



Montana Public Employee Retirement Administration

Montana Public Employees' Retirement Board Valuation Results June 30, 2021

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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.

- 44,253 Active Employees Including DC and 457 Members
- 29,353 Retirees & Beneficiaries (all systems)
- 29,177 Inactive (DB)

- 562 Employers (DB)
- 220 Volunteer Fire Departments



Comments on Valuation for PERS

➤ Asset returns

- Market asset returns averaged 27.48% vs. 7.65% expected (19.83% more than expected).
- Actuarial asset returns averaged 10.67% vs. 7.65% expected (3.02% more than expected).

➤ **Market value of assets** are \$695,050,552 more than the actuarial value of assets. The asset valuation method being used is a four-year smoothing.

➤ Funded Ratio

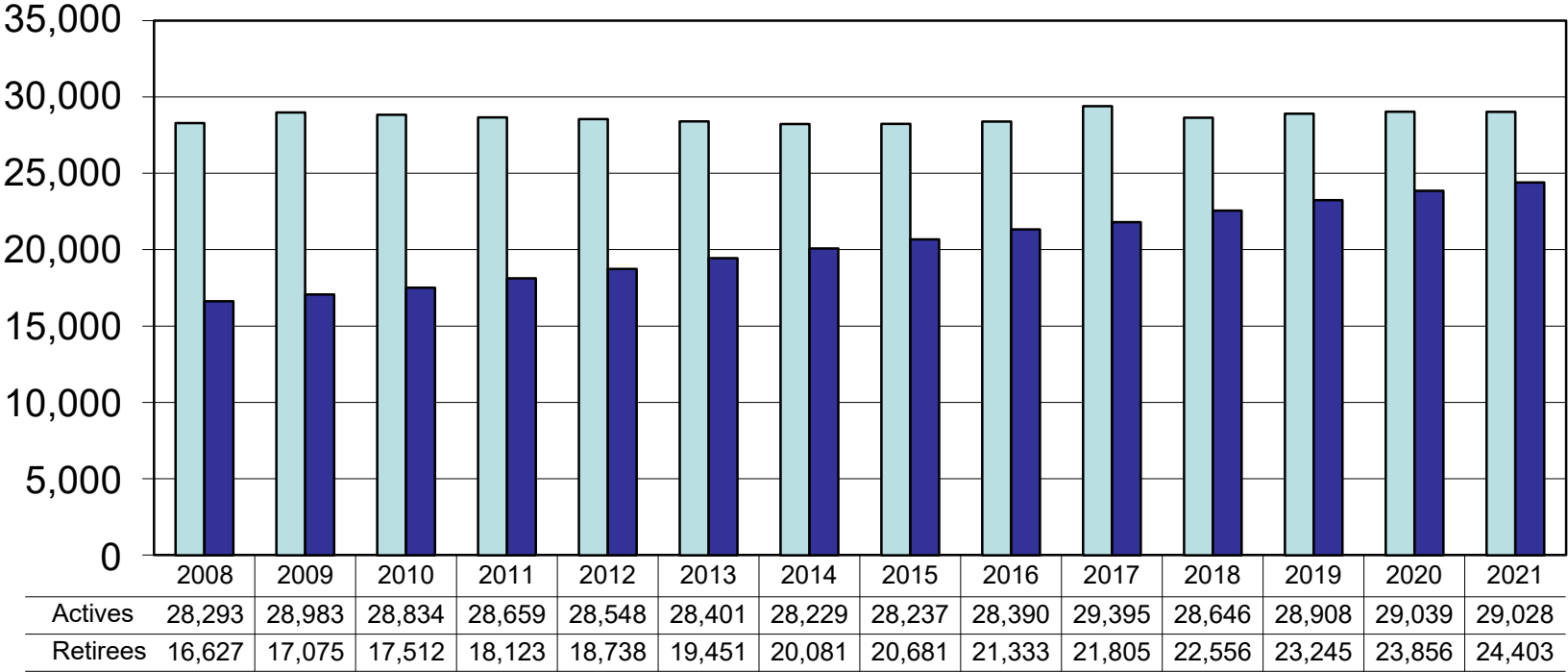
-Funding increased from 74.08% to 76.34%

