

Montana Public Employee Retirement Administration

**Montana Public Employees' Retirement Board
Valuation Results
June 30, 2023**

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Basic Retirement Funding Formula

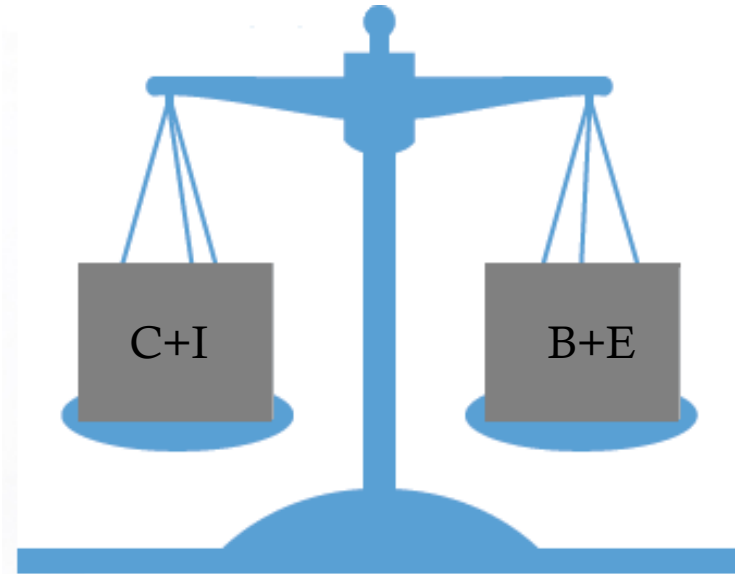
$$\text{C} + \text{I} = \text{B} + \text{E}$$

C = Contributions

I = Investment Income

B = Benefits Paid

E = Expenses



“Money In = Money Out”



Benefit Financing

➤ Basic Retirement Funding Equation

$$C + I = B + E$$

C= Contributions

I= Investments

B= Benefits Paid

E= Expenses (administration)

B depends on

Plan Provisions

Experience

C depends on

Short Term: Actuarial Assumptions
Actuarial Cost Method

Long Term: I, B, E



Participation in MPERA

- State, local governments, and certain employees of the Montana University system, & school districts are covered by MPERA.

- 51,870 Active Employees Including DC and 457 Members
- 30,421 Retirees & Beneficiaries (all DB systems)
- 41,492 Inactive (all DB systems)

- 568 Employers (DB)
- 225 Volunteer Fire Departments



Membership Data FY 2023

➤ Full Time Active Members

– Average Salary	\$49,062
– Average Age	46.8
– Average Years of Service	8.2
– Average Hire Age	38.6

➤ Retired Members

– Average Annual Benefit	\$21,262
– Average Monthly Benefit	\$1,771.83
– Average Current Age	72.5
– Average Age at Retirement	61.3
– Average Service at Retirement	21.6



Comments on Valuation for PERS

➤ Asset returns

- Market asset returns averaged 8.35% vs. 7.3% expected (1.05% more than expected).
- Actuarial asset returns averaged 7.55% vs. 7.3% expected (0.25% more than expected).

➤ **Market value of assets** are \$78,476,689 less than the actuarial value of assets. The asset valuation method being used is a four-year smoothing.

