

Montana Public Employee Retirement Administration

**Montana Public Employees' Retirement Board
Valuation Results
June 30, 2019**

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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.

- 43,243 Active Employees Including DC and 457 Members
- 27,731 Retirees & Beneficiaries (DB)
- 25,796 Inactive (DB)

- 566 Employers (DB, DC & 457)
- 235 Volunteer Fire Departments



Comments on Valuation for PERS

➤ Asset returns

- Market asset returns averaged 5.58% vs. 7.65% expected (2.07% less than expected).
- Actuarial asset returns averaged 7.13% vs. 7.65% expected (0.52% less than expected).

➤ Market value of assets are \$115,289 more than the actuarial value of assets. The asset valuation method being used is a four-year smoothing.

- PERS has an investment gain followed by two investment losses.

➤ Funded Ratio

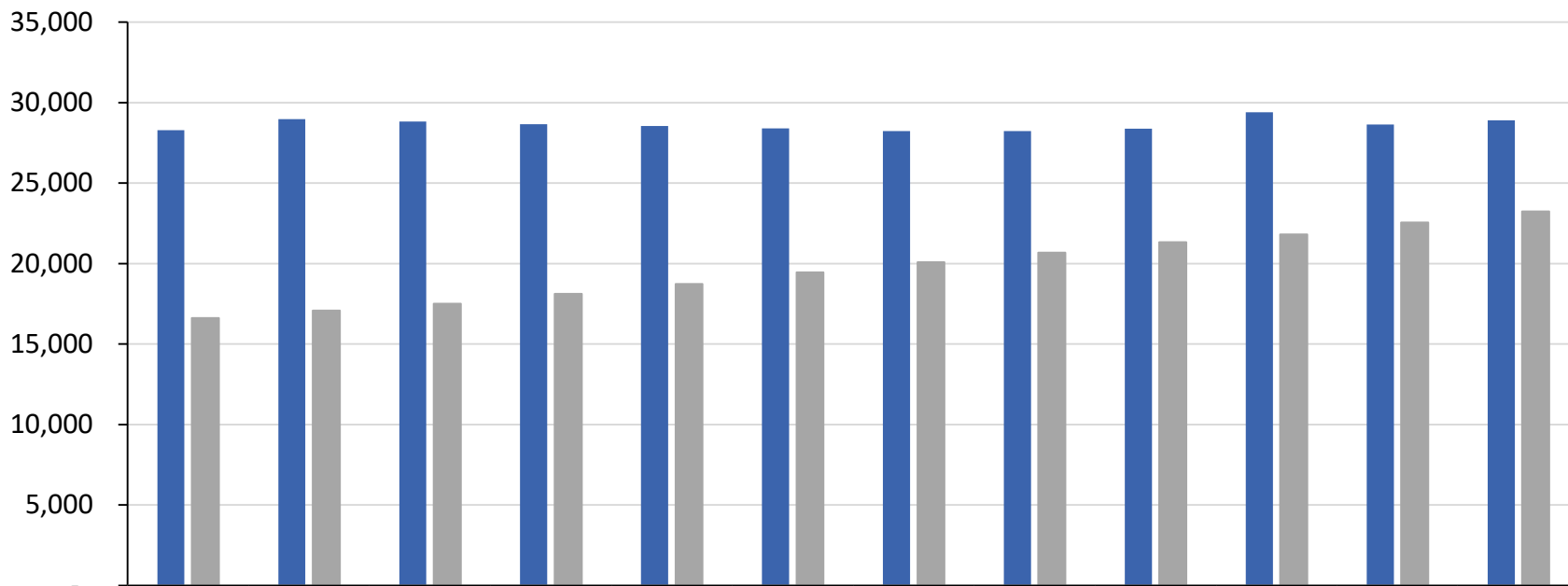
-Funding increased from 73.81% to 74.19%

➤ Amortization Period

-Amortization period decreased from 38 to 36 years



PERS Active and Retired Membership



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
■ Active	28,293	28,983	28,834	28,659	28,548	28,401	28,229	28,237	28,390	29,395	28,646	28,908
■ Active Retirees	16,627	17,075	17,512	18,123	18,738	19,451	20,081	20,681	21,333	21,805	22,556	23,245