➤ Amortization Period

-Amortization period decreased from 35 years to 28 years



PERS Active and Retired Membership



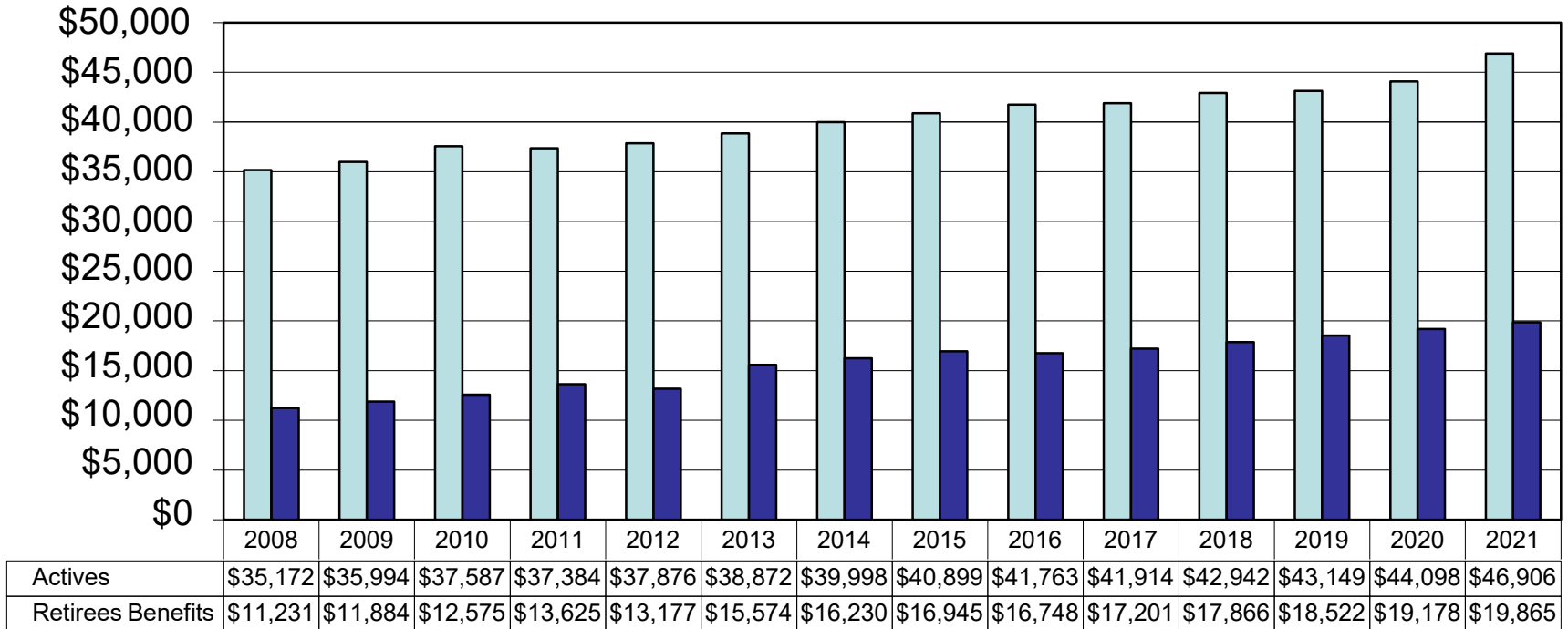
0.2% annual increase for active members since 2008; 0.04% decrease for 2021.

3.0% annual increase for retired members since 2008; 2.3% increase for 2021.

0.6 retirees per active 13 years ago; 0.84 retirees per active now.



