

A scenic landscape of Montana featuring rolling hills, a dirt road, and a blue sky with scattered clouds. A white speech bubble with a jagged edge is positioned in the upper center, containing the letters 'TRS' in a blue, serif font.

TRS

Montana Teachers' Retirement System

State Administration and Veterans' Affairs
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TRRS is a Defined Benefit

- Years of service and salary, not contributions, determine lifetime benefit
 - Example: 30 years x \$50,000 x 1/60th = \$25,000
 - Valuable recruitment and retention tool for employers
 - Rewards long careers (retention)
 - Part of the overall compensation package (recruitment)

- Private sector – Only half of the workforce has an employer retirement plan at all, and only 13% of those employers offer Defined Benefit Plans (60% offered DB in 1980)
 - Defined Contribution rely only on contributions which means the participant can outlive their money. DC plans do not offer the same level of security for participants.



Participation in TRS

- Teachers, administrators, specialists and others employed in a teaching or educational services capacity by a public school district, state agency, county, community college, Montana University System or educational cooperative are covered by TRS.

– Active members	19,728
– Inactive members	9,704
– Retirees and Beneficiaries	17,394
– Employers	366



Membership Data FY 2020

- Full Time Active Members
 - Average Salary \$55,603
 - Average Age 44.7
 - Average Years of Service 10.3
 - Average Hire Age 34.4

- Retired Members
 - Average Annual Benefit \$24,096
 - Average Monthly Benefit \$2,008
 - Average Current Age 72.3
 - Average Age at Retirement 59.0
 - Average Service at Retirement 25.2



Member Survey

- 2020 Member Satisfaction Survey
 - Active Members (711 responses)
 - 68.6% somewhat or very satisfied with their salary
 - 48.1% somewhat or very satisfied with their insurance
 - **90.7%** somewhat or very satisfied with TRS as a component of their overall compensation package
 - **88.9%** believe defined benefit is a useful recruitment tool
 - Only 33.1% participate in optional retirement savings
 - Retired Members (585 responses)
 - 81.9% said they are financially secure in retirement
 - 67.7% did not understand the value of TRS when they started their teaching careers
 - On the quality of TRS customer service, average score was **90** on a 100-point scale