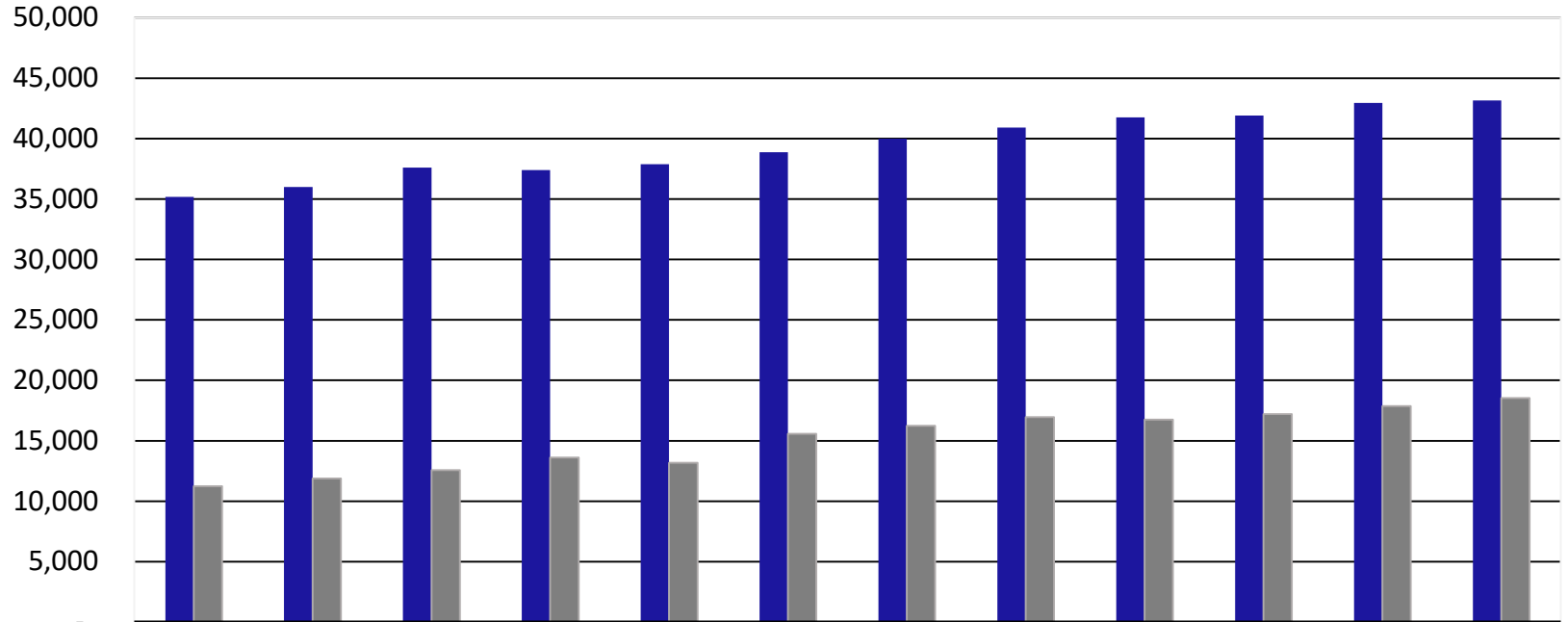
0.2% annual increase for active members since 2008; 0.9% increase for 2019.

3.1% annual increase for retired members since 2008; 3.1% increase for 2019.

0.6 retirees per active 12 years ago; 0.8 retirees per active now.