PERS Average Salary and Benefits



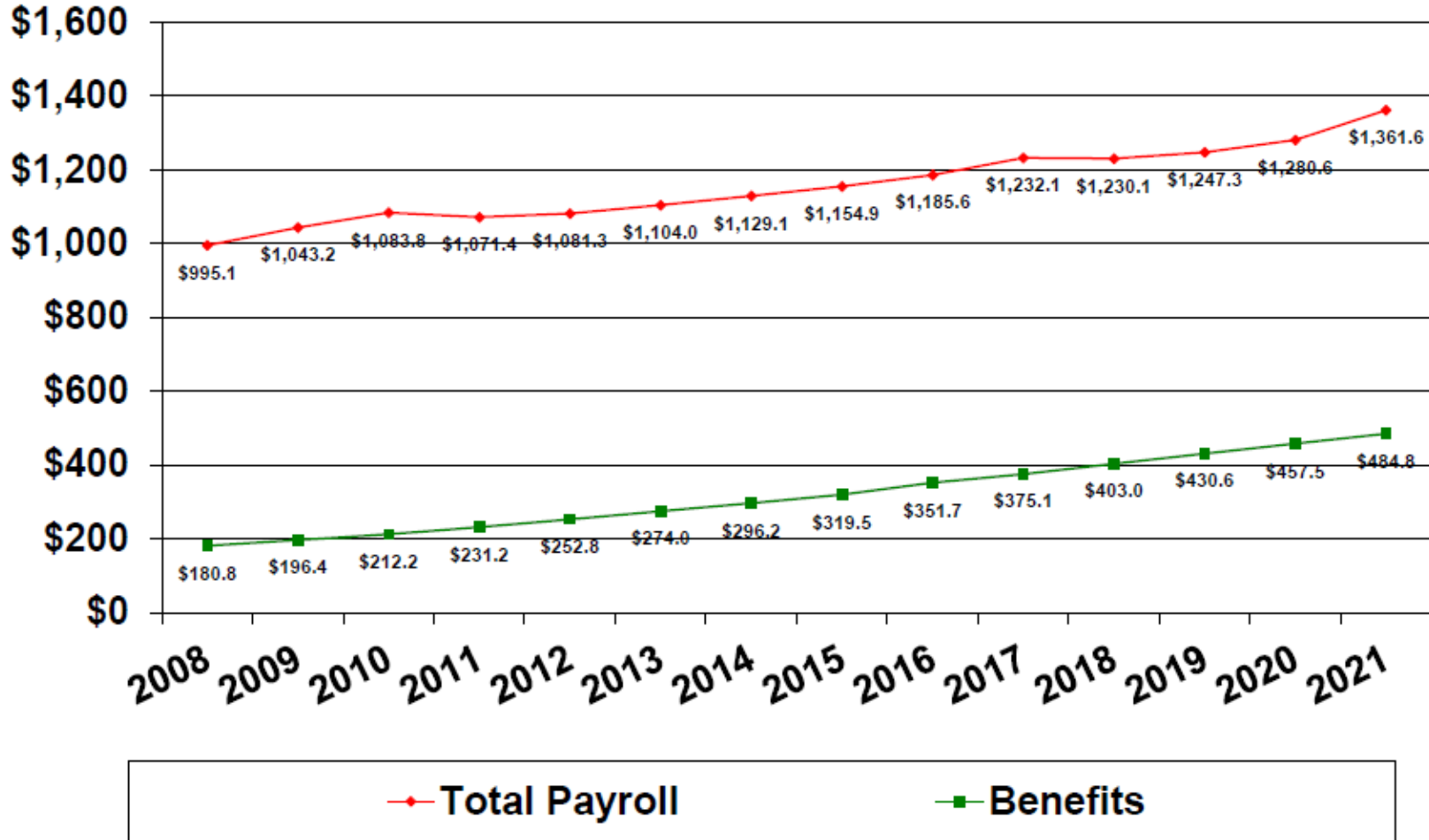
2.2% annual increase for average salary since 2008; 6.4% increase for 2021

