Beneficiaries (all systems)
  - 35,369 Inactive (all systems)
  
  - 553 Employers (all systems)
  - 220 Volunteer Fire Departments



# “PERS” Membership Data FY 2020

## ➤ Full Time Active Members

- Average Salary	\$44,098
- Average Age	47.7
- Average Years of Service	9.1
- Average Hire Age	38.6

## ➤ Retired Members

- Average Annual Benefit	\$19,178
- Average Monthly Benefit	\$1,598.1
- Average Current Age	71.5
- Average Age at Retirement	61.0
- Average Service at Retirement	21.4



# Retirement Survey

## ➤ 2021 Member Satisfaction Survey

*93% of retirees said the quality of MPERA customer service was helpful during the retirement process*

-For Retired Members MPERA received 502 responses:

- 76% said they were ready to retire when they chose to retire
- 45% contributed to another employer-sponsored saving plan in addition to the MPERA retirement plan (Deferred Compensation, 457b, or 403b)
- 82% said they were financially secure in retirement
- 42% plan to work while being retired



# MPERA Funding

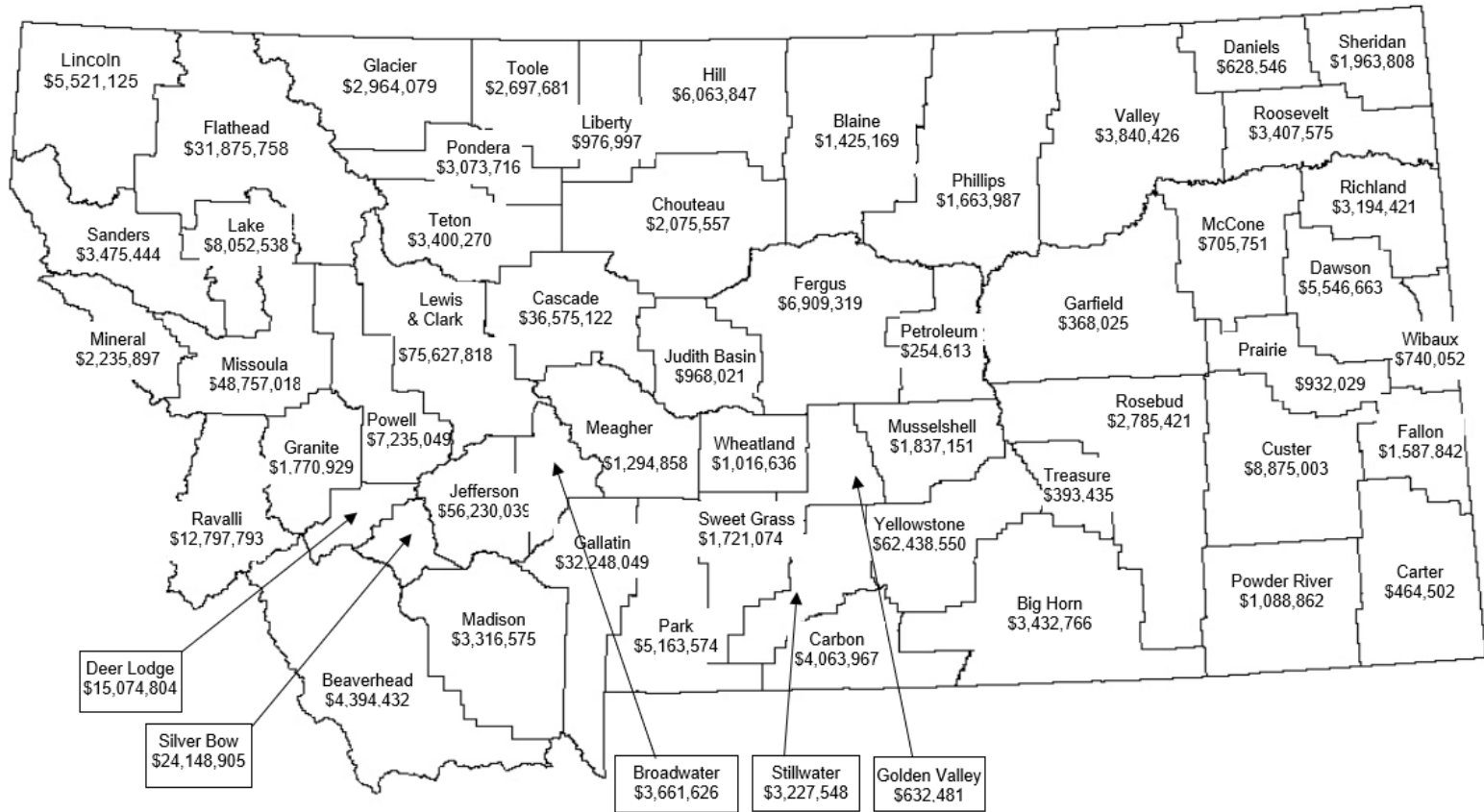
## PERS System

- Contribution Rates
  - Employee – 7.90%
  - Employer – 8.97% (FY 2022)
  - State of Montana – .10% (local governments), .37% (school districts) plus additional \$34M statutory appropriation
  
