



Public Pension Plans: SLGE presentation to the SAVA Interim Committee, Montana Legislature

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The Center For State and Local Government Excellence (slge.org)

- Mission: *To help state and local governments become excellent employers so they can attract and retain talented public servants.*
- Primary Research Areas: (1) retirement plans; (2) health care benefits; (3) workforce demographics / skill set needs; (4) public labor force development.




publicplansdata.org (PPD)

- Partners:
 - Center for State and Local Government Excellence : slge.org
 - Center for Retirement Research at Boston College : crr.bc.edu
 - National Association of State Retirement Administrators : nasra.org
- Plans and Variables:
 - Plan-level data for 170 state and local pension plans
 - Over 100 variables (funding, assumptions, asset allocations, investment returns, plan provisions, membership, etc.)
 - Annual data since 2001
 - Account for 95 percent of state/local pension assets and members in the US

State Data | Public Plans x

publicplansdata.org/quick-facts/by-state/state/?state=MT



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- Public Cost

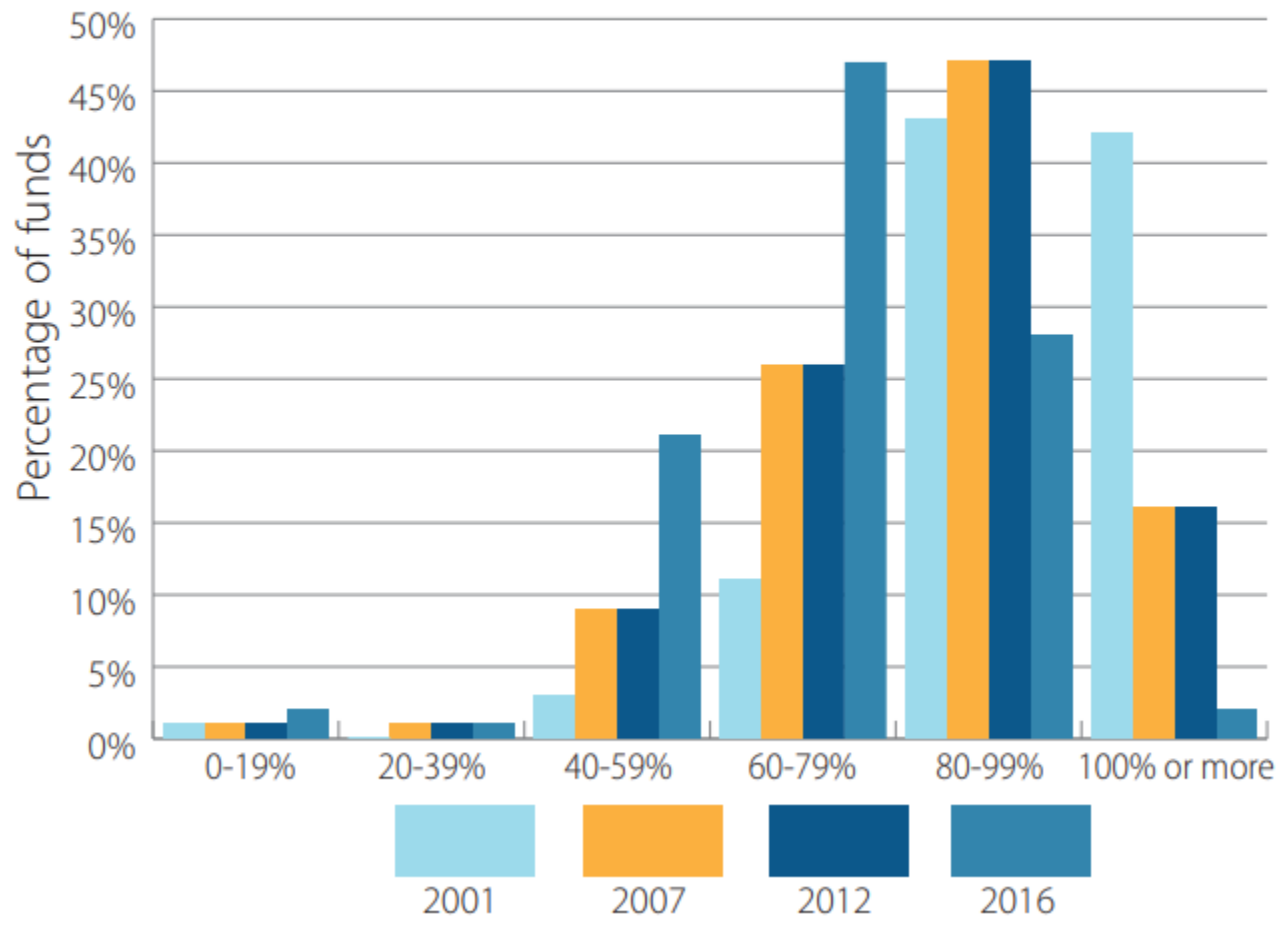
The Public Plans Database (PPD) consists of detailed financial and actuarial data for some of the largest public pension *plans* in the nation. However, many of these plans are governed by retirement systems that are responsibl... [Read more »](#)