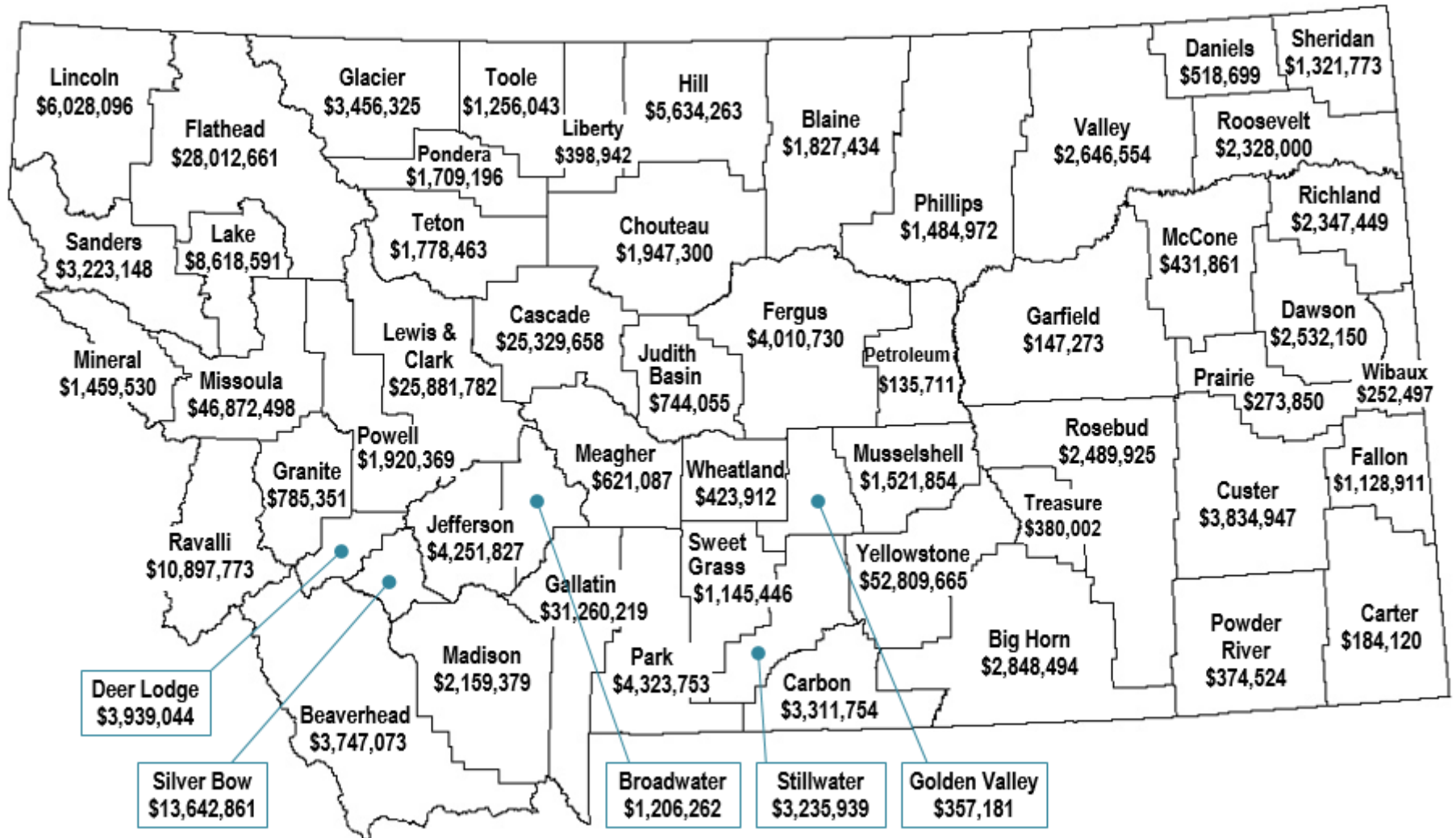


TRRS Funding

- Contributions
 - Employee – 8.15%
 - Employer – 9.27%
 - State of Montana – 2.49% plus additional \$25M per yr.
- Total Contributions FY 2021 = \$231M
- Total Benefit Payments FY 2021 = \$400M
- Total Investment Earnings FY 2021 = \$1.1B
- Funded Status as of July 1, 2020
 - 68.84% funded ratio (improvement expected with FY 2022 valuation results available in October)
 - Amortization Period - 29 years (improvement expected with FY 2022 valuation results available in October)



FY 2021 – Benefits Paid by County





FY 2021 – Total Benefits Paid

Benefits Paid in Montana:	\$ 335,411,175 (83.9%)	13,930 recipients
Benefits Paid in Other States:	\$ 63,914,774 (16.0%)	3,431 recipients
Benefits Paid Outside the US:	\$ 435,641 (0.1%)	33 recipients
TOTAL BENEFITS PAID:	\$ 399,761,590	17,394 recipients

Benefits Paid to Montana Recipients by County – FY 2021

County	Gross Benefits Paid	# of Recipients	County	Gross Benefits Paid	# of Recipients	County	Gross Benefits Paid	# of Recipients
BEAVERHEAD	\$ 3,747,073	159	GRANITE	\$ 785,351	43	POWELL	\$ 1,920,369	91
BIG HORN	\$ 2,848,494	128	HILL	\$ 5,634,263	230	PRAIRIE	\$ 273,850	19
BLAINE	\$ 1,827,434	89	JEFFERSON	\$ 4,251,827	189	RAVALLI	\$ 10,897,773	547
BROADWATER	\$ 1,206,262	58	JUDITH BASIN	\$ 744,055	37	RICHLAND	\$ 2,347,449	109
CARBON	\$ 3,311,754	174	LAKE	\$ 8,618,591	400	ROOSEVELT	\$ 2,328,000	122
CARTER	\$ 184,120	12	LEWIS AND CLARK	\$ 25,881,782	1,000	ROSEBUD	\$ 2,489,925	118
CASCADE	\$ 25,329,658	1,039	LIBERTY	\$ 398,942	26	SANDERS	\$ 3,223,148	160
CHOUTEAU	\$ 1,947,300	105	LINCOLN	\$ 6,028,096	282	SHERIDAN	\$ 1,321,773	63
CUSTER	\$ 3,834,947	170	MADISON	\$ 2,159,379	108	SILVER BOW	\$ 13,642,861	529
DANIELS	\$ 518,699	31	MCCONE	\$ 431,861	27	STILLWATER	\$ 3,235,939	146
DAWSON	\$ 2,532,150	114	MEAGHER	\$ 621,087	33	SWEET GRASS	\$ 1,145,446	46
DEER LODGE	\$ 3,939,044	159	MINERAL	\$ 1,459,530	71	TETON	\$ 1,778,463	95
FALLON	\$ 1,128,911	40	MISSOULA	\$ 46,872,498	1,667	TOOLE	\$ 1,256,043	58
FERGUS	\$ 4,010,730	197	MUSSELSHELL	\$ 1,521,854	67	TREASURE	\$ 380,002	19
FLATHEAD	\$ 28,012,661	1,257	PARK	\$ 4,323,753	180	VALLEY	\$ 2,646,554	113
GALLATIN	\$ 31,260,219	1,152	PETROLEUM	\$ 135,711	8	WHEATLAND	\$ 423,912	29
GARFIELD	\$ 147,273	10	PHILLIPS	\$ 1,484,972	76	WIBAUX	\$ 252,497	11
GLACIER	\$ 3,456,325	147	PONDERA	\$ 1,709,196	106	YELLOWSTONE	\$ 52,809,665	2,023
GOLDEN VALLEY	\$ 357,181	21	POWDER RIVER	\$ 374,524	20	TOTAL – Montana	\$ 335,411,175	13,930