4.9% annual increase for average benefits since 2008; 3.6% increase for 2021



PERS Payroll & Benefits

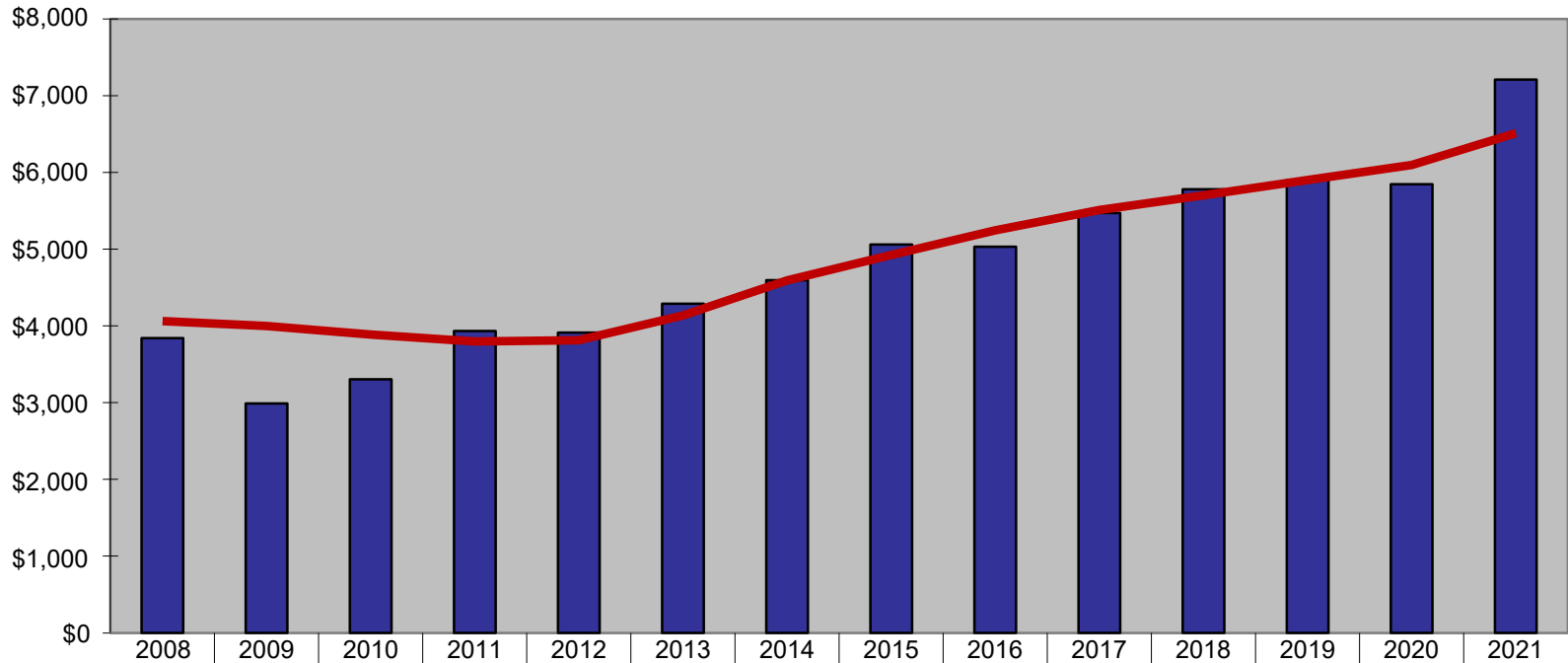
(\$ Millions)





PERS Assets

(\$ Millions)