Major pension plans in the state

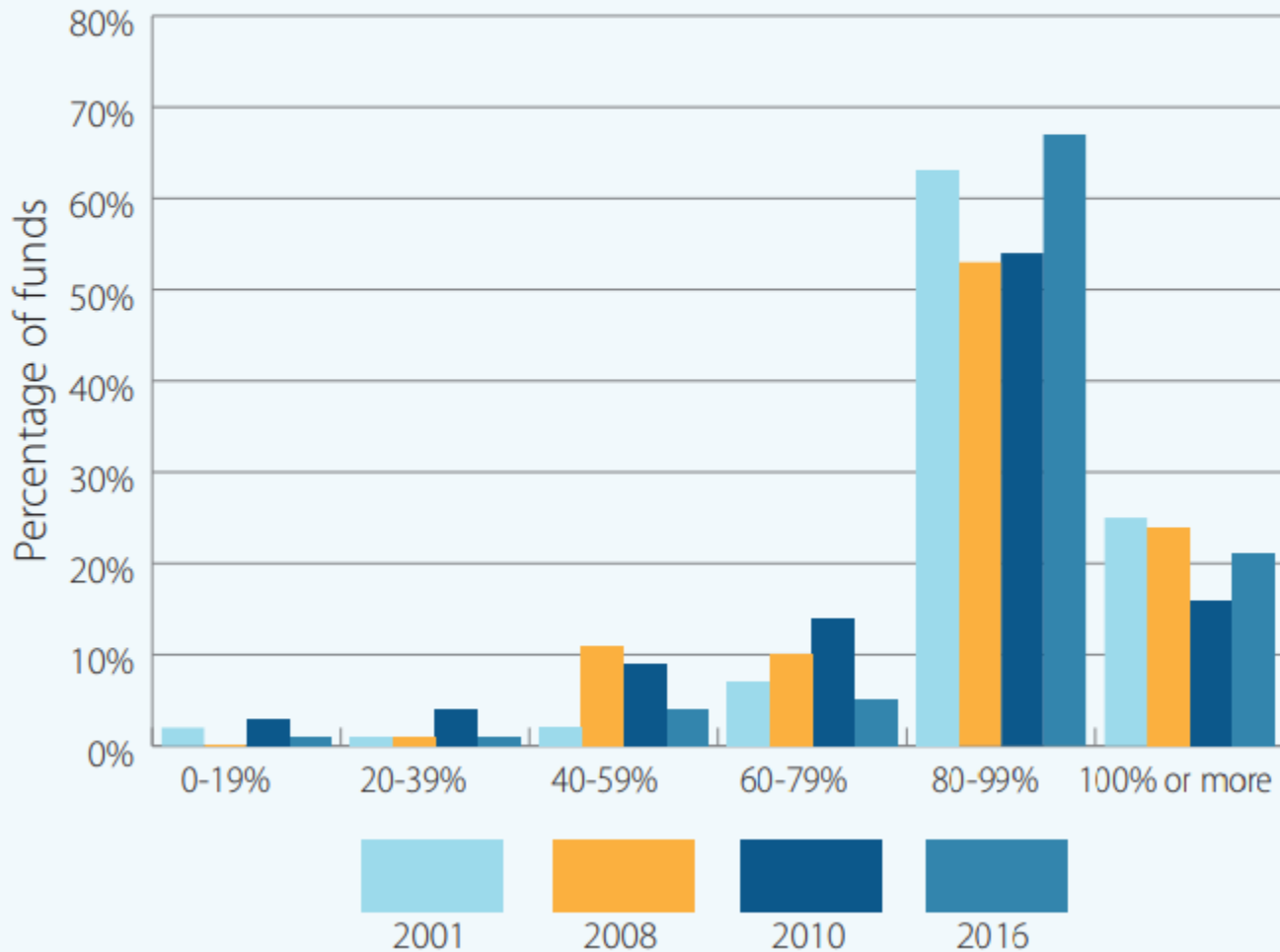
Plan Name	Assets (millions)	Participants	Funded Ratio	Percent of ARC Paid	Retirement System that Administers the Plan
Montana PERS	5,032.8	52,785	77.0	100.0	Montana Public Employees Retirement Board
Montana Teachers	3,656.8	35,200	69.3	100.0	Montana Teachers Retirement System