Governance

- Six-member Board
 - Appointed by the Governor to serve 5-year terms
 - Three from the teaching profession
 - Must be active members when appointed
 - At least one must be a public-school classroom teacher
 - Two representatives from the public
 - One retired member of the system
- Board Meetings
 - TRS Board holds four regular meetings (Feb, May, Oct, Dec)
 - Strategic planning held annually in August
- BOI presentation in February



Governance – cont'd

- Policies Regarding Qualifications and Conduct of Board Members
 - 1-0100-001 Ethical Conduct / Conflict of Interest
 - 1-0500-002 Board Communications with Members, Employers, and Others
 - 1-0600-001 Funding and Benefits
 - 1-0700-002 Policy of Nondiscrimination in Employment and Provision of Services
- Policies Regarding Operation of the Retirement System
 - 2-0100-001 Policy Governing Policies and Procedures
 - 2-0210-001 Telework
 - 2-0403-001 Electronic Authorization and Signatures
 - 2-0405-001 Requests for Public Information or Public Records – Fees
 - 2-0500-003 Privacy and Security of Personal Information and Notification of Breach of the Security of a Data System



Funding and Benefits Policy

➤ Purpose

- Perform retirement fund management functions with due regard for the complementary responsibilities of the legislature, the governor's office and the Board of Investments, in a manner that best maintains the long-term stability of the fund for the purpose of paying promised lifelong post-retirement benefits to its members.

➤ Constitutional Requirements

- Pursuant to Article VIII, Section 15, of the Constitution of Montana, the Board members administer the retirement system, including making actuarial determinations, as fiduciaries of system participants and their beneficiaries.
- Pursuant to Article VIII, Section 15, of the Constitution of Montana, the Teachers' Retirement System 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.



