



TRS

Montana Teachers' Retirement System

State Administration and Veterans' Affairs
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TRS 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 FY 2022

- 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	19,975
– Inactive members	7,671
– Retirees and Beneficiaries	17,369
– Employers	365



Membership Data FY 2022

- Full Time Active Members
 - Average Salary \$58,560
 - Average Age 44.1
 - Average Years of Service 9.6
 - Average Hire Age 34.2

- Retired Members
 - Average Annual Benefit \$24,811
 - Average Monthly Benefit \$2,068
 - Average Current Age 72.9
 - Average Age at Retirement 59.2
 - Average Service at Retirement 25.0



2023 Member Survey

- 2023 Satisfaction Survey for Active TRS Members
 - *Survey describes standard features of DB and DC plan designs, then presents 12 value statements (6 in favor, 6 not in favor of current system)*
 - *Respondents are asked to select all statements they **agree** with*
- Preliminary results (293 responses as of 7/18/23):
 - **97.6%** (286 respondents) selected: “It gives me peace of mind to know that a TRS retiree’s benefit is guaranteed for life”
 - **92.5%** (271 respondents) selected: “I think my TRS DB pension is a valuable part of my overall compensation package”
 - **85.3%** (250 respondents) selected: “I think that having a DB pension helps with teacher recruitment and retention”
 - Only 1.4% (4 respondents) selected: “I think most teachers would prefer managing their own investments in a DC plan”
 - Only 1.0% (3 respondents) selected: “I think Montana should stop enrolling new teachers in the DB plan and instead offer a DC plan”



2023 Member Survey – *continued*

- Free-form comments indicate a strong preference for the current TRS defined benefit pension. For example:

“Keeping a DB plan is so important in a state like ours with some of the lowest salaries in the country!”

“I am counting on my TRS to ensure my financial security in retirement. Please don't change it to a riskier option.”

“Please don't try to fix something that is not broken. Many of the educators across Montana are depending on TRS to be there when we retire.”

“A DB plan is a huge retention incentive and if you get rid of it, we will lose good teachers – even more than we already are.”

“I do NOT want to participate in a defined contribution plan. The stock market makes me nervous and if TRS were to move to a DC plan only I would seriously consider leaving the profession.”

“The defined plan is best. I am not in favor of changing it.”