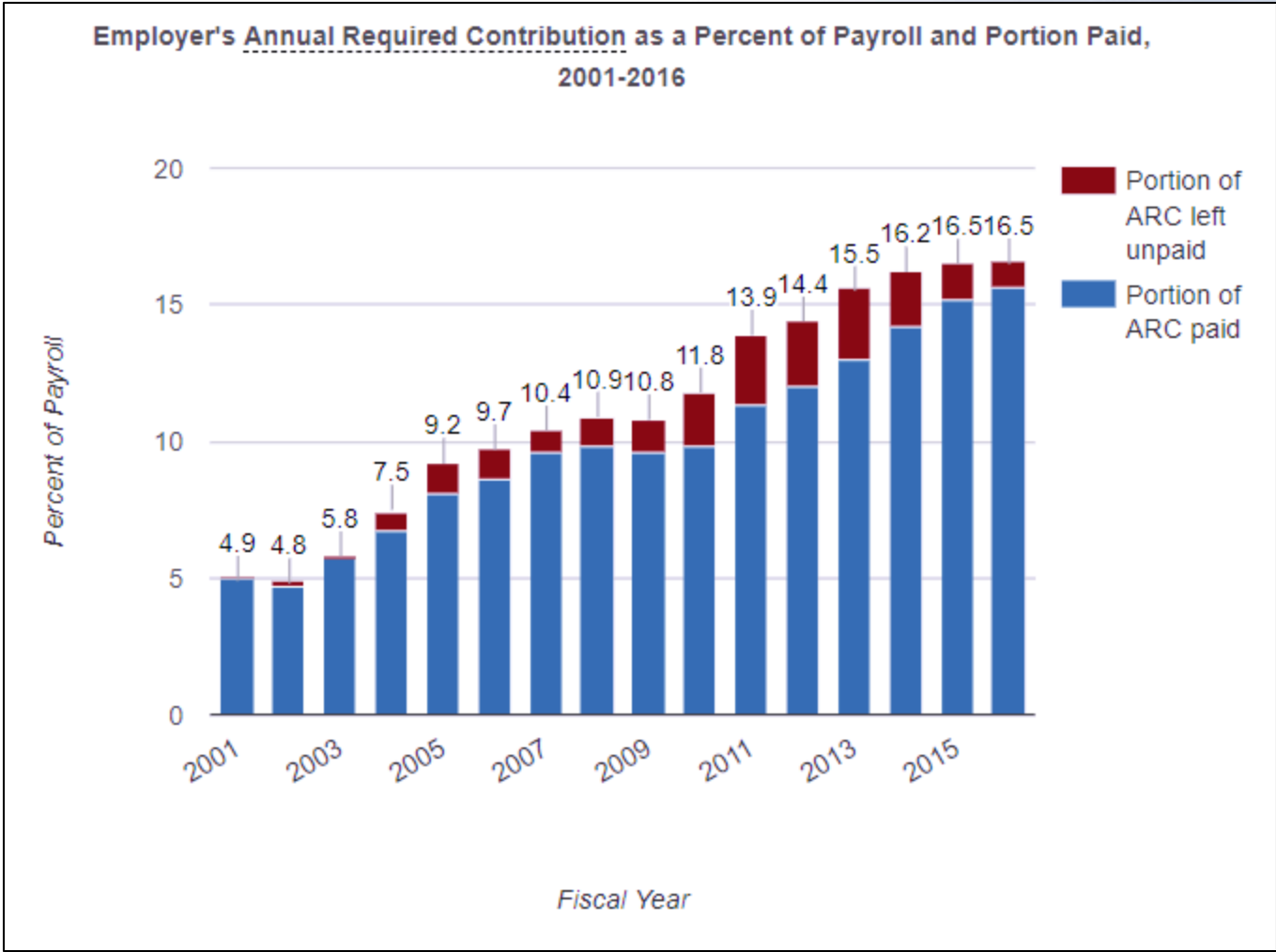
Source: Public Plans Database (as of 2016)