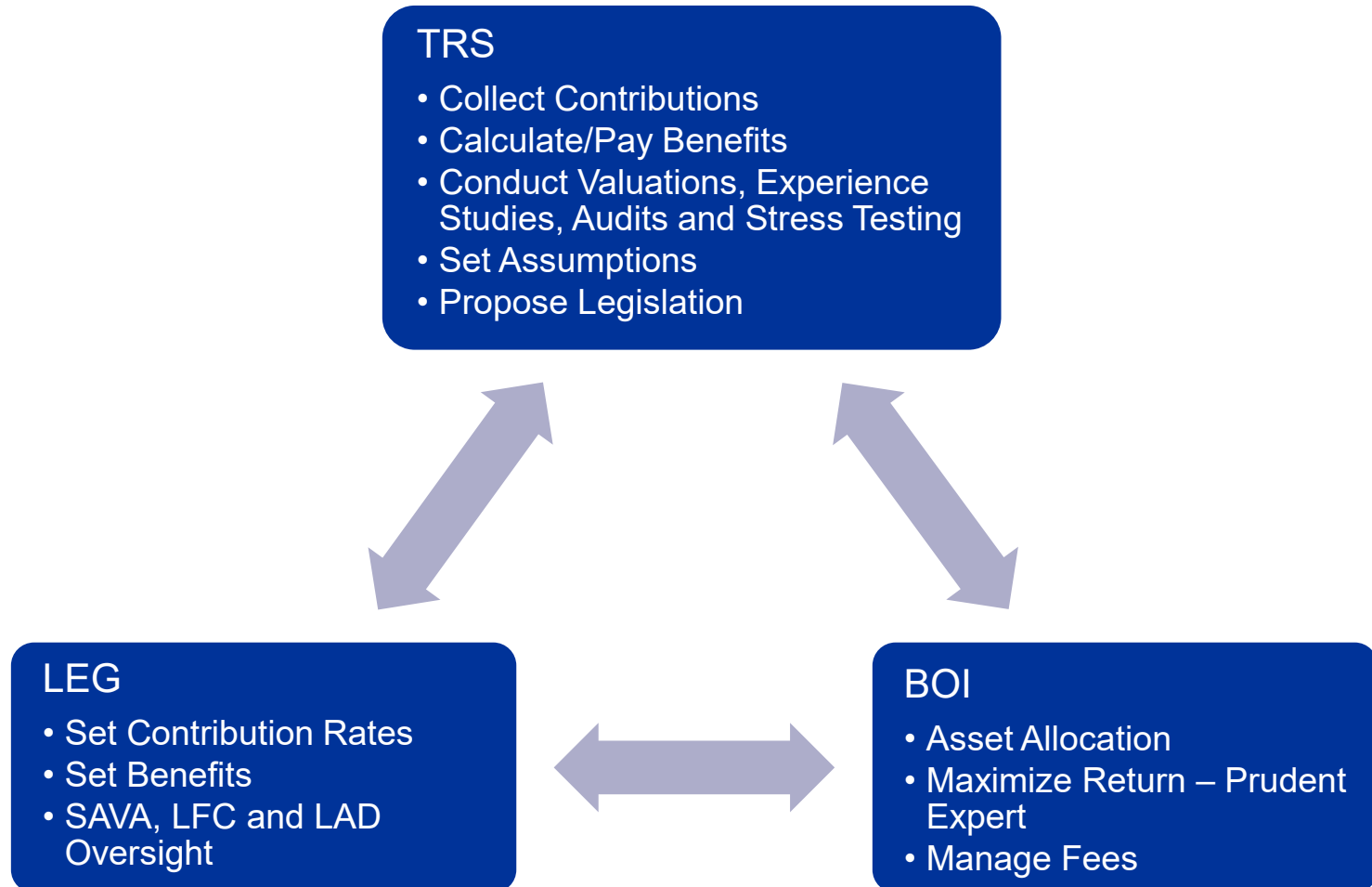
Funding and Benefits Policy – cont'd

➤ Policy

- Prescribes actuarial cost, smoothing and amortization methods
- Provides for annual actuarial valuations
- Provides for experience study every four years
- Provides for actuarial audit every five years
- Board will recommend a funding increase to the governor and the legislature if amortization period is greater than 30 years. Actuary will determine the actuarially recommended contribution rate necessary to fund the system in 30 years or less.
- Board will not support a benefit enhancement unless it includes additional funding or other benefit reductions to pay for the enhancement.



Roles





Most Recent Reform

- House Bill 377 from 2013 Legislature
 - Contribution Rate Increases
 - Employee 1%
 - Employer 1% + 0.1% each year until 2024
 - State of Montana \$25M Annually
 - Benefit Reductions
 - New Tier of Membership (Tier 2)
 - 5-year Average Final Compensation (3 years for Tier 1)
 - Work longer (30 years and age 55 or age 60 for Tier 2)
 - Lower GABA 0.5% instead of 1.5%
 - Originally applied to both Tier 1 and Tier 2
 - » Unconstitutional for Tier 1 so only applies to Tier 2
- Successfully Returned System to Actuarially Sound



TRS Resources

- Website: trs.mt.gov
 - Board Policies and Board Meeting Materials
 - Actuarial Valuations, Experience Studies, Audits and Stress Testing
 - TRS Forms, Fact Sheets, and Reference Materials
 - Contact Information – Staff Directory
 - Active Member and Benefit Recipient Handbooks
 - Retirement Planning Information
 - Member Training Presentations
 - TRS 101 Presentation, Ready Set Retire Presentation
 - Employer Training Presentations
 - TRS Training for New Clerks, TRS Termination Pay Guides
 - School Boards Page
 - Access to Secure Member and Employer Portals



Questions