- Total Contributions FY 2021 = \$268M
- Total Benefit Payments FY 2021 = \$476M
- Total Investment Income FY 2021 = \$1.6B
  
- Funded Status as of June 30, 2020
  - 74.08% funded ratio (improvement expected with FY 2022 valuation results available in October)
  - Amortization Period - 35 years (improvement expected with FY 2022 valuation results available in October)



# FY 2021 Benefits Paid by County

## Montana Public Employees Retirement Administration Retirement Benefits Paid Out – Fiscal Year 2021



Total Benefits Paid in Montana: \$526,823,143  
Total Recipients in Montana: 27,398

Other States \$60,384,057  
International \$ 546,291



# Total Benefits Paid (All Systems) – Fiscal Year 2021

Benefits Paid in Montana	\$ 526,823,143.54	27,398	86.6% recipients
Benefits Paid in Other States:	\$ 60,384,057.22	4,191	13.2% recipients
Benefits Paid Outside the US:	\$ 546,291.08	55	0.2% recipients
<b>TOTAL BENEFITS PAID:</b>	<b>\$ 587,753,491.84</b>	<b>31,644</b>	<b>recipients</b>

## Benefits Paid to Montana Recipients by County- FY 2021

County	# of Recipients	Gross Benefits Paid	County	# of Recipients	Gross Benefits Paid	County	# of Recipients	Gross Benefits Paid
BEAVERHEAD	300	\$ 4,394,432.46	GRANITE	129	\$ 1,770,928.95	POWELL	399	\$ 7,235,049.43
BIG HORN	206	\$ 3,432,765.55	HILL	358	\$ 6,063,847.37	PRAIRIE	73	\$ 932,028.70
BLAINE	88	\$ 1,425,169.13	JEFFERSON	2,292	\$ 56,230,038.67	RAVALLI	831	\$ 12,797,792.86
BROADWATER	212	\$ 3,661,626.23	JUDITH BASIN	82	\$ 968,021.20	RICHLAND	174	\$ 3,194,420.98
CARBON	246	\$ 4,063,966.59	LAKE	552	\$ 8,052,537.68	ROOSEVELT	200	\$ 3,407,574.92
CARTER	35	\$ 464,501.78	LEWIS & CLARK	2,962	\$ 75,627,818.04	ROSEBUD	183	\$ 2,785,420.82
CASCADE	2,075	\$ 36,575,121.84	LIBERTY	69	\$ 976,997.09	SANDERS	259	\$ 3,475,444.20
CHOUTEAU	168	\$ 2,075,557.14	LINCOLN	413	\$ 5,521,124.59	SHERIDAN	150	\$ 1,963,807.50
CUSTER	424	\$ 8,875,002.93	MADISON	249	\$ 3,316,575.16	SILVER BOW	1,296	\$ 24,148,905.05
DANIELS	47	\$ 628,546.20	MCCONE	44	\$ 705,751.03	STILLWATER	230	\$ 3,227,548.04
DAWSON	343	\$ 5,546,663.13	MEAGHER	68	\$ 1,294,857.68	SWEET GRASS	131	\$ 1,721,074.05
DEER LODGE	777	\$ 15,074,804.05	MINERAL	150	\$ 2,235,896.98	TETON	239	\$ 3,400,270.31
FALLON	95	\$ 1,587,842.62	MISSOULA	2,273	\$ 48,757,017.80	TOOLE	154	\$ 2,697,680.84
FERGUS	447	\$ 6,909,319.27	MUSSELSHELL	134	\$ 1,837,151.26	TREASURE	27	\$ 393,434.78
FLATHEAD	1,762	\$ 31,875,758.27	PARK	311	\$ 5,163,573.70	VALLEY	229	\$ 3,840,425.96
GALLATIN	1,693	\$ 32,248,049.48	PETROLEUM	18	\$ 254,612.95	WHEATLAND	78	\$ 1,016,636.23
GARFIELD	32	\$ 368,025.67	PHILLIPS	109	\$ 1,663,987.25	WIBAUX	64	\$ 740,052.03
GLACIER	178	\$ 2,964,078.51	PONDERA	224	\$ 3,073,716.03	YELLOWSTONE	3,024	\$ 62,438,550.02
GOLDEN VALLEY	30	\$ 632,480.62	POWDER RIVER	62	\$ 1,088,861.92	<b>Grand Total</b>	<b>27,398</b>	<b>\$ 526,823,143.54</b>