PERS Average Salary and Benefits



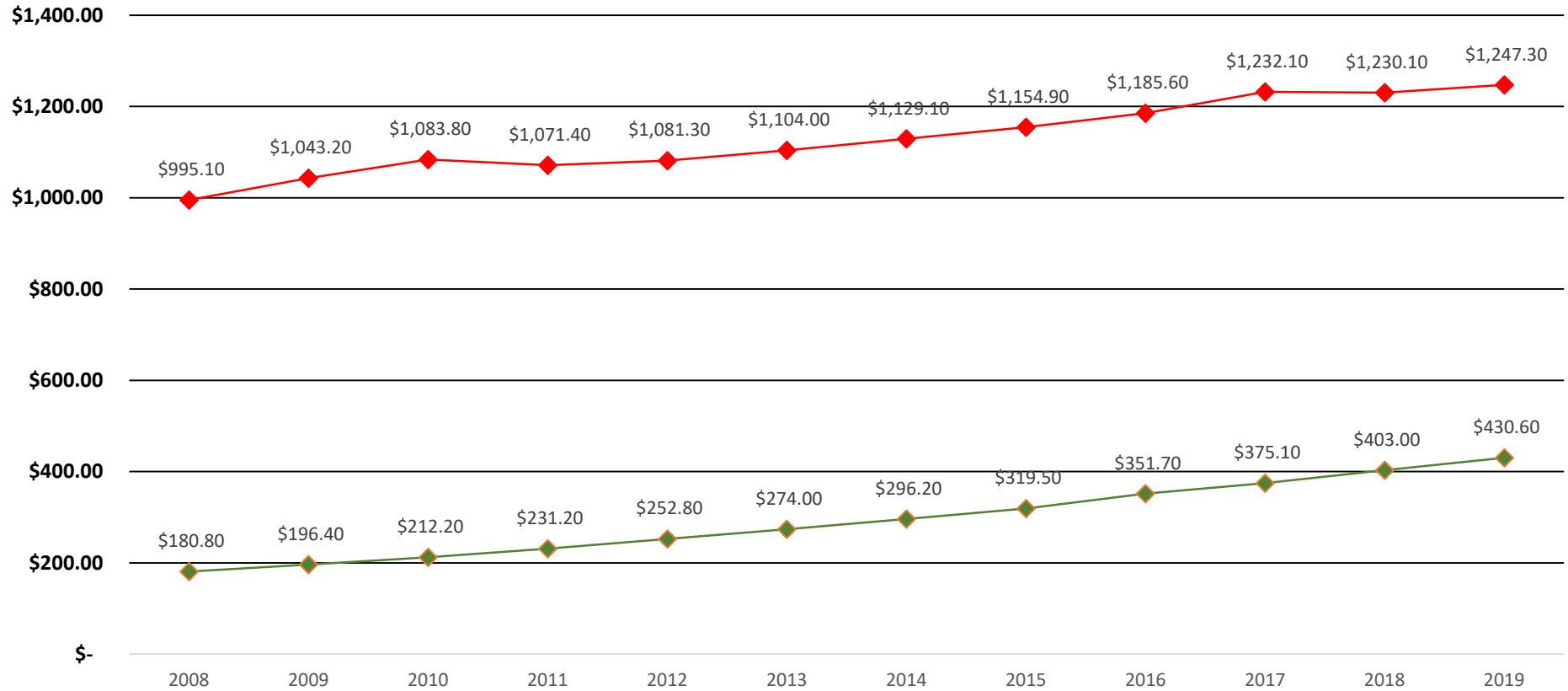
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
■ Actives	35,172	35,994	37,587	37,384	37,876	38,872	39,998	40,899	41,763	41,914	42,942	43,149
■ Retirees Benefits	11,231	11,884	12,575	13,625	13,177	15,574	16,230	16,945	16,748	17,201	17,866	18,522

1.9% annual increase for average salary since 2008; 0.5% increase for 2019.

4.7% annual increase for average benefits since 2008; 3.7% increase for 2019.