Distribution of Funded Ratios: State and Local Funds

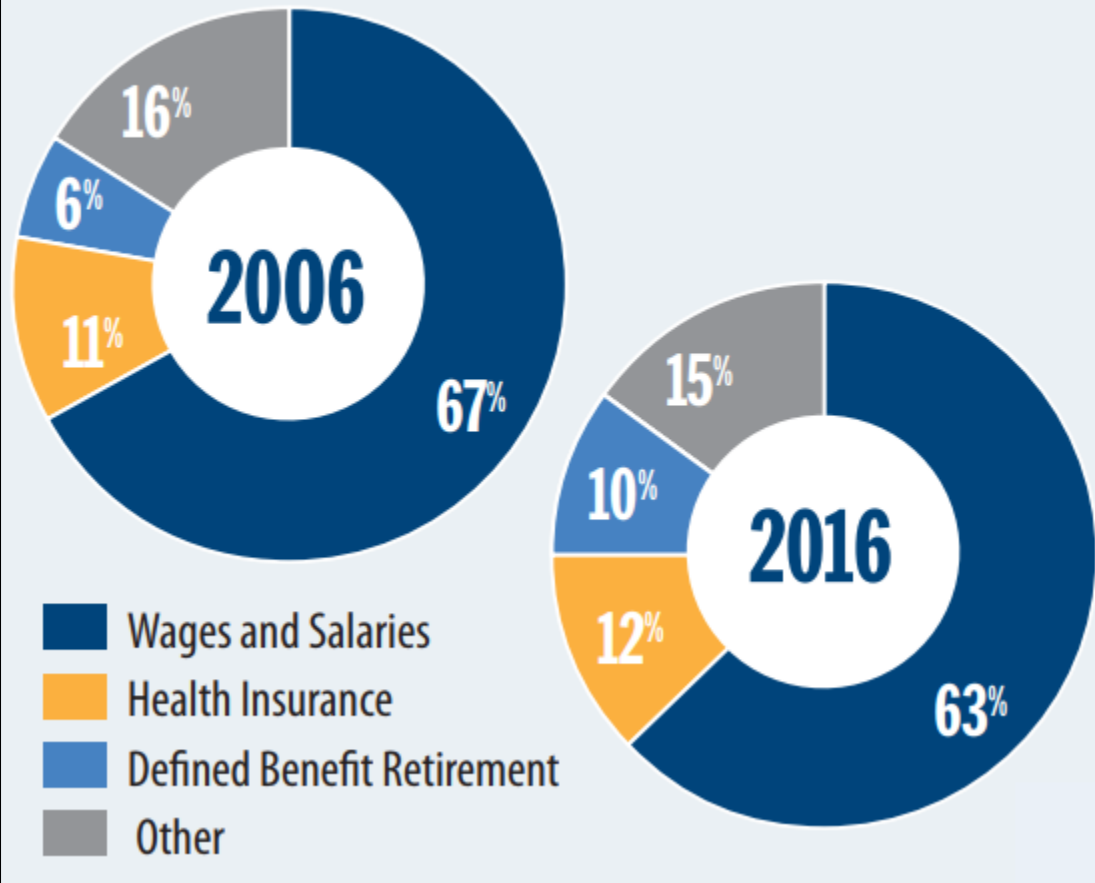


Distribution, Percentage of Required Contribution Paid, State and Local Funds



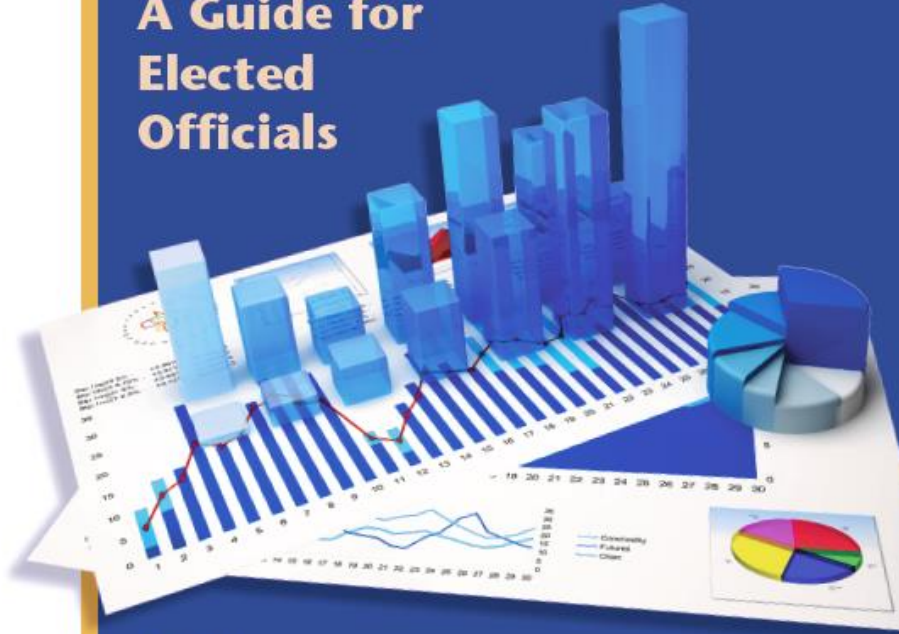


TOTAL COMPENSATION



Understanding Public Pensions

A Guide for Elected Officials



April 2017

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Taking Stock of Good Pension Practices and Policies

Has the plan been historically well financed because the government has been making its pension payment in full each year and/or have new financing mechanisms been put into place? Gather facts and review the pension funding policy, employee and employer contribution history, changes for new employees, and current and trend data on the funded status of plans.

