



**Montana Public Employees' Retirement Board  
Valuation Results  
June 30, 2024**

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# The Purpose of an Actuarial Valuation

**Develop**

- Develop a strategy to systematically fund the promised benefits of the system

**Measure**

- Measure assets and liabilities (future benefit payments)

**Determine**

- Determine actuarial contribution rates

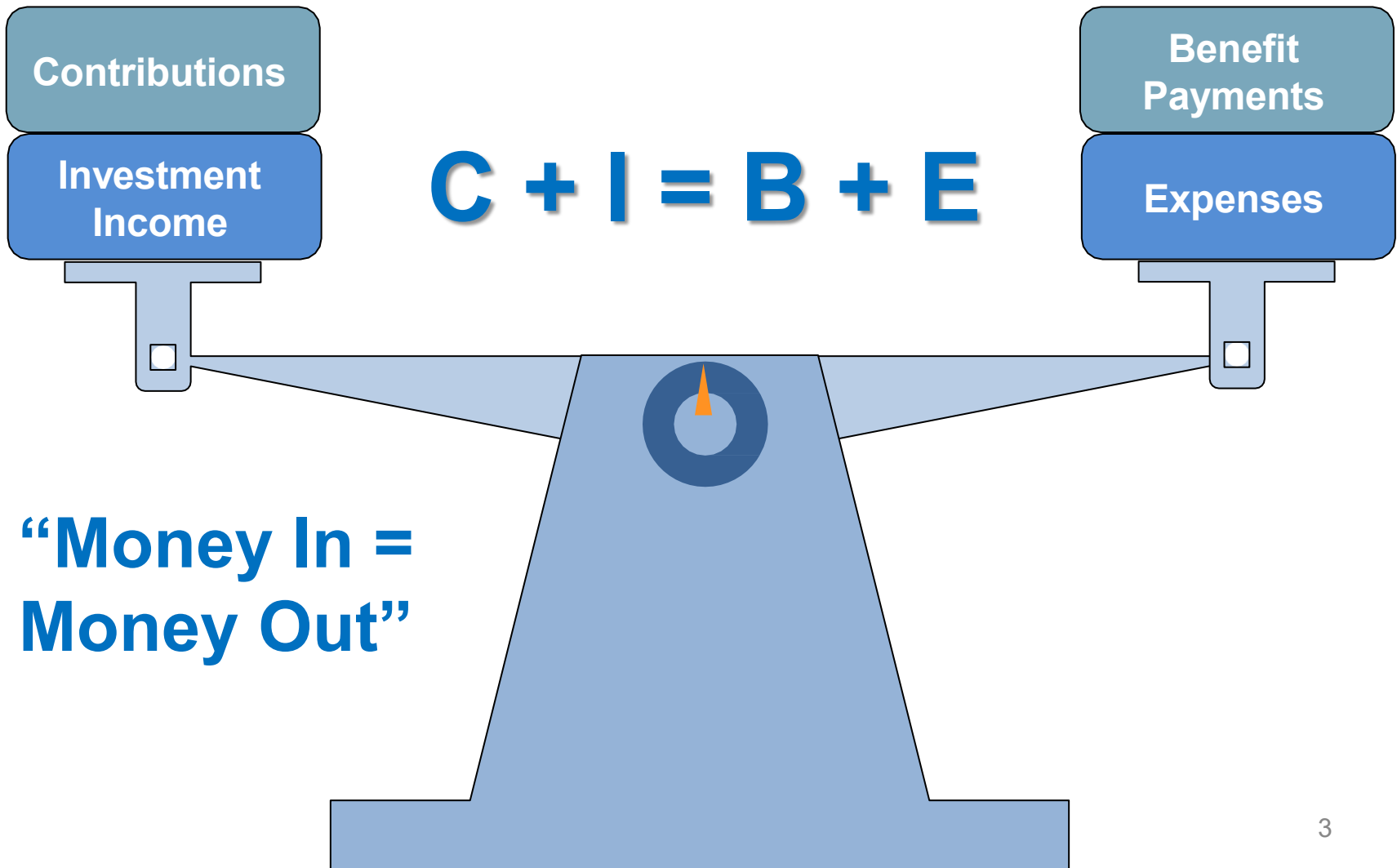
**Analyze**

- Analyze experience (actual vs. expected)

**Report**

- Report on trends, risks, accounting, etc.