# Governance

- Seven- member Board,
  - Appointed by the Governor, *with the consent of the Senate* to serve 5-year staggered terms
  - Three active public employees (one DC plan member)
  - One member who has investment management, counseling, or financial planning experience
  - One retired member of the system
  - Two representatives from the public
- Board Meetings
  - MPERA Board holds 6 regular meetings (Feb, April, June, August, October and Dec)
- BOI presentation in June





# Governance

Board Policy Number	Board Policy Name	Effective Date	Last Reviewed
BOARD Gen 01	Public Information	08/11/16	08/2016
BOARD Gen 02	Confidential Information	06/09/16	06/2016
BOARD Proc 01	Board Governance Principles and Processes	08/13/2020	08/2020
BOARD Proc 02	Board Education	02/09/17	02/2017
BOARD Admin 01	Funding and Benefit Policy	08/13/2020	08/2020
BOARD Admin 03	Interest Rates	01/01/17	06/2016
BOARD Admin 04	Delinquent Payments and Interest Penalty	08/13/2020	08/2020
BOARD Admin 05	Treating Salary Deferrals Under a Cafeteria Plan as Compensation	12/09/05	12/2005
BOARD Admin 06	General Education	05/11/17	05/2017
BOARD Admin 07	Investment Education	05/11/17	05/2017
BOARD Admin 09	Actuarial Valuation Assumptions and Methods	01/01/17	06/2017
BOARD Admin 11	State of Montana Investment Policy Statement 401(a) Defined Contribution Retirement Plan	02/01/2021	02/2021
BOARD Admin 12	State of Montana Investment Policy Statement 457 Deferred Compensation Plan	02/01/2021	02/2021
BOARD Admin 13	PERS 401(a) Defined Contribution Retirement Plan Administrative Fund	06/10/21	06/2021
BOARD Admin 14	457(b) Deferred Compensation Plan Administrative Fund	06/10/21	06/2021
BOARD Op 01	Volunteer Firefighters Medical Expenses	01/14/10	01/2010
BOARD Op 02	Handling Repeatedly Abusive Phone Calls	01/14/10	01/2010
BOARD Op 03	FLO- Charge for Excessive Use of Staff Time	06/09/16	06/2016
BOARD Op 05	Operations Analysis for Discrimination	04/08/10	04/2010
BOARD Op 06	Volunteer Firefighters Compensation Act Administration	04/14/16	04/2016
BOARD Op 07	Correction of Benefit Payment Errors	04/08/2021	04/2021
BOARD Prsnl 01	Executive Director Recruitment and Selection	02/14/13	02/2013
BOARD Prsnl 02	Performance Appraisals	04/12/18	04/2018
BOARD Prsnl 03	Reduction in Work Force	01/14/10	12/2009
BOARD Prsnl 04	Non-Union Pay Plan	09/12/13	08/2016
BOARD Prsnl 05	Employee Ethics, Conduct, and Conflicts of Interest Policy	04/12/18	04/2018



# Funding and Benefits Policy

## ➤ Purpose

- Record the funding objectives and general principles governing the funding and benefits as set by the Montana Public Employees' Retirement Board for the retirement systems under its jurisdiction. The Board is responsible for maintaining actuarially sound retirement systems and plans.

## ➤ Article VIII, § 15 of the Montana Constitution:

- Board members administer the retirement system, including making actuarial determinations, as fiduciaries of system participants and their beneficiaries.
- Montana Public Employee Retirement Administration is required to be funded on and actuarially sound basis; assets of the system may not be encumbered, diverted, reduced, or terminated and shall be held in trust to provide benefits to participants and their beneficiaries and to defray administrative expenses.