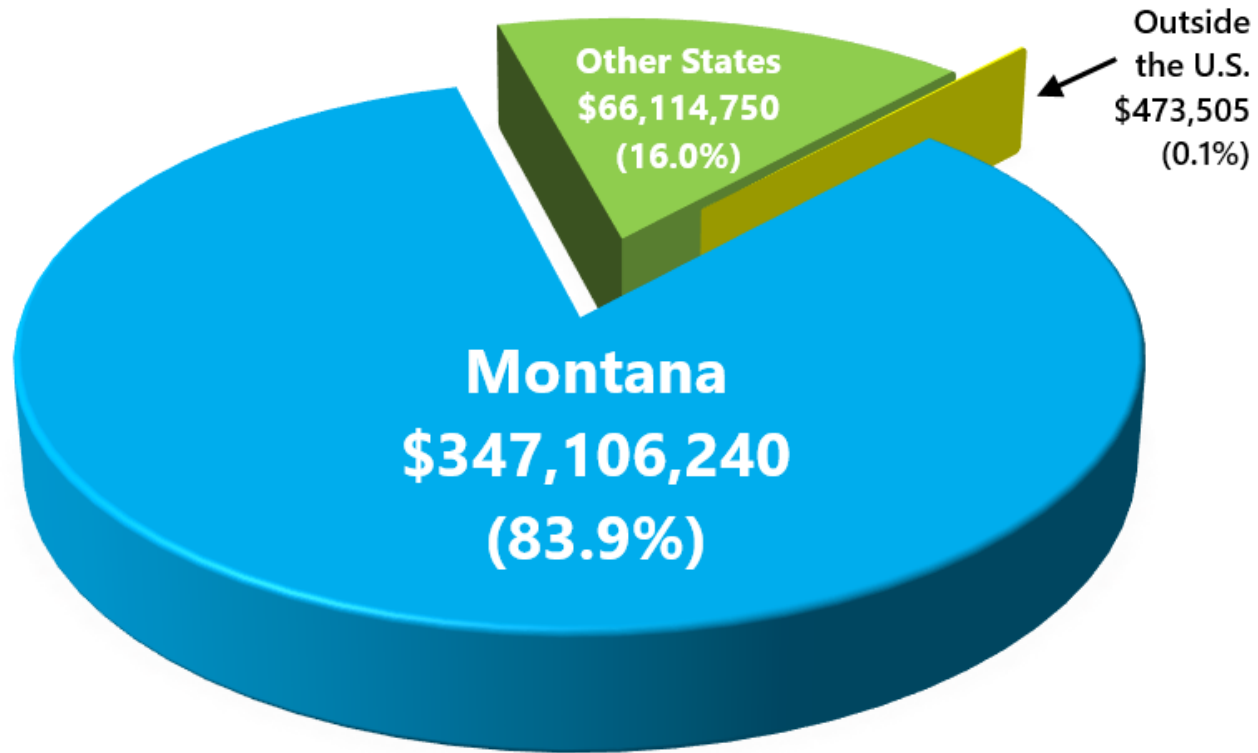


TRS Funding

- Contributions
 - Employee – 8.15%
 - Employer – 9.47%
 - State of Montana – 2.49% plus additional \$25M per yr.
- Total Contributions FY 2022 = \$243M
- Total Benefit Payments FY 2022 = \$413M
- Funded Status as of July 1, 2022
 - 71.73% funded ratio
 - Amortization Period - 25 years