# Basic Retirement Funding Formula





# Benefit Financing

$$C + I = B + E$$

“B” depends on

Plan Provisions  
Experience

“C” depends on

Short Term  
Actuarial Assumptions  
Actuarial Cost Method

Long Term  
I, B, E

# June 30, 2024 PERS Funding Results





# PERS Valuation Highlights

## Plan Experience

### Assets



Market value of asset returns were 8.94% while returns on actuarial smoothed assets was 9.03%.

### UAAL



UAAL decreased \$7.6 million from \$2,361.8M to \$2,354.2M.

## Key Results

### Funded Ratio



Funded ratio using actuarial value of assets increased from 74.77% to 75.72%.

### Amortization Period



Amortization period declined from 28 years to 27 years.



# PERS Asset Experience



## Asset Returns

- Both Market and Actuarial asset returns are net of Investment and Administrative Expenses.
- Market: 8.94% (1.64% more than 7.30% expected)
- Actuarial: 9.03% (1.73% more than 7.30% expected)



## Deferred Experience

- Market value of assets are \$91,518,975 less than the actuarial value of assets.
- Experience is recognized over a four-year period.

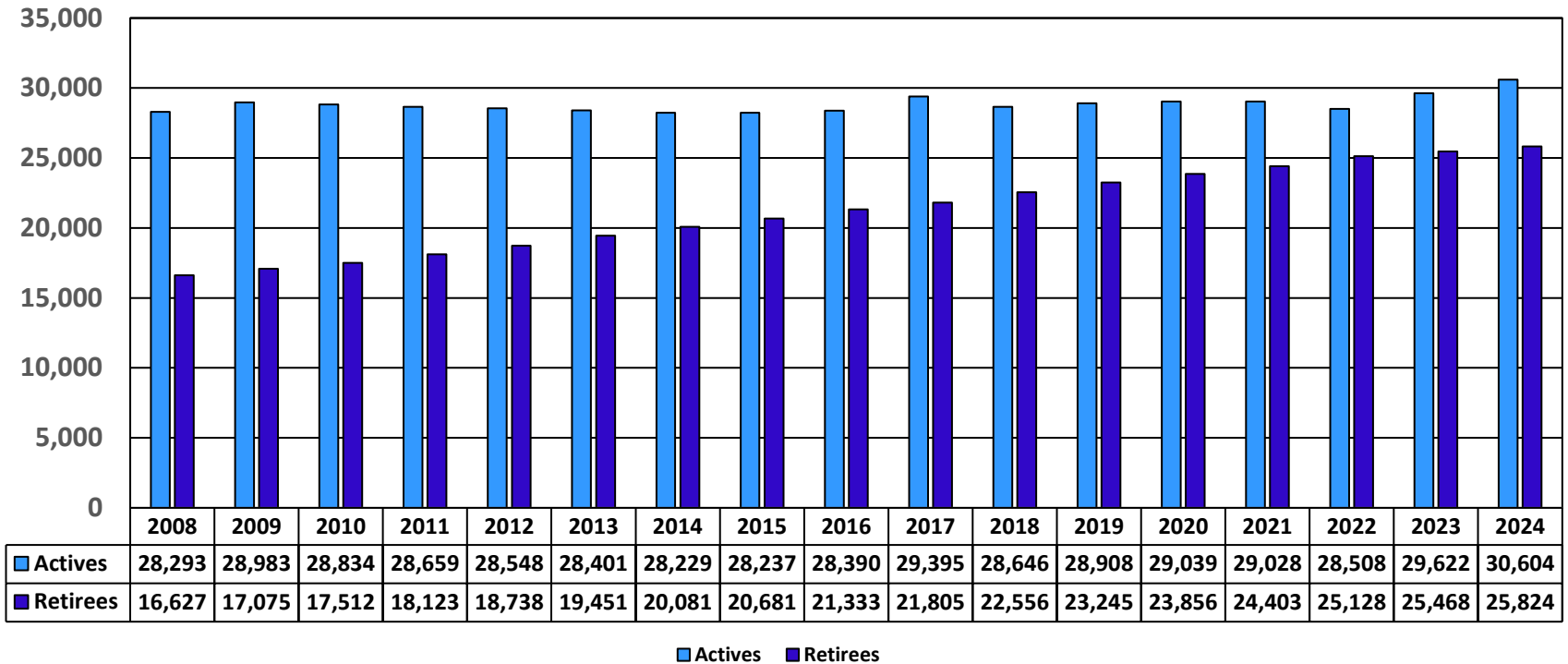


## Deferred Experience Recognition

- 2025 Investment Loss: (\$164.3M)
- 2026 Investment Gain: \$45.0M
- 2027 Investment Gain: \$27.8M