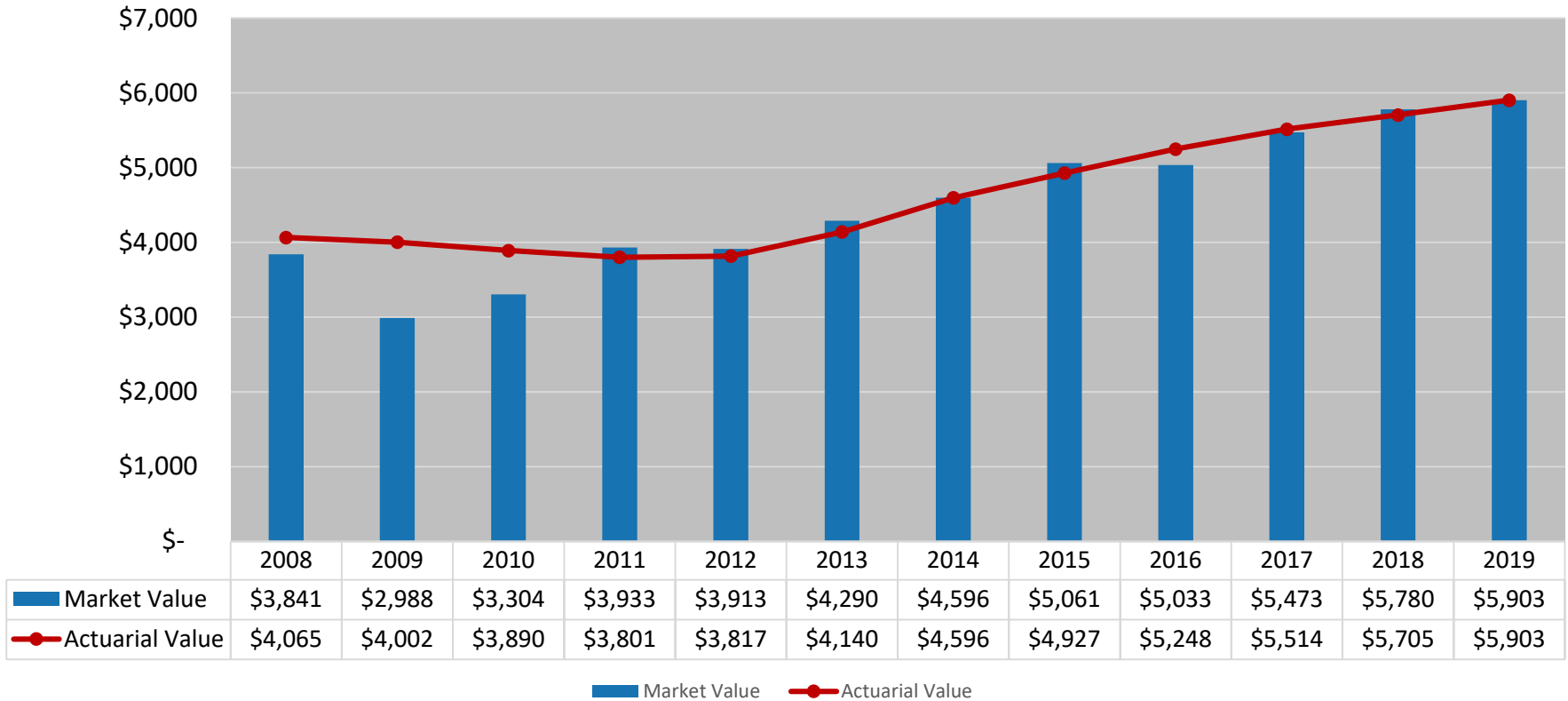
PERS Payroll & Benefits (\$ Millions)





PERS Assets

(in Millions)