➤ Funded Ratio

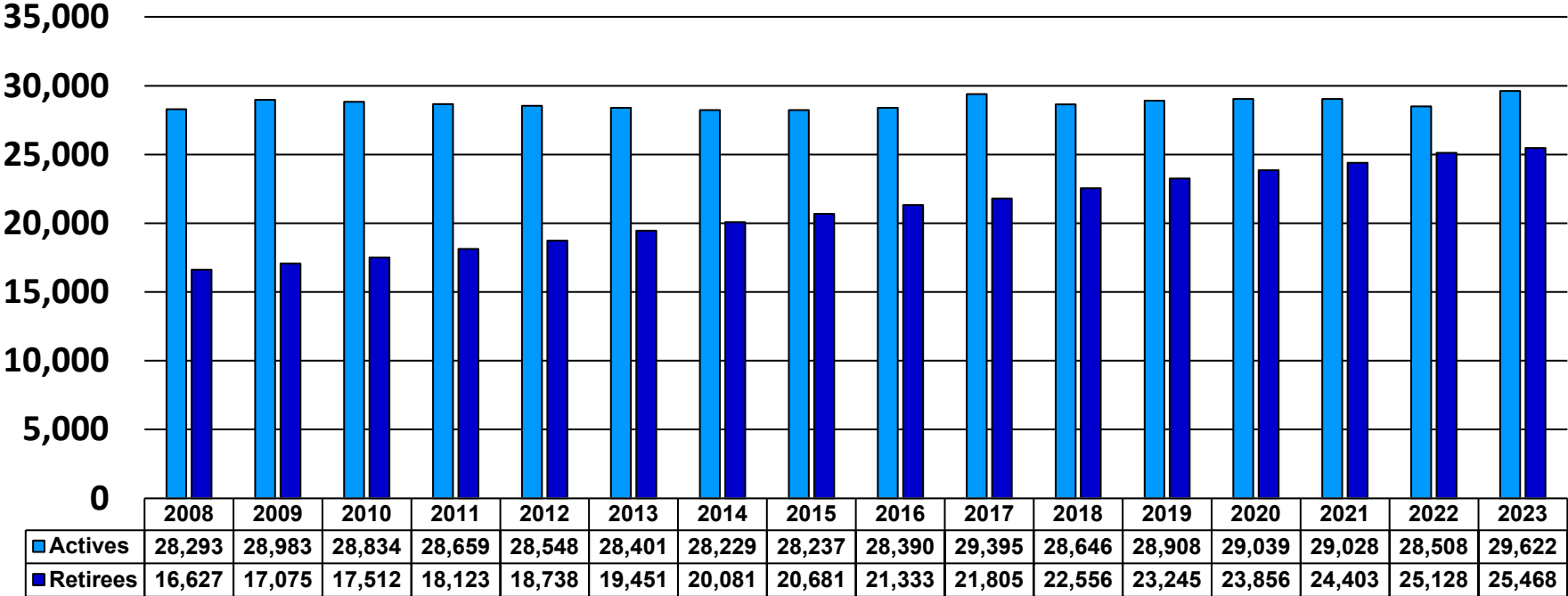
-Funding decreased slightly from 75.01% to 74.77%