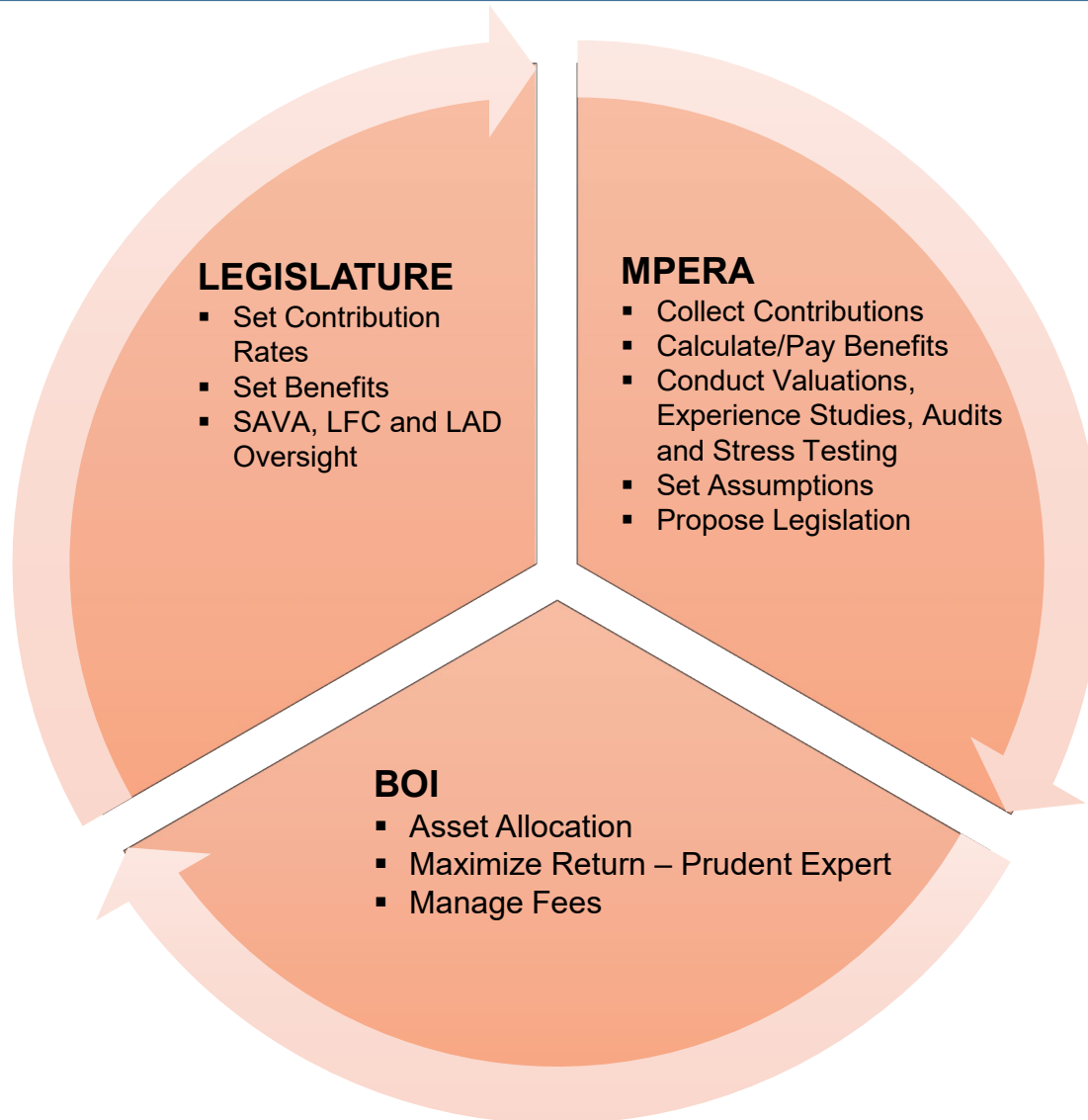
# Funding and Benefits Policy

## ➤ Policy

- Prescribes three core elements in determining the Normal Cost and amount of payment on the Unfunded Actuarial Accrued Liability (UAAL):
  - actuarial cost
  - smoothing
  - amortization methods
- Provides for annual actuarial valuations
- Provides for experience study every four years
- Provides for an actuarial audit at least every ten years
- Benefit enhancements should be equitably allocated among members, including retirees. Any increased cost should be distributed among the generation of employers, taxpayers and active members who receive the greatest benefit.
- Board is obligated to recommend funding increases and/or system changes to the Governor and the legislature if amortization period is greater than 30 years for two consecutive valuations and the Board can not reasonably anticipate that the amortization period would decline without an increase in funding sources.



# Responsibilities





# Most Recent Reform to 'PERS'

- House Bill 454 from 2013 Legislature
  - Contribution Increase
    - Employee 1%
    - Employer 1.27% + .1% for each year through SFY 2024
    - State of Montana: remaining revenue from coal severance taxes after Mont. Code Ann. §15-35-108 (1)-(8) appropriations, plus up to \$21 million of the interest (\$33M in 2014).
  
- HB 648 from 2017 Legislature
  - Eliminated Coal Tax Appropriation
  - State of Montana appropriation from General Fund:
    - \$31.3M in 2018
    - \$31.95M in 2019 increasing by 1% each year after
  
- Benefit Reductions
  - New Tier of Membership On or After July 1, 2013
    - GABA 1.5% is reduced .1% for each 2% PERS is funded below 90% and GABA is 0% if amortization period is 40 years or greater



# MPERA Resources

- Website: [mpera.mt.gov](http://mpera.mt.gov)
  - Board and Committee Meetings and Minutes
  - Board Policies
  - 2021 Legislative Tracking Reports
  - Actuarial Valuations, Experience Studies, Actuarial Audits, Annual Comprehensive Financial Reports
  - Educational Videos, Employer Education and Webinar Schedules
  - Organizational Chart
  - Active Member Handbook for each System

# Questions

