

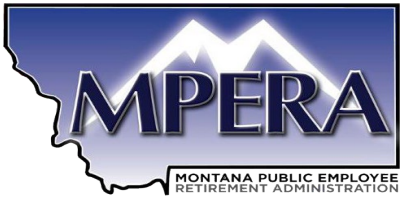


State Administration and Veterans' Affairs
July 31, 2024

William Holahan, Executive Director

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Agency Profile

- The Montana Public Employee Retirement Administration serves active and retired public employees and public safety officers throughout the State of Montana. Its primary purpose is to administer their pension plan, which includes (but is not limited to) payment of retirement benefits, collection of member contributions and enrollment of new members.
- MPERA was established by state law in 1945. The system has grown from its initial enrollment of 1,677 members to nearly 42,150 active members, and now has assets in excess of \$10.5 billion. MPERA pays over \$600 million in retirement, disability, survivor, and minor child benefits to over 28,000 members and beneficiaries each year.



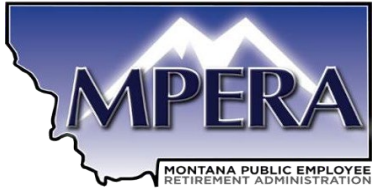
Governance

- **MPERA is governed by a seven-member Board appointed by the Governor:**
 - 2 members at large;
 - 1 member with investment management experience;
 - 1 retired public employee;
 - 1 active Defined Contribution member;
 - 2 active public employees.

(Mont. Code Ann. § 2-15-1009)

- **Board Meetings**
 - The MPERA Board meets bi-monthly (Feb, April, June, Aug, Oct, Dec)

- **The Board is responsible for the administration of the system and hires a staff of 47 to carry out these duties on a daily basis.**



Board Duties Under the Constitution

Article VIII Sec. 15 Montana Constitution

(1) Public retirement systems shall be funded on an actuarially sound basis.

Public retirement system assets, including income and actuarially required contributions, shall 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.

(2) **The governing boards of public retirement systems shall administer the system, including actuarial determinations, as fiduciaries of system participants and their beneficiaries.**





Benefit Plans and Statutes

8 Defined Benefit Plans (Public Employees' Retirement Act – 19-2-301, MCA *et seq.*)

- **Public Employees' Retirement System** (19-3-101, MCA *et seq.*)
- **Judges' Retirement System** (19-5-101, MCA *et seq.*)
- **Game Wardens' Retirement System** (19-8-101, MCA *et seq.*)
- **Sheriffs' Retirement System** (19-7-101, MCA *et seq.*)
- **Highway Patrol Officers' Retirement System** (19-6-101, MCA *et seq.*)
- **Municipal Police Officers' Retirement System** (19-9-101, MCA *et seq.*)
- **Firefighters' Unified Retirement System** (19-13-101, MCA *et seq.*)
- **Volunteer Firefighters' Compensation Act** (19-17-101, MCA *et seq.*)

2 Defined Contribution Plans

- **Public Employees' Retirement System DC Plan** (19-3-2101, MCA *et seq.*)
- **457(b) Deferred Compensation Plan** (19-50-101, MCA *et seq.*)



MPERA Participation FY2023

- State, local governments, and certain employees of the Montana University system, & school districts are covered by MPERA.
 - 42,150 Active Employees Including DC Members
 - 30,421 Retirees & Beneficiaries (all DB systems)
 - 41,492 Inactive (all DB systems)

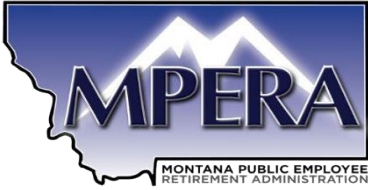
 - 566 Employers (DB)
 - 228 Volunteer Fire Departments



PERS Participation FY2023

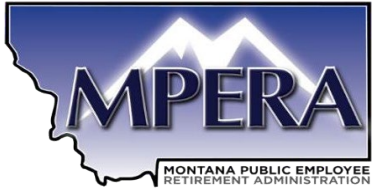
- Full Time Active Members
 - Average Salary \$49,062
 - Average Age 47
 - Average Years of Service 8
 - Average Hire Age 39

- Retired Members
 - Average Annual Benefit \$21,262
 - Average Monthly Benefit \$1771.83
 - Average Current Age 73
 - Average Age at Retirement 61
 - Average Service at Retirement 22