# PERS Active and Retired Membership



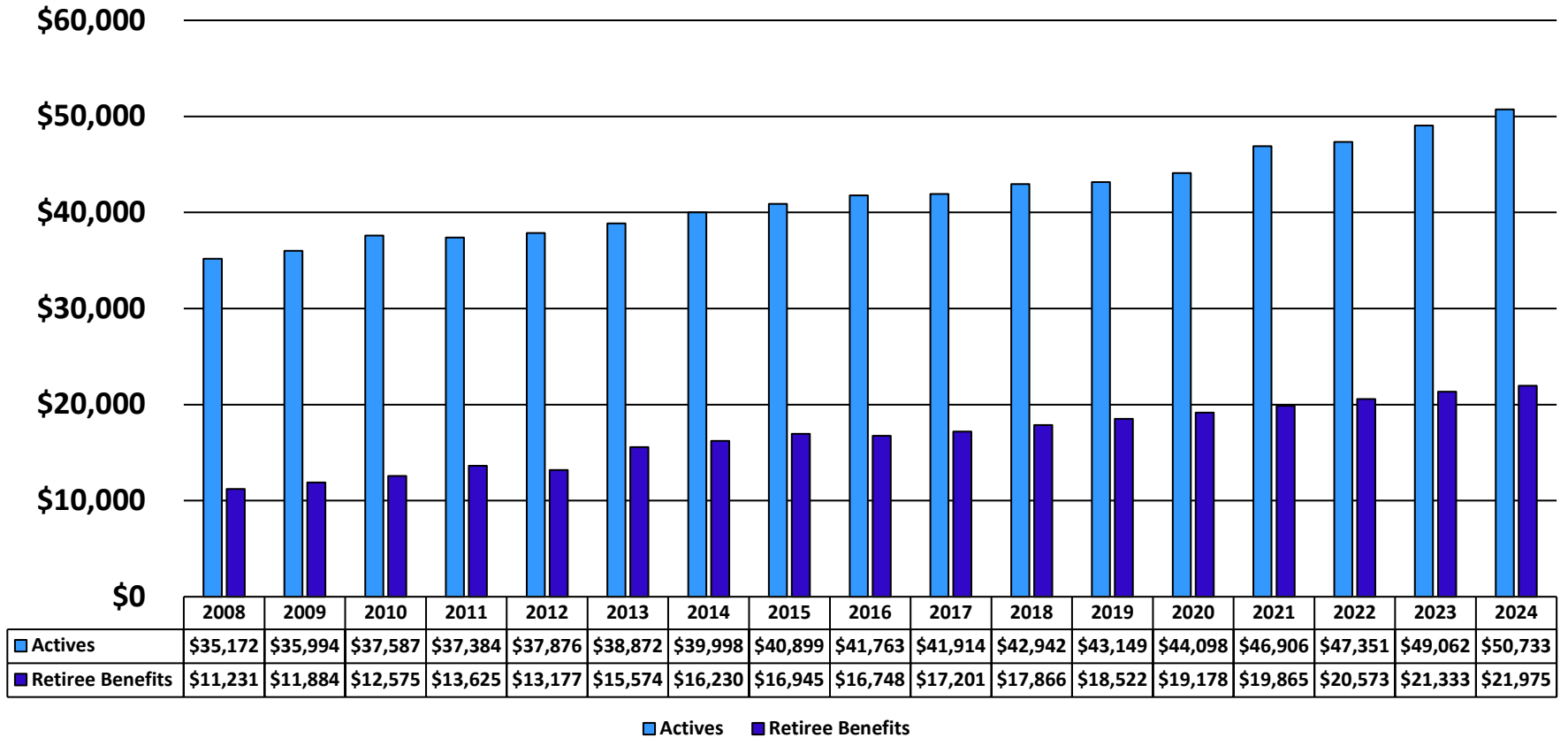
0.51% annual increase for active members since 2008; 3.3% increase for 2024.