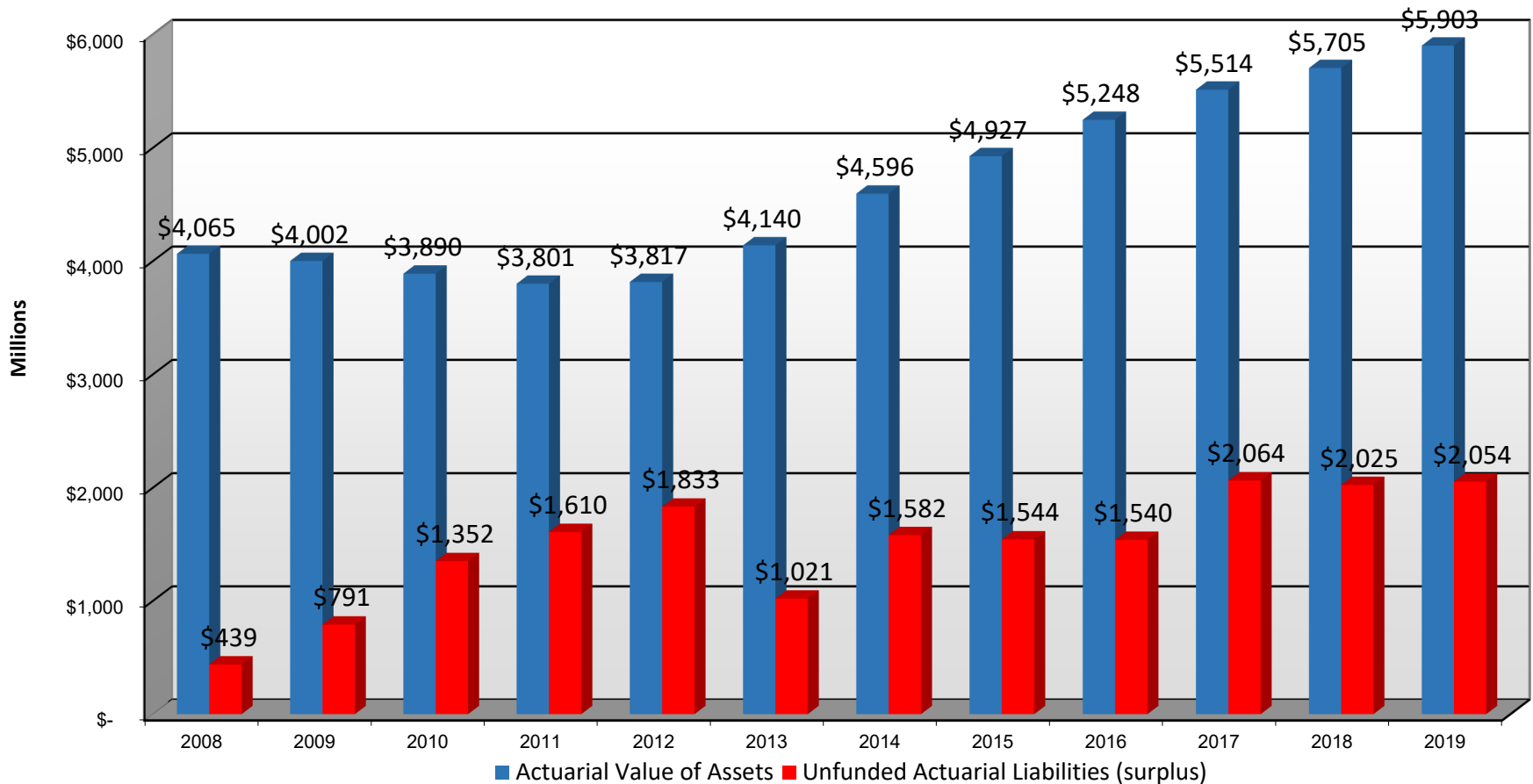


	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Market Return	(4.9%)	(20.9%)	12.9%	21.7%	2.3%	13.0%	17.1%	4.6%	2.0%	11.9%	8.9%	5.7%
Actuarial Return	7.6%	(0.2%)	(1.2%)	(0.1%)	3.3%	11.9%	13.2%	9.6%	9.3%	8.1%	6.7%	7.1%