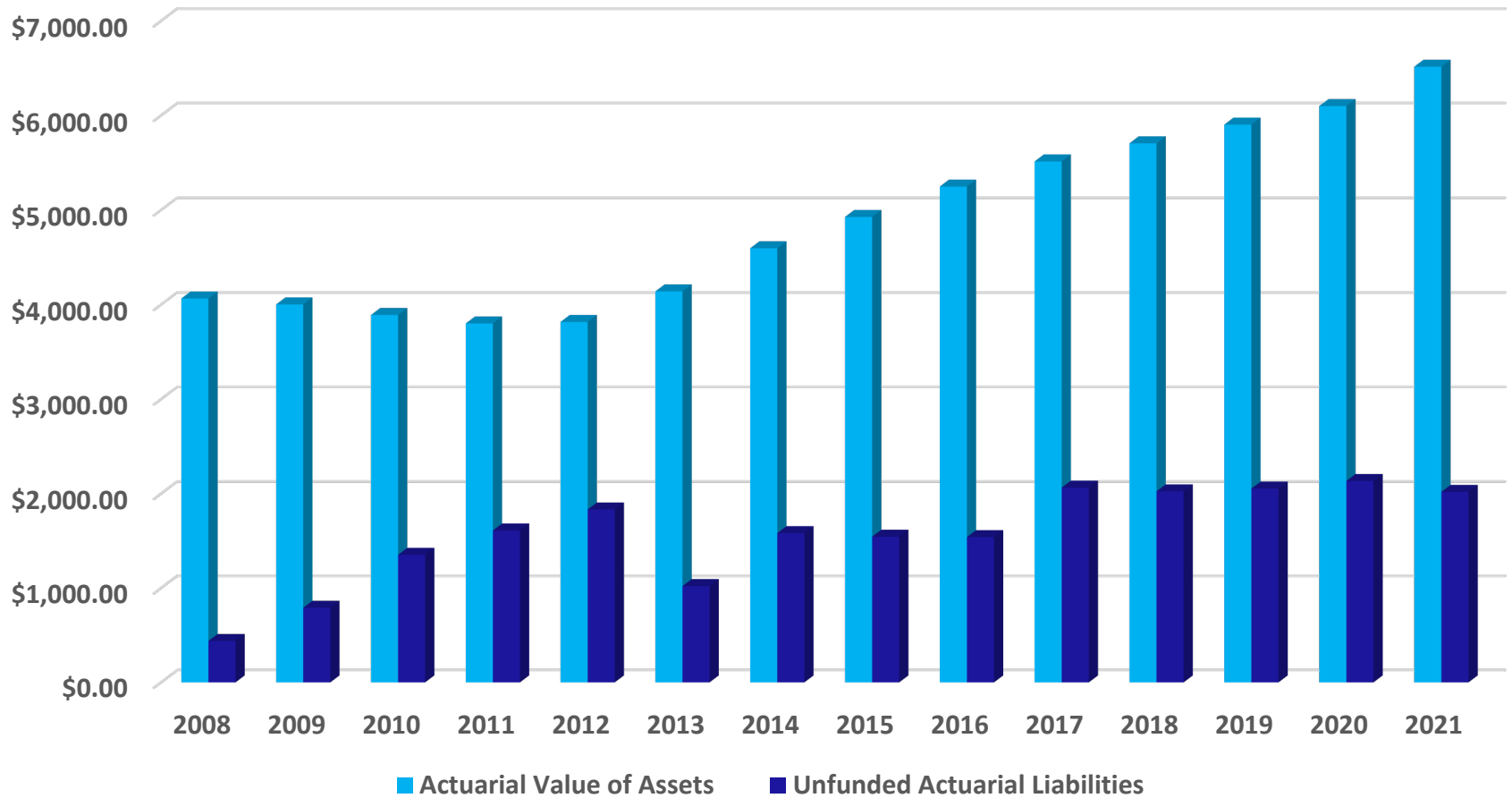


	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Market Value	\$3,841	\$2,988	\$3,304	\$3,933	\$3,913	\$4,290	\$4,596	\$5,061	\$5,033	\$5,473	\$5,780	\$5,903	\$5,845	\$7,210
Actuarial Value	\$4,065	\$4,002	\$3,890	\$3,801	\$3,817	\$4,140	\$4,596	\$4,927	\$5,248	\$5,514	\$5,705	\$5,903	\$6,099	\$6,515

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
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%
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%