2.79% annual increase for retired members since 2008; 1.39% increase for 2024.

0.6 retirees per active 16 years ago; 0.84 retirees per active now.



# PERS Average Salary and Benefits

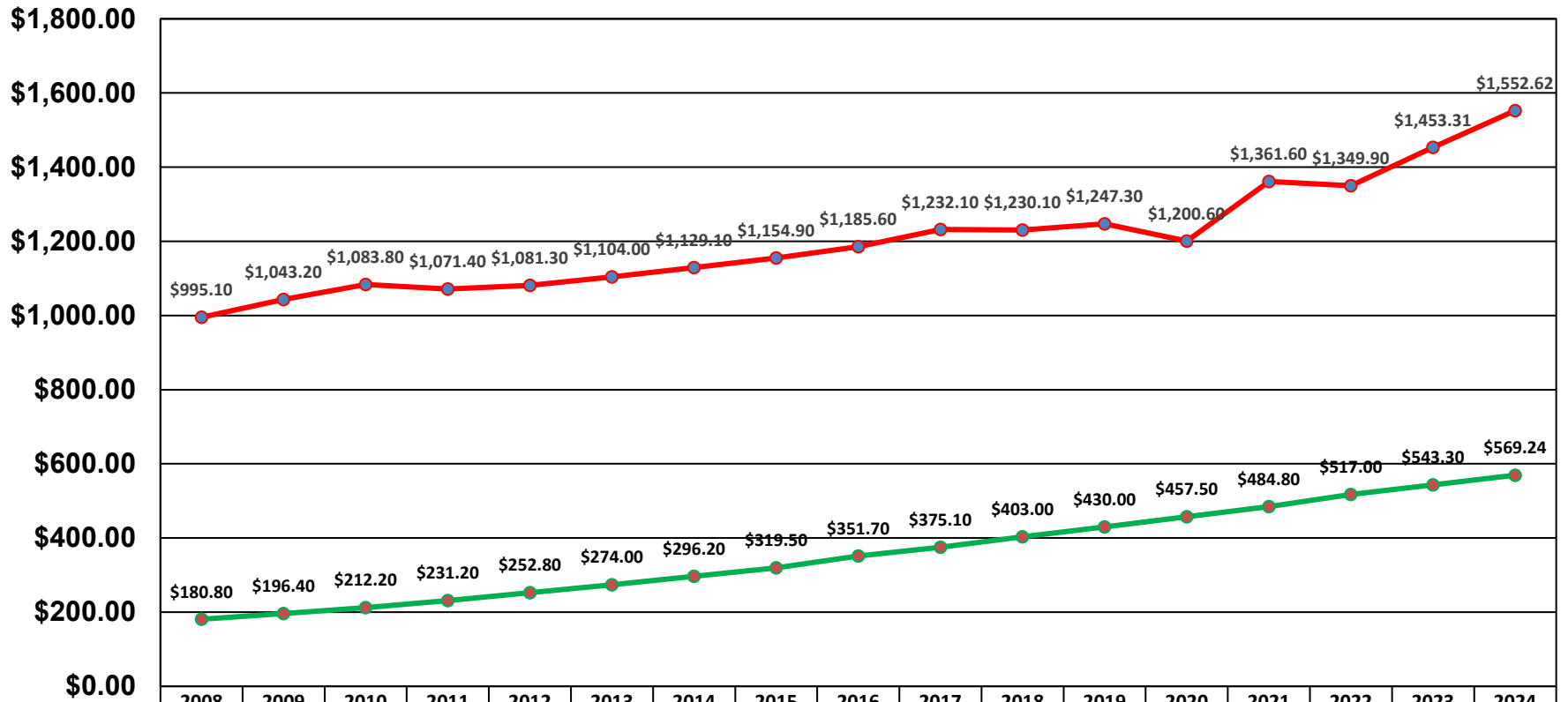


2.33% annual increase for average salary since 2008; 3.4% increase for 2024.

4.37% annual increase for average benefits since 2008; 3% increase for 2024.