Actuarial Assets vs UAAL

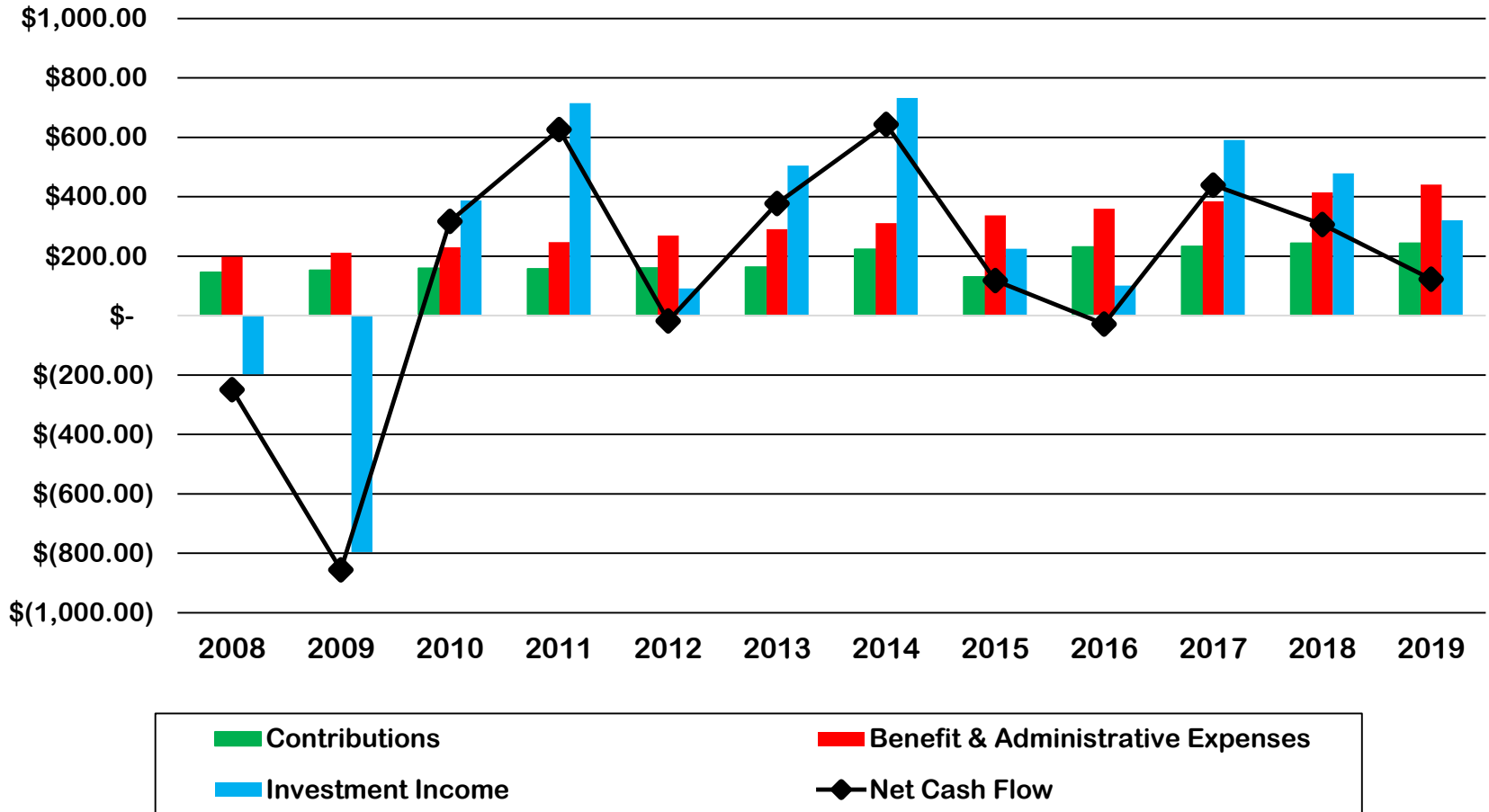
PERS-DBRP Actuarial Liabilities





Historical Cash Flow (in Millions)

Cash Flow History





PERS Funding Results

	July 1, 2019 Valuation	July 1, 2018 Valuation
Total Normal Cost Rate	10.09%	10.27%
Administrative Expense Load	0.30%	0.26%
Rate to Amortize UAL	6.24%	6.00%
Transfer to DB Education Fund	<u>0.04%</u>	<u>0.04%</u>
Statutory Funding Rate*	16.67%	16.57%
Actuarial Accrued Liability	\$7,957.0 million	\$7,730.1 million
Actuarial Value of Assets	\$5,903.2 million	\$5,705.2 million
Unfunded Accrued Liability	\$2,053.8 million	\$2,024.9 million
Funded Ratio	74.19%	73.81%
Amortization Period*	36 Years	38 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	
	2019	2018	2019	2018	2017	2018	2019	2018
JRS	161%	161%	0	0	32.81%	32.81%	(5.46%)	(4.85%)
HPORS	65%	64%	42	40	51.38%	51.38%	55.72%	55.10%
SRS	82%	81%	21	21	23.61%	23.61%	22.01%	22.19%
GWPORS	84%	83%	53	72	19.56%	19.56%	20.45%	20.71%
MPORS	69%	68%	18	20	52.78%	52.78%	45.65%	47.12%
FURS	80%	78%	9	10	57.67%	57.67%	37.79%	39.19%
VFCA*	85%	83%	5	5	5% of premium taxes		\$899,555	\$823,290

* The actual contributions for the fiscal year ending 2018 and 2019 were \$2,212,113 and \$2,370,454, respectively.



Level Dollar vs. Level Percent of Pay