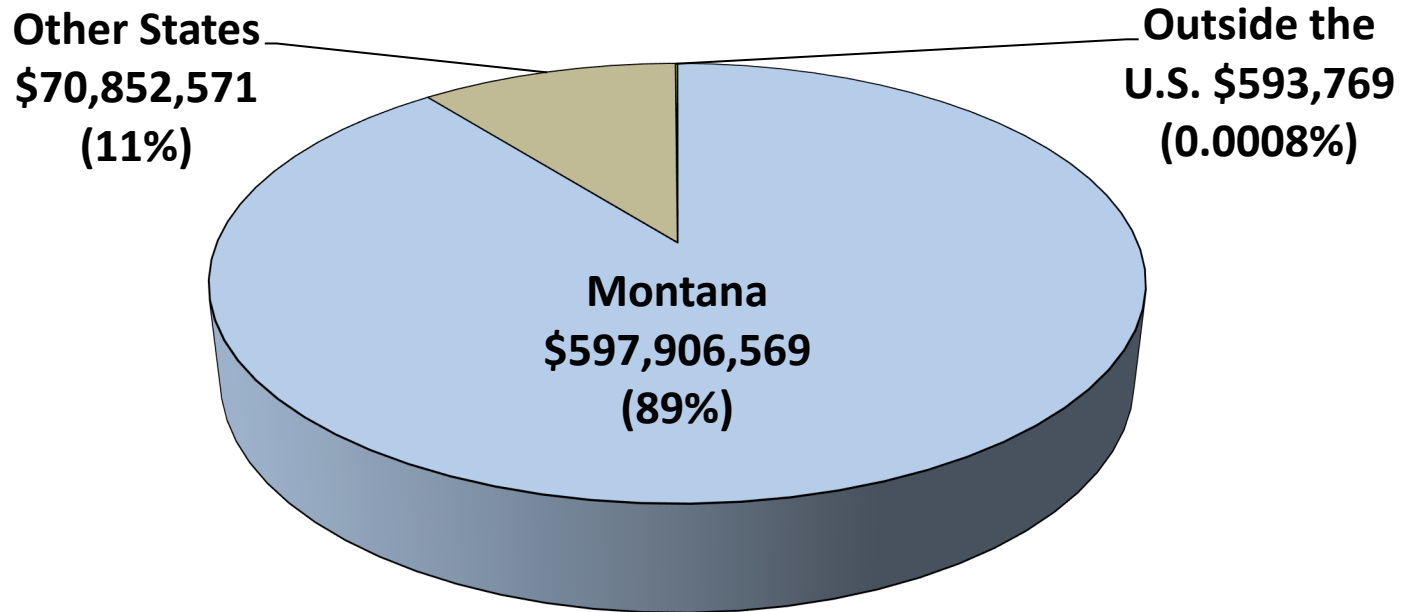


PERS Funding

- Contributions
 - Employee – 7.9%
 - Employer – 9.17%
 - State of Montana – 0.1% for local government and 0.27% for schools plus additional \$33.8M with 1% increase each year.
- Total Contributions FY 2023 = \$287.25M
- Total Benefit Payments FY 2023 = \$543M
- Funded Status as of July 1, 2023
 - 75% funded ratio
 - Amortization Period - 28 years