# PERS Payroll & Benefits (\$ Millions)

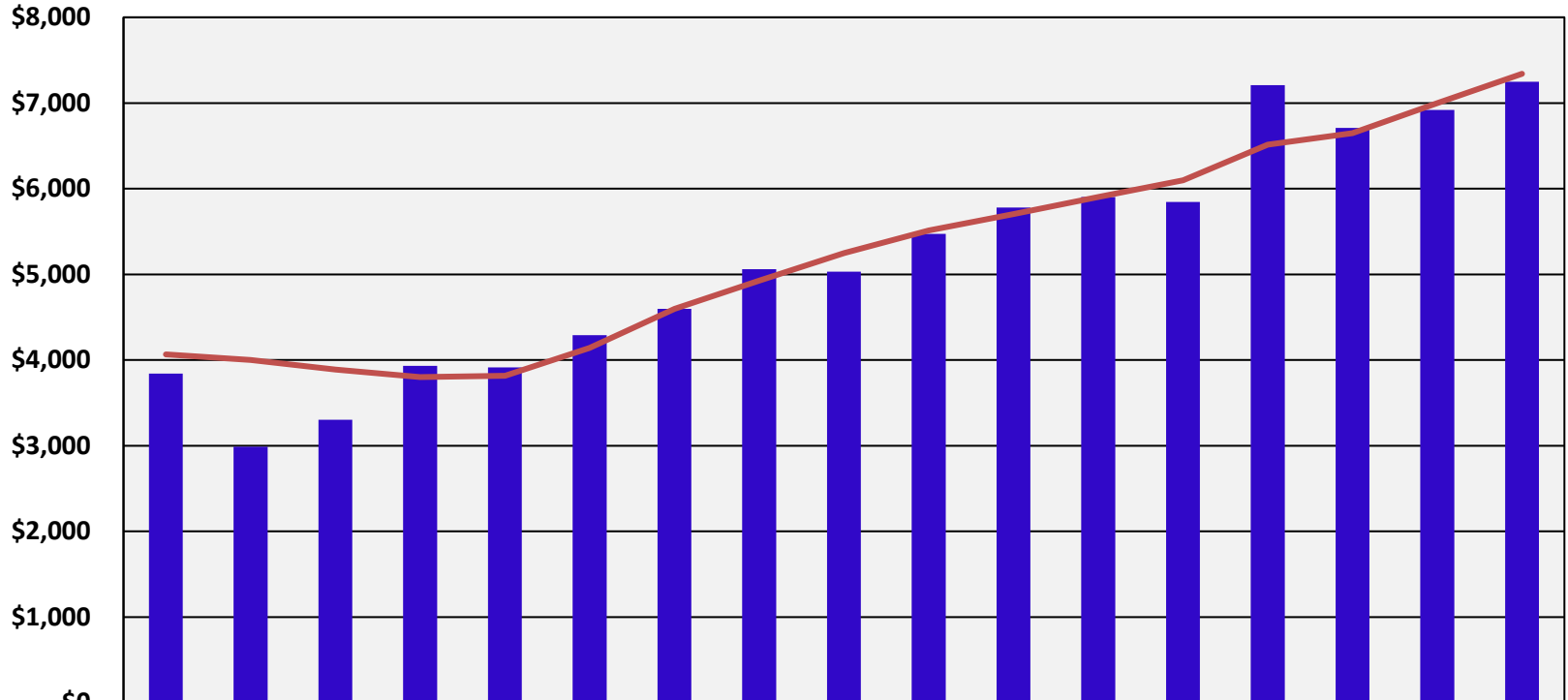


<span style="color: red;">●</span> Total Payroll	\$995.10	\$1,043.2	\$1,083.8	\$1,071.4	\$1,081.3	\$1,104.0	\$1,129.1	\$1,154.9	\$1,185.6	\$1,232.1	\$1,230.1	\$1,247.3	\$1,200.6	\$1,361.6	\$1,349.9	\$1,453.3	\$1,552.6
<span style="color: green;">●</span> Total Benefits	\$180.80	\$196.40	\$212.20	\$231.20	\$252.80	\$274.00	\$296.20	\$319.50	\$351.70	\$375.10	\$403.00	\$430.00	\$457.50	\$484.80	\$517.00	\$543.30	\$569.24



# PERS Assets

(\$ Millions)