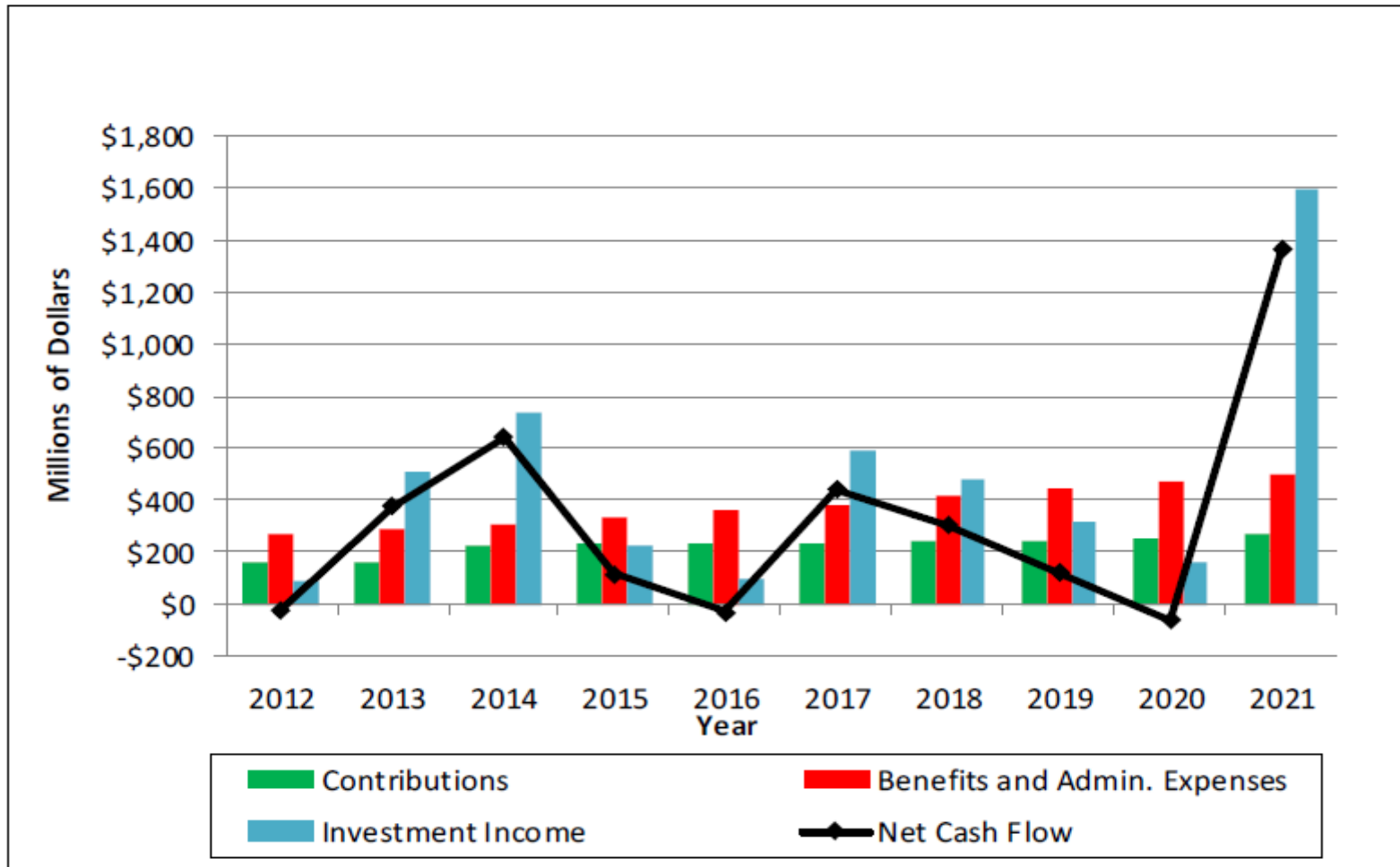


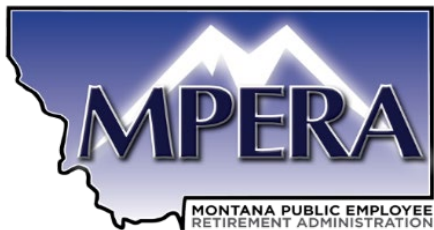
Actuarial Assets vs UAAL





Historical Cash Flow (\$ Millions)





PERS Funding Results

	July 1, 2020 Valuation	July 1, 2021 Valuation
Total Normal Cost Rate	9.81%	9.71%
Administrative Expense Load	0.28%	0.29%
Rate to Amortize UAL	6.64%	6.83%
Transfer to DB Education Fund	<u>0.04%</u>	<u>0.04%</u>
Statutory Funding Rate*	16.77%	16.87%
Actuarial Accrued Liability	\$8.234.0 million	\$8.534.6 million
Actuarial Value of Assets	\$6,099.4 million	\$6,515.0 million
Unfunded Accrued Liability	\$2,134.6 million	\$2,019.6 million
Funded Ratio	74.08%	76.34%
Amortization Period*	35 Years	28 Years