FY 2023 – Distribution of Benefits Paid

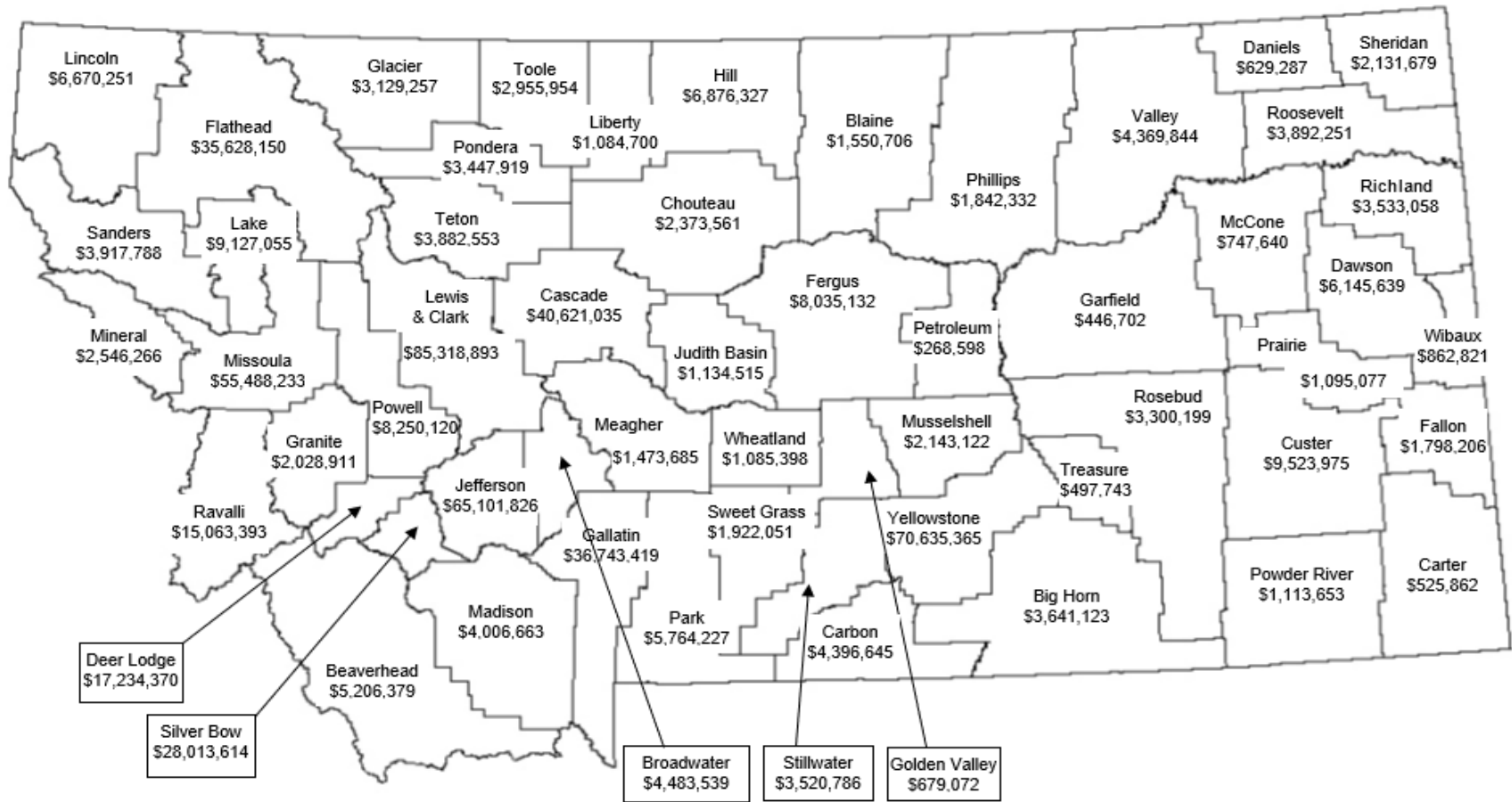


□ Montana □ Other States □ Outside the U.S.



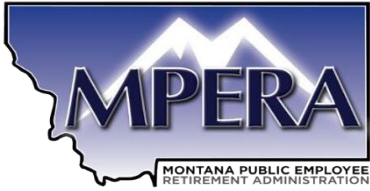
FY 2023 – Benefits Paid by County

Montana Public Employees Retirement Administration Retirement Benefits Paid Out – Fiscal Year 2023



Total Benefits Paid in Montana: \$597,906,569
Total Recipients in Montana: 28,515

Other States \$70,852,571
International \$ 593,769



FY 2024 Highlights

➤ Market Rate of Return

- MPERA investments earned a 9.07% market rate of return for FY 2024 which is expected to improve the funded status of the plan and reduce the amortization period.

➤ Actuarial Valuation

- The results of our July 1, 2024 actuarial valuation will be presented to the MPERB on October 3, 2024.

➤ Actuarial Audit

- Milliman completed an actuarial audit of the June 30, 2023 valuations conducted of the PERS and SRS systems and presented the results to the MPERB in April of 2024.

- Available on MPERA's website:

https://mpera.mt.gov/docs/actuarial_info/2023/MPERAActuarialAudit-2023-FINAL.pdf



2025 Legislative Concepts

➤ Housekeeping Bill

- To maintain tax qualification status and for administrative efficiencies (see handout summarizing these concepts).

Questions