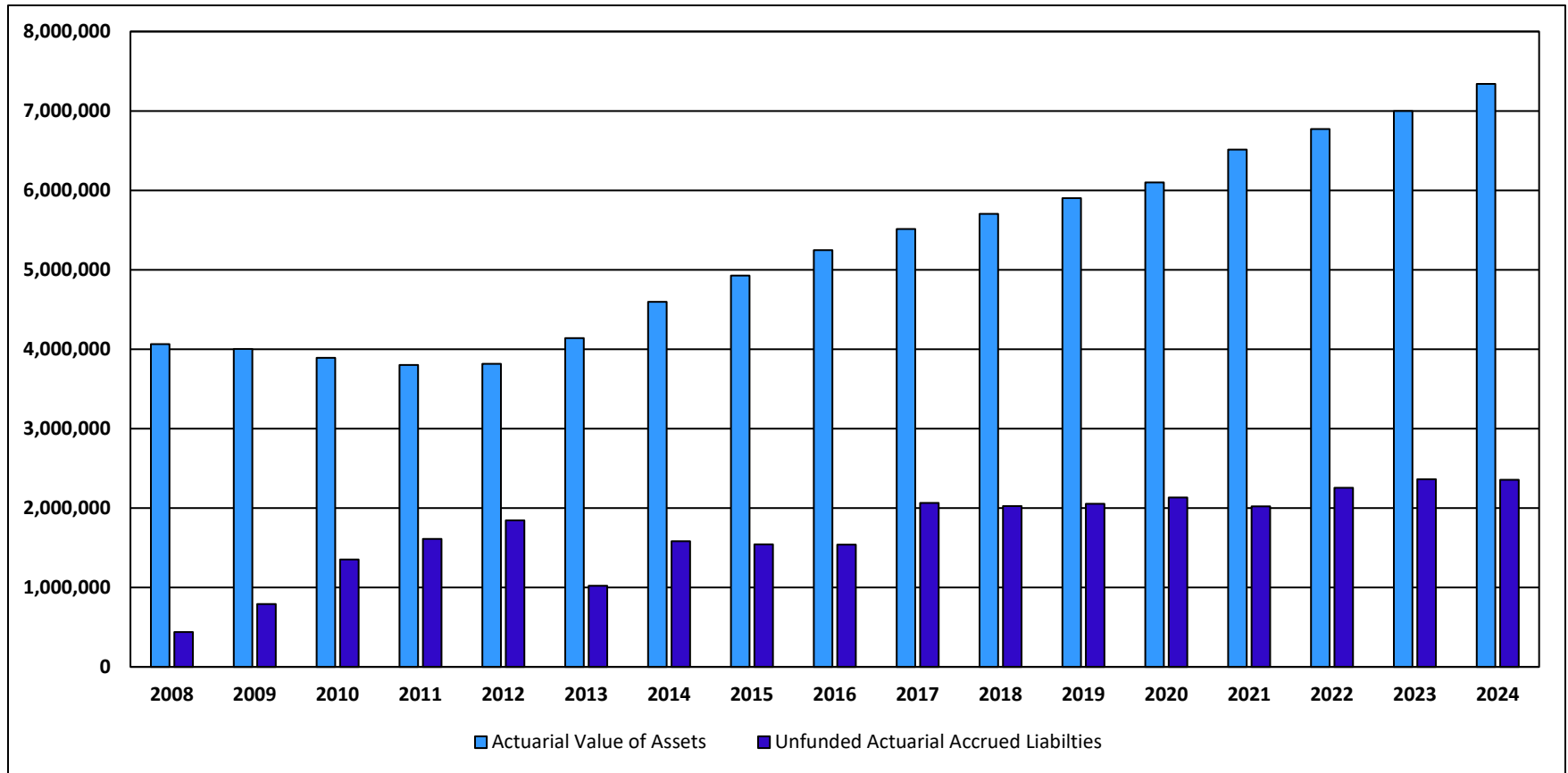
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Market Value</b>	\$3,841	\$2,988	\$3,304	\$3,933	\$3,913	\$4,290	\$4,596	\$5,061	\$5,033	\$5,473	\$5,780	\$5,903	\$5,845	\$7,210	\$6,711	\$6,920	\$7,249
<b>Actuarial Value</b>	\$4,065	\$4,002	\$3,890	\$3,801	\$3,817	\$4,140	\$4,596	\$4,927	\$5,248	\$5,514	\$5,705	\$5,903	\$6,099	\$6,515	\$6,649	\$6,999	\$7,341

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Market Return</b>	(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%	8.94%
<b>Actuarial Return</b>	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%	9.03%



# PERS Actuarial Assets vs UAAL

(\$ Millions)