➤ Amortization Period

-Amortization period decreased from 32 years to 28 years



PERS Active and Retired Membership



■ Actives ■ Retirees

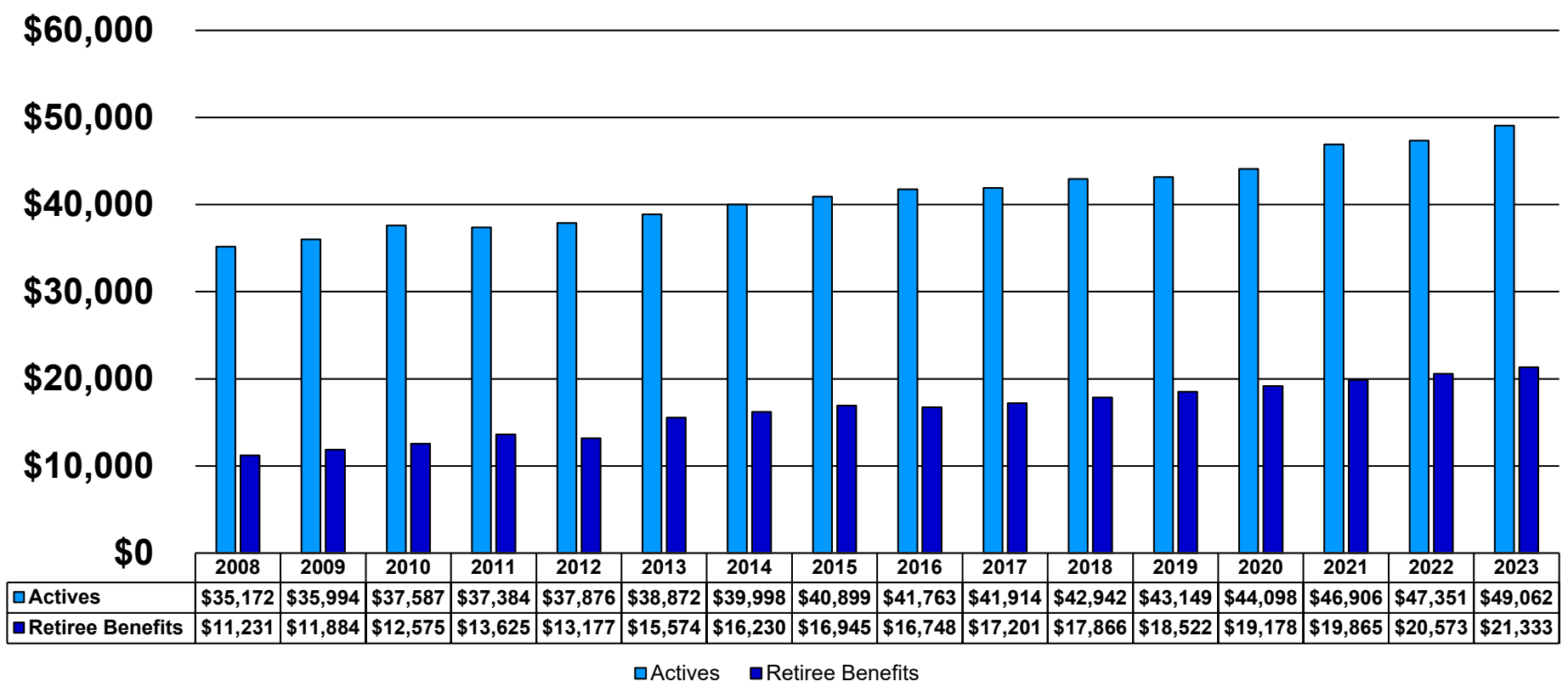
0.3% annual increase for active members since 2008; 3.9% increase for 2023.