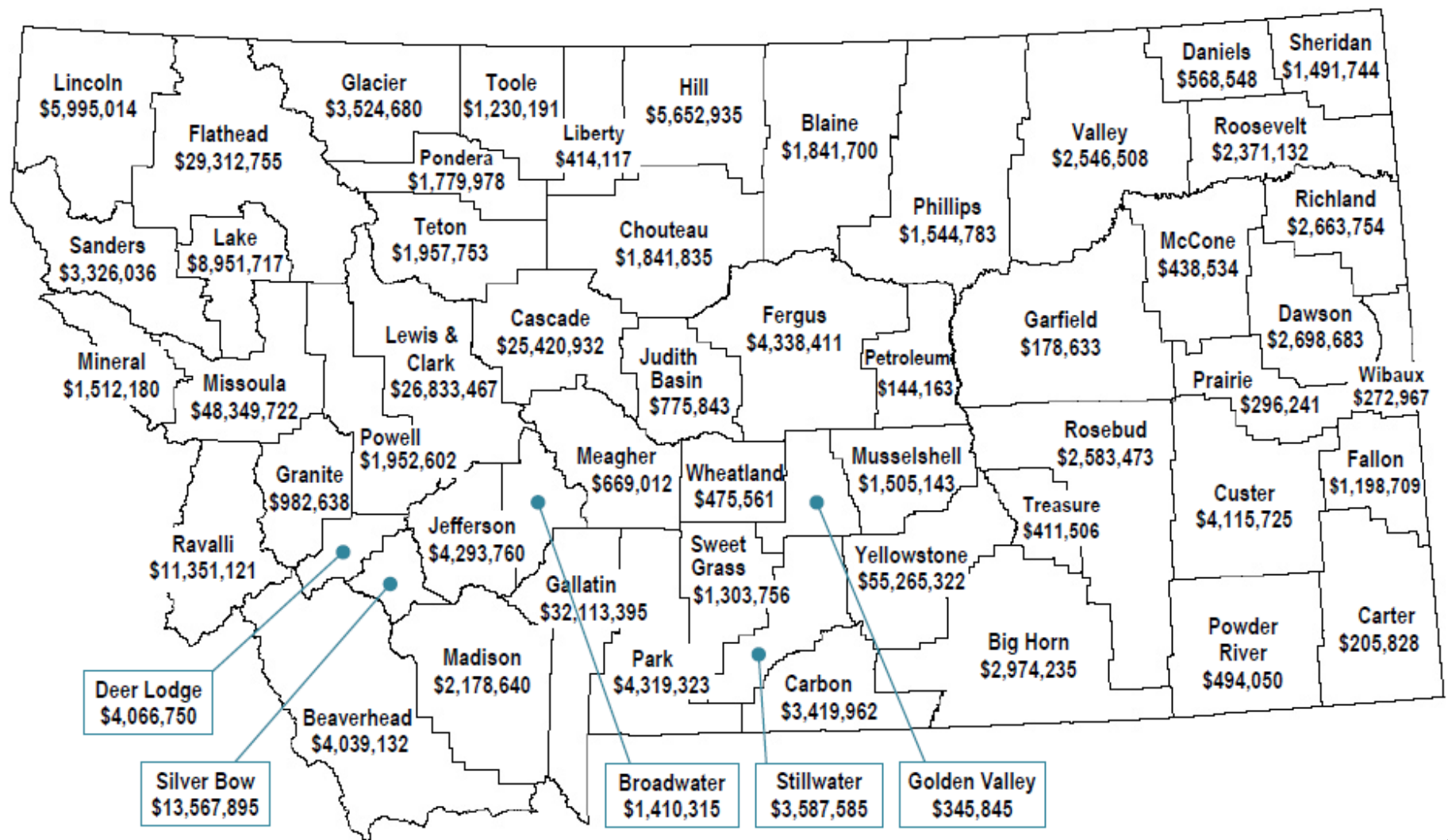


FY 2022 – Distribution of Benefits Paid





FY 2022 – Benefits Paid by County





FY 2022 – Total Benefits Paid

Benefits Paid in Montana:	\$ 347,106,240 (83.9%)	14,212 recipients
Benefits Paid in Other States:	\$ 66,114,750 (16.0%)	3,507 recipients
Benefits Paid Outside the US:	\$ 473,505 (0.1%)	34 recipients
TOTAL BENEFITS PAID:	\$ 413,694,495	17,753 recipients

Benefits Paid to Montana Recipients by County – FY 2022

County	Gross Benefits Paid	# of Recipients	County	Gross Benefits Paid	# of Recipients	County	Gross Benefits Paid	# of Recipients
BEAVERHEAD	\$ 4,039,132	162	GRANITE	\$ 982,638	53	POWELL	\$ 1,952,602	92
BIG HORN	\$ 2,974,235	120	HILL	\$ 5,652,935	227	PRAIRIE	\$ 296,241	20
BLAINE	\$ 1,841,700	84	JEFFERSON	\$ 4,293,760	188	RAVALLI	\$ 11,351,121	563
BROADWATER	\$ 1,410,315	65	JUDITH BASIN	\$ 775,843	40	RICHLAND	\$ 2,663,754	115
CARBON	\$ 3,419,962	180	LAKE	\$ 8,951,717	399	ROOSEVELT	\$ 2,371,132	121
CARTER	\$ 205,828	13	LEWIS AND CLARK	\$ 26,833,467	1,026	ROSEBUD	\$ 2,583,473	124
CASCADE	\$ 25,420,932	1,050	LIBERTY	\$ 414,117	27	SANDERS	\$ 3,326,036	170
CHOUTEAU	\$ 1,841,835	100	LINCOLN	\$ 5,995,014	287	SHERIDAN	\$ 1,491,744	66
CUSTER	\$ 4,115,725	186	MADISON	\$ 2,178,640	102	SILVER BOW	\$ 13,567,895	518
DANIELS	\$ 568,548	31	MCCONE	\$ 438,534	29	STILLWATER	\$ 3,587,585	150
DAWSON	\$ 2,698,683	120	MEAGHER	\$ 669,012	33	SWEET GRASS	\$ 1,303,756	47
DEER LODGE	\$ 4,066,750	161	MINERAL	\$ 1,512,180	70	TETON	\$ 1,957,753	108
FALLON	\$ 1,198,709	40	MISSOULA	\$ 48,349,722	1,687	TOOLE	\$ 1,230,191	55
FERGUS	\$ 4,338,411	204	MUSSELSHELL	\$ 1,505,143	67	TREASURE	\$ 411,506	21
FLATHEAD	\$ 29,312,755	1,299	PARK	\$ 4,319,323	176	VALLEY	\$ 2,546,508	112
GALLATIN	\$ 32,113,395	1,172	PETROLEUM	\$ 144,163	8	WHEATLAND	\$ 475,561	30
GARFIELD	\$ 178,633	11	PHILLIPS	\$ 1,544,783	80	WIBAUX	\$ 272,967	14
GLACIER	\$ 3,524,680	162	PONDERA	\$ 1,779,978	106	YELLOWSTONE	\$ 55,265,322	2,077
GOLDEN VALLEY	\$ 345,845	21	POWDER RIVER	\$ 494,050	23	TOTAL – Montana	\$ 347,106,240	14,212



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.