Is the plan design meeting the human resource, financing, and retirement security needs of stakeholders? Examine elements such as benefit levels, vesting, and the minimum age and service required to receive a retirement benefit.

If there are cost concerns, are they from past liabilities or new pension benefits? Verify whether the costs of the plan are primarily due to past unfunded liabilities, which cannot be erased, or to ongoing benefit accruals.

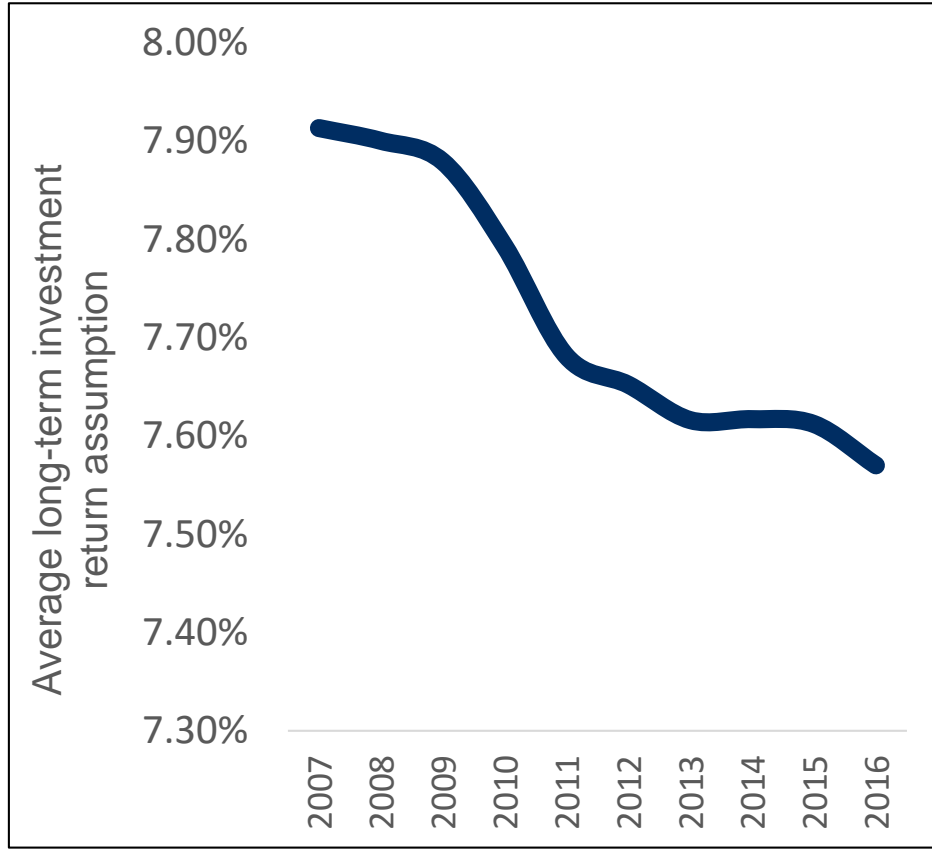
Are the plan's assumptions in line with its experience? Determine if assumptions (e.g., long-term investment returns and plan demographics) are regularly reviewed to ensure they accurately reflect the plan's experience and any needed adjustments can be made in a timely way.