2.9% annual increase for retired members since 2008; 1.35% increase for 2023.

0.6 retirees per active 15 years ago; 0.86 retirees per active now.



PERS Average Salary and Benefits



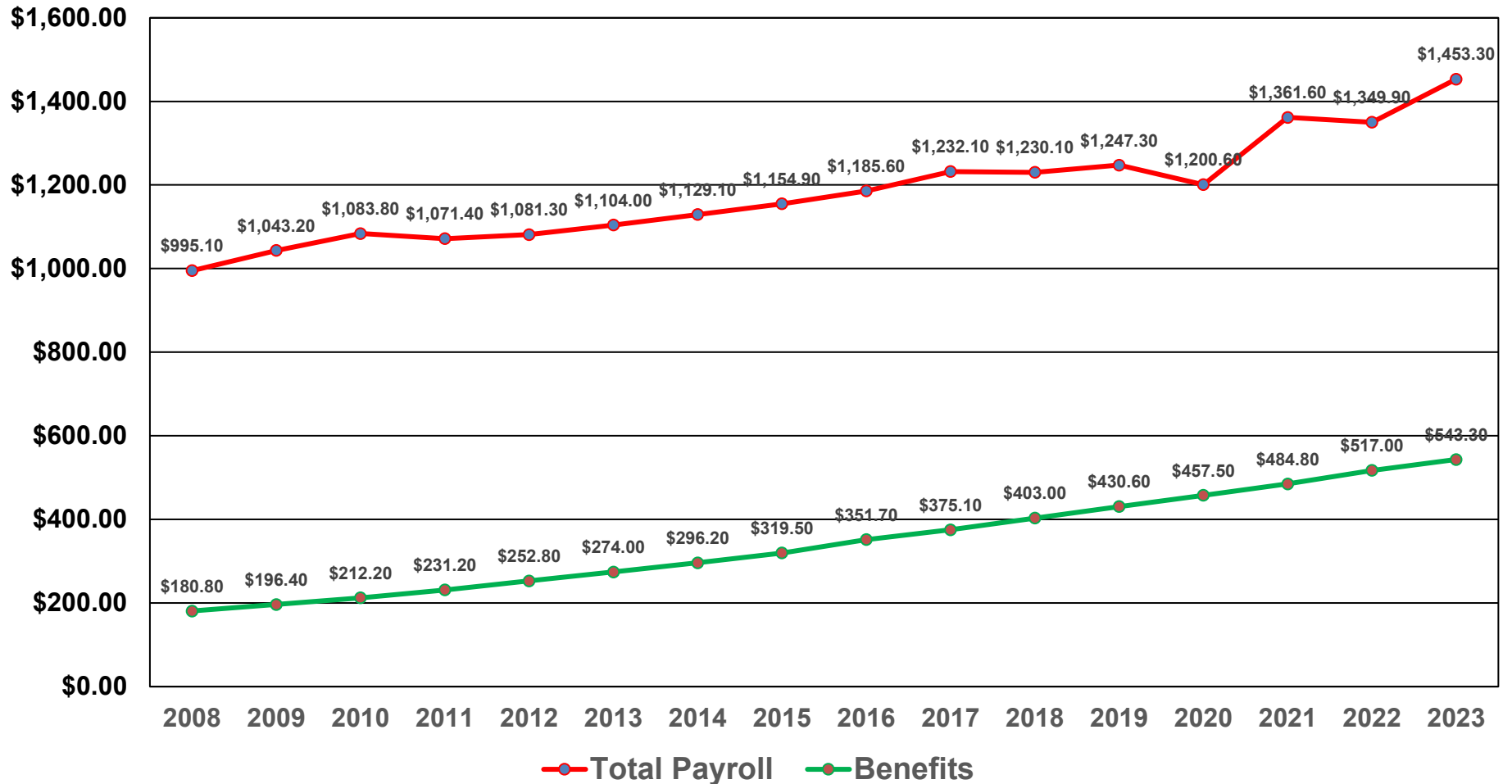
2.2% annual increase for average salary since 2008; 3.6% increase for 2023.