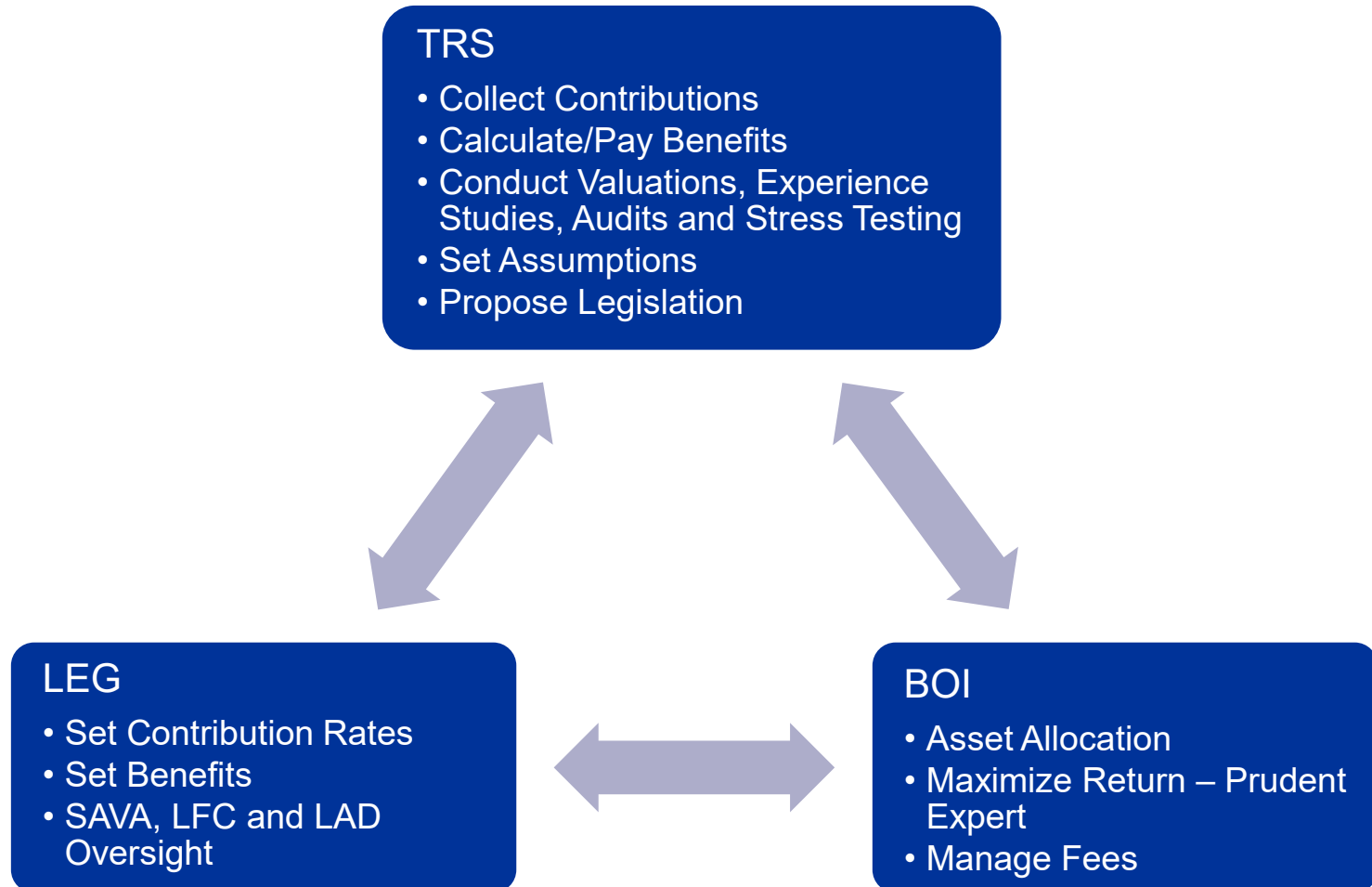
Funding and Benefits Policy – cont'd

➤ 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





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