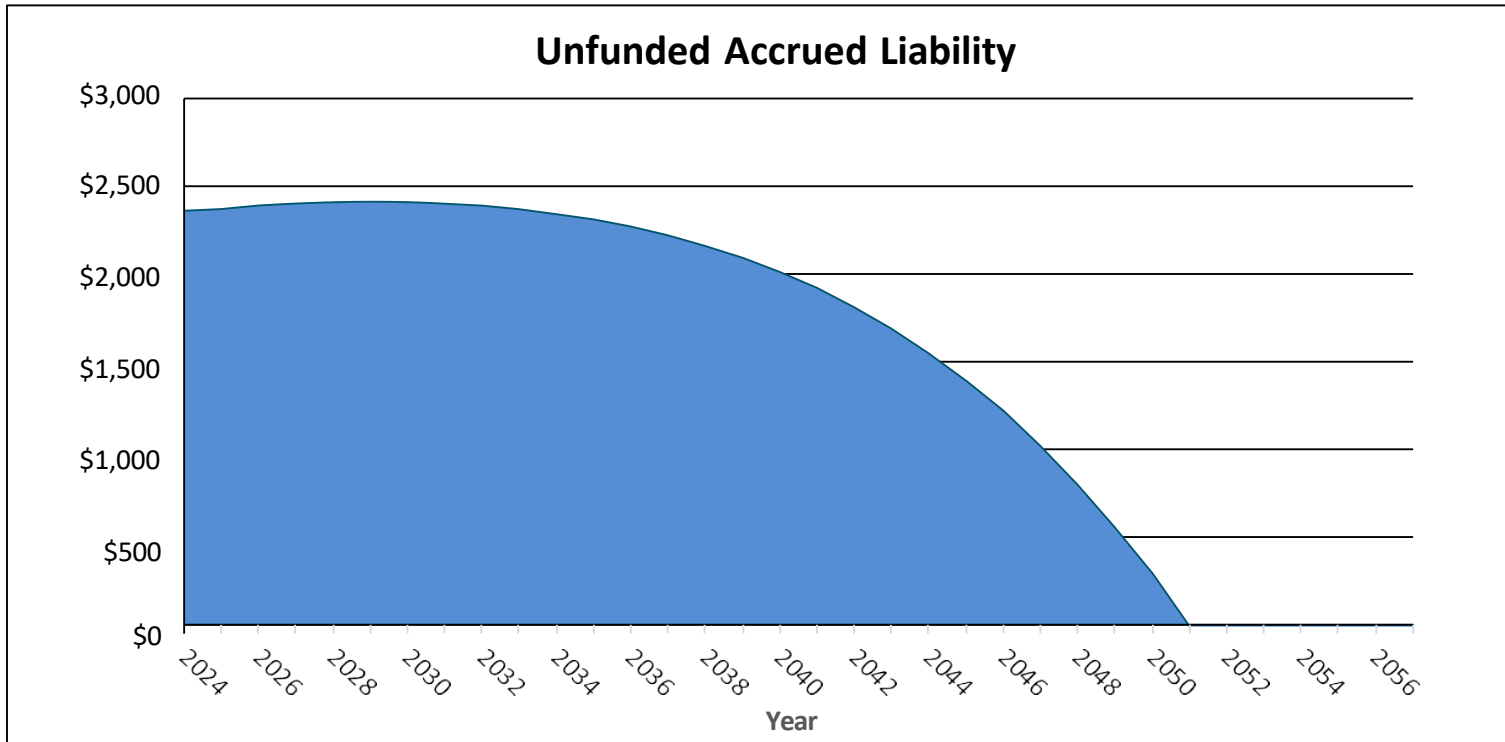


# PERS Funding Results

	June 30, 2023 Valuation	June 30, 2024 Valuation
Total Normal Cost Rate	9.45%	9.83%
Rate to Amortize UAL	7.58%	7.20%
Transfer to DB Education Fund	<u>0.04%</u>	<u>0.04%</u>
Statutory Funding Rate*	17.07%	17.07%
Actuarial Accrued Liability	\$9,361.8 billion	\$9,695.5 billion
Actuarial Value of Assets	\$6,999.3 billion	\$7,341.3 billion
Unfunded Accrued Liability	\$2,361.8 billion	\$2,354.2 billion
Funded Ratio	74.77%	75.72%
Amortization Period*	28 Years	27 