

Proposed 2013 Session Legislation

Agency Name & No: Teachers' Retirement System 6105

Priority Number: 3 Filename: 610501003

Short Title: ORP Funding

Agency Contact Person/Phone: Dave Senn 444-3376

1. Purpose:

Increase the Montana University supplemental contribution rate to comply with section 19-20-621, MCA. The current rate of 4.72% is not sufficient to amortize the unfunded liabilities by July 1, 2033, as required by state law. Based on the July 1, 2011, actuarial valuation the estimated rate increase required would be 3.80%; however, the actual rate required will not be known until after the July 1, 2012, valuation is completed in early October 2012.

2. Background:

When the Optional Retirement Plan was created in 1987 for university system, TRS eligible members, section 19-20-621, MCA, required each employer within the university system with employees participating in the optional retirement program to contribute to TRS a supplemental employer contribution sufficient to amortize, by July 1, 2033, the past service liability of the teachers' retirement system for the university system members who do not participate in TRS. The law also requires that the supplemental rate be periodically reviewed and updated.

3. Fiscal Impact by Fund Type: This impact should be as specific as possible.

Based on the July 1, 2011, actuarial valuation the estimated rate increase required is 3.80%; however, the actual rate required will not be known until after the July 1, 2012, valuation is completed in early October 2012. An increase in the supplemental contribution rate of 3.80% would increase the contributions to TRS by over \$14.0 million over the 2014-2015 biennium.

4. Summary Checklist [Check & complete all that apply]--

- Housekeeping Only, Federal Requirement, Audit Recommendation, Major Legislation, Anticipated to be Controversial Legislation, Bill Draft has been included in Legislation Submittal, Supports Submitted EPP Item Number, Local Government Fiscal Impact, Increases FTE, or Decreases FTE by, List FTE amount and program, Increases Existing Revenue, Decreases Existing Revenue, Establishes New Revenue, Leg. has been Submitted in Previous Legislative Sessions, Legislation would affect other state agencies, Special Interest Groups Affected, Other