Are benefit improvements fully funded? Ensure that any increases in benefit levels or cost-of-living adjustments do not increase the plan's unfunded liabilities.

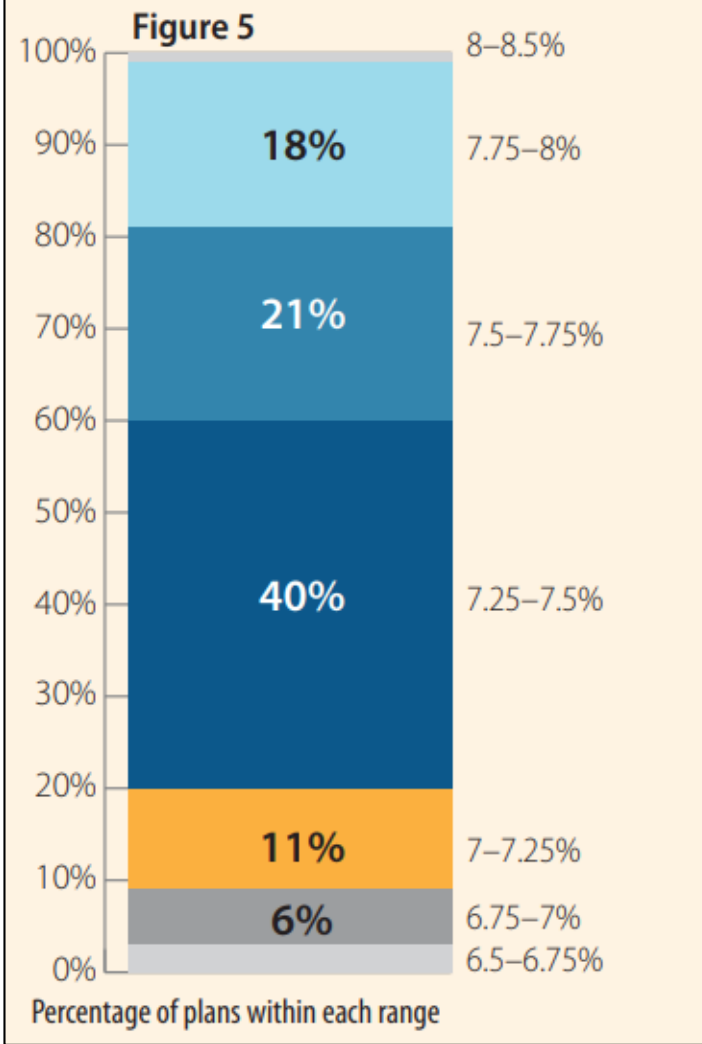
Are there legal and cost implications to pension modifications? Research whether legal restrictions may bar certain plan changes and whether they may increase plan costs or have unintended consequences.

Are there inequities that create hidden costs and undermine public trust? Eliminate any practices that could allow a few individuals or employers to undermine the funding of the system.

2007-2016



Investment Return Assumptions



There is an increased focus on...

- The role of **supplemental savings** and automatic features.
- The role of **employer-provided financial wellness programs**.
- The **competitiveness of overall compensation packages**, given recent benefit reforms.
- Ensuring that sponsoring governments are **adequately funding benefit programs**.

Engaging with pension systems

- Leveraging Plain Language Reports
- Coverage of financial condition in newsletters
- Active, two-way communication
- Engagement of all stakeholders
- Openness to the use of social media and establishing formal structures (e.g. advisory committees).



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