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



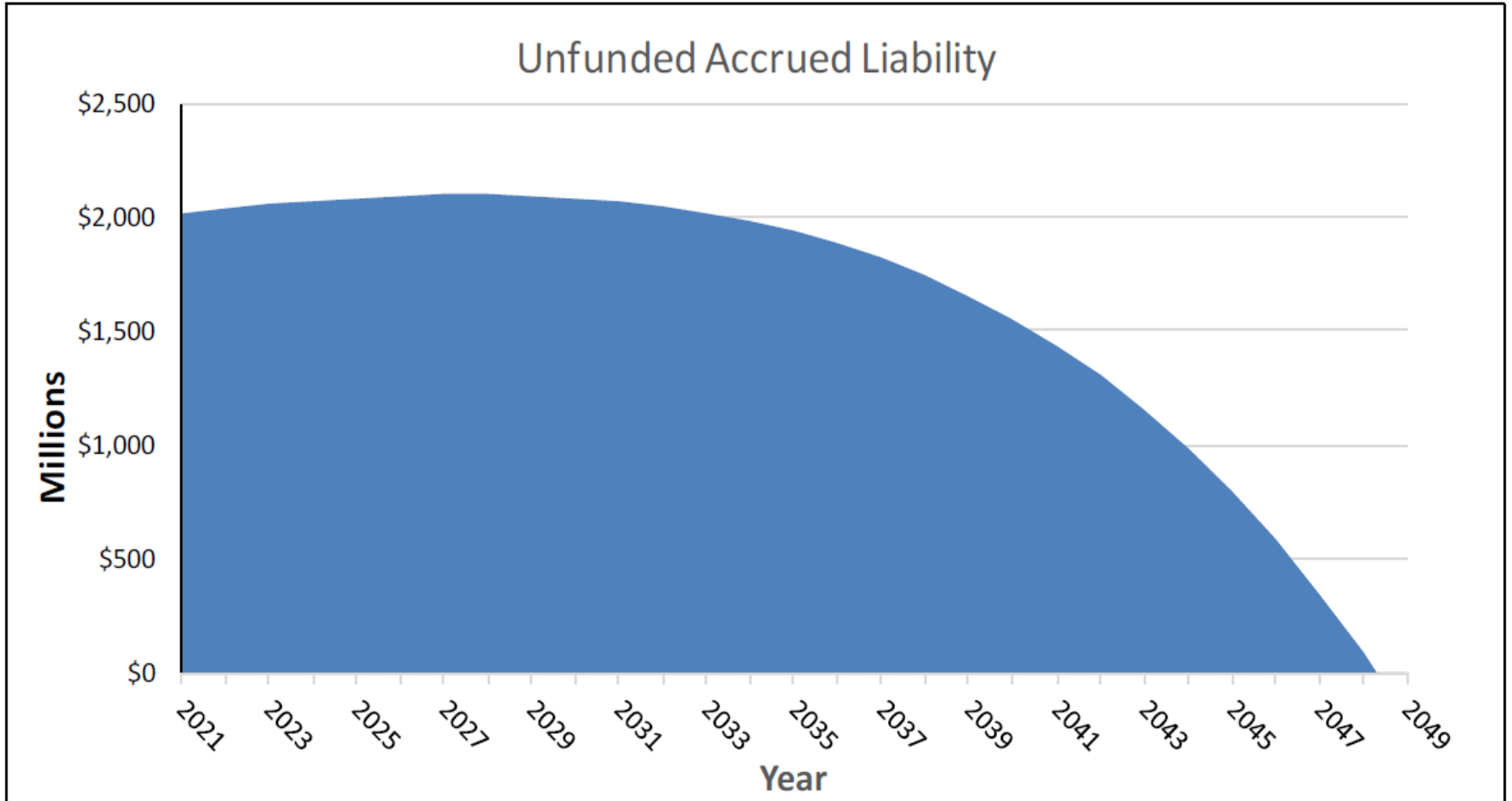
Valuation Results-Other Plans

System	Funded Ratio		Amortization Period		Statutory Rate	30-Year Funding Rate	
	2020	2021	2020	2021		2020	2021
JRS***	163%	177%	0	0	7.00%	(5.93%)	(11.97%)
HPORS**	65%	67%	39	26	51.38%	54.99%	48.81%
SRS	81%	83%	21	18	23.61%	22.14%	21.36%
GWPORS	84%	85%	40	35	19.56%	20.13%	19.85%
MPORS	71%	74%	16	15	52.78%	44.29%	43.13%
FURS	82%	86%	8	6	57.67%	36.88%	34.03%
VFCA*	87%	99%	4	1	5% of premium taxes	\$913,824	\$351,815

- * The actual contributions for the fiscal year ending 2020 and 2021 were \$2,486,772 and \$2,591,791, respectively.
- ** Calculation of amortization period includes state special revenue transfers
- *** Employer contribution holiday beginning July 1, 2021 through June 30, 2023. Beginning July 1, 2023, employer contributions will resume at a reduced rate of 14.00% until the funded ratio drops below 120%.



Level Dollar vs. Level Percent of Pay



Projected UAAL- Level % of Pay