4.3% annual increase for average benefits since 2008; 3.3% increase for 2023.



PERS Payroll & Benefits

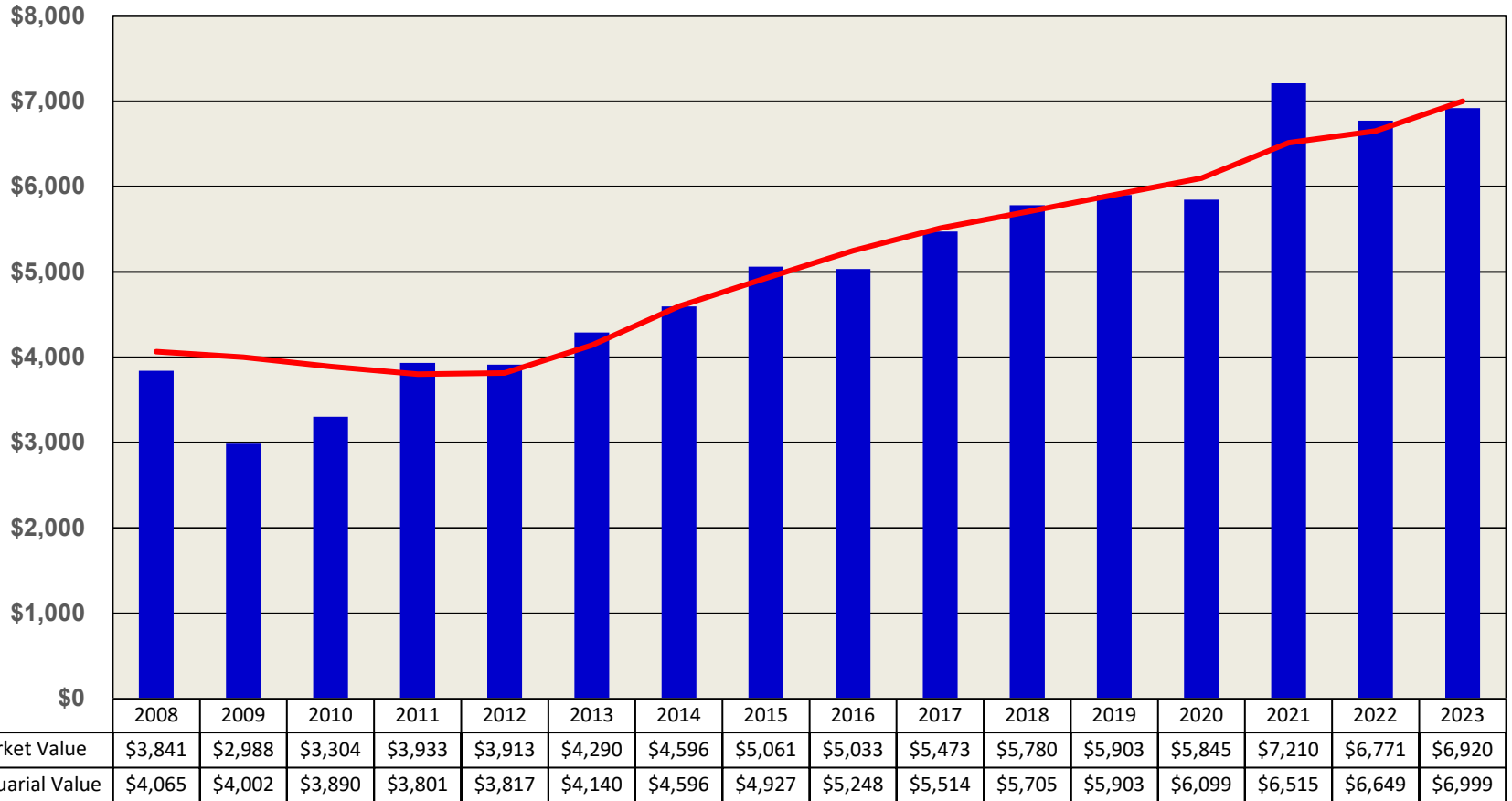
(\$ Millions)





PERS Assets

(\$ Millions)

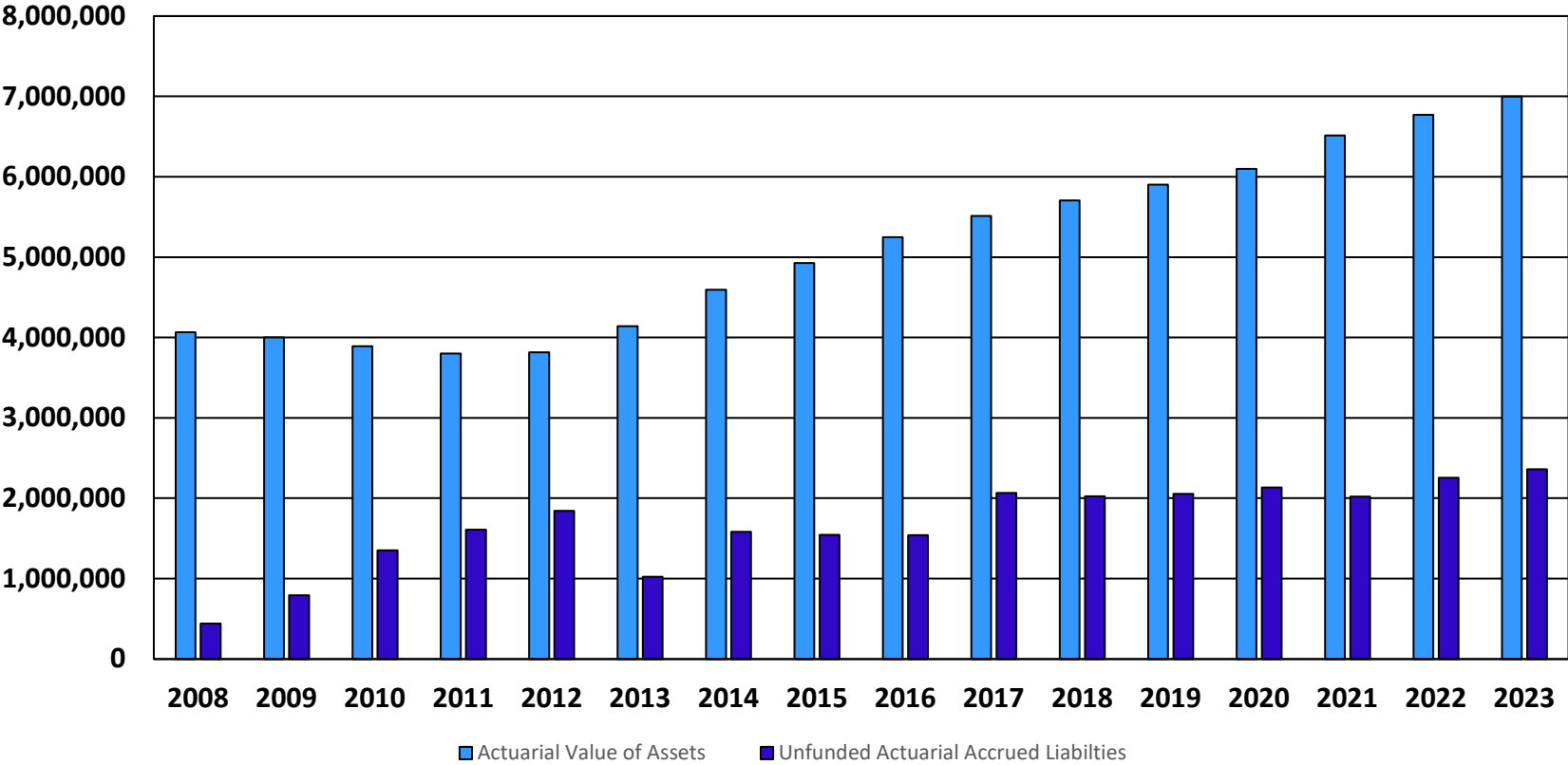


	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Market Return	(4.9)%	(20.9)%	12.9%	21.7%	2.3%	13.0%	17.1%	4.6%	2.0%	11.9%	8.9%	5.7%	2.7%	27.8%	(4.2)%	8.35%
Actuarial Return	7.6%	(0.2)%	(1.2)%	(0.1)%	3.3%	11.9%	13.2%	9.6%	9.3%	8.1%	6.7%	7.1%	7.1%	10.8%	8.2%	7.55%



PERS Actuarial Assets vs UAAL

(\$ Millions)





PERS Funding Results

	July 1, 2022 Valuation	July 1, 2023 Valuation
Total Normal Cost Rate	9.72%	9.45%
Rate to Amortize UAL	7.21%	7.58%
Transfer to DB Education Fund	<u>0.04%</u>	<u>0.04%</u>
Statutory Funding Rate*	16.97%	17.07%
Actuarial Accrued Liability	\$9,026.8 million	\$9,361.8 million
Actuarial Value of Assets	\$6,770.8 million	\$6,999.3 million
Unfunded Accrued Liability	\$2,256.0 million	\$2,361.8 million
Funded Ratio	75.01%	74.77%
Amortization Period*	32 Years	28 Years

* Reflects anticipated increases in employer supplemental contribution rates and projected State revenue. Payable in fiscal year immediately following the valuation date.



Valuation Results - Other Plans

System	Funded Ratio		Amortization Period		Statutory Rate	Total Normal Cost Rate	
	2022	2023	2022	2023		2022	2023
JRS***	174%	181%	0	0	7.00%	27.24%	26.76%
HPORS**	66%	67%	47	25	51.38%	28.78%	26.89%
SRS	79%	78%	33	25	23.61%	16.18%	15.81%
GWPORS	83%	82%	DNA	25	21.12%	18.50%	17.92%
MPORS	71%	72%	24	21	52.78%	30.19%	30.01%
FURS	81%	82%	12	10	57.67%	45.83%	43.72%
VFCA*	91%	98%	3	1	5% of premium taxes	\$1,060,482	\$796,125

* The actual contributions for the fiscal year ending 2022 and 2023 were \$2,851,975 and \$3,156,488, respectively.

** Calculation of amortization period includes state special revenue transfers.

*** Employer contribution rate beginning July 1, 2023 is 0.00% of payroll pursuant to HB 569 and the institution of layered amortization for this fiscal year.

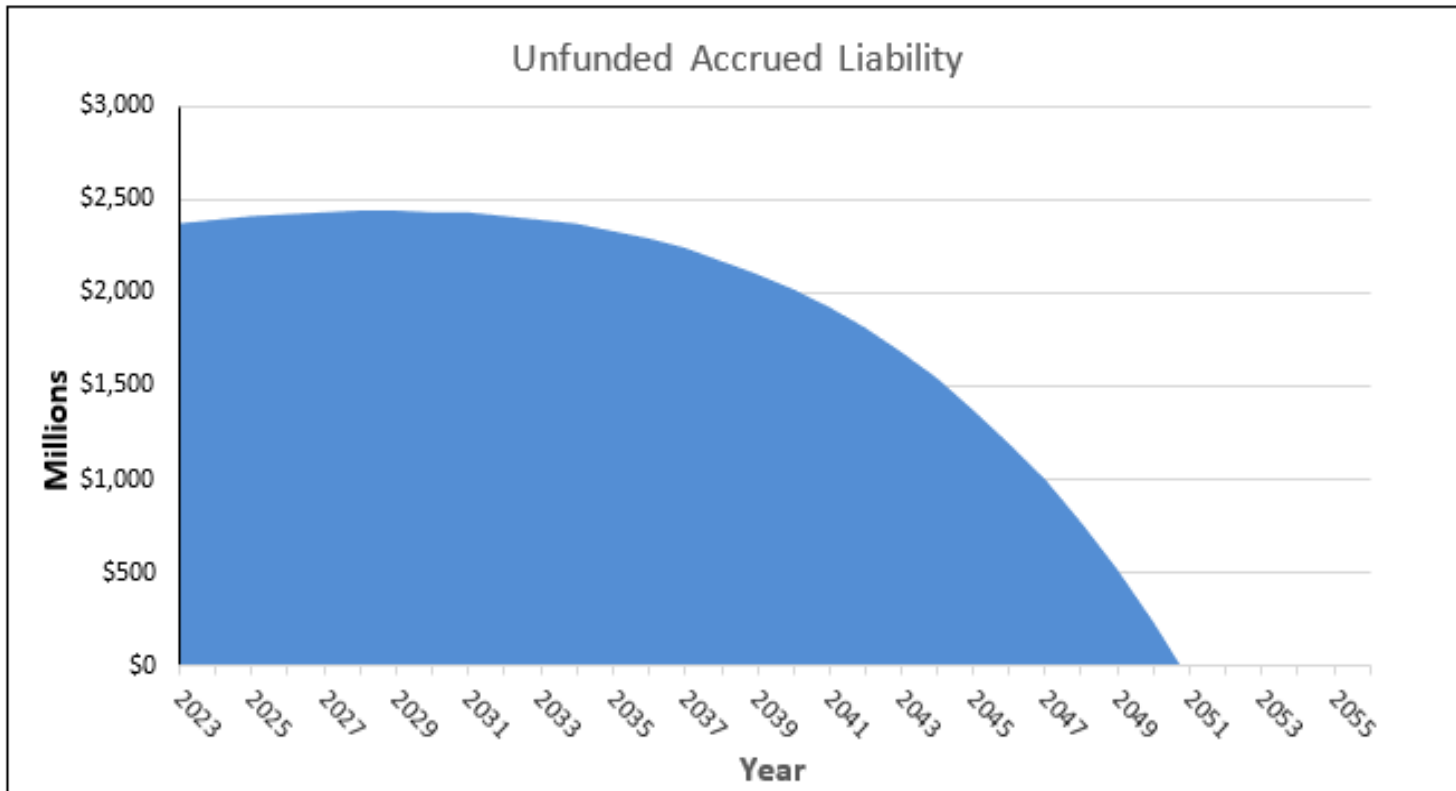


FY 2025 ADEC Rates

System	2023 Legacy UAAL	Remaining Payments	Employer Statutory Rate for FY2024	ADEC Rate for FY2025	Annual Payment
JRS	(\$59,258,266)	25	0.00%	0.00%	\$0
HPORS	\$67,030,916	25	38.33%	34.40%	\$4,241,920
SRS	\$114,928,074	25	13.115%	12.074%	\$7,272,998
GWPORS	\$22,211,268	25	10.56%	9.62%	\$1,405,597



Progress Toward 100% Funding



Projected UAAL- Level % of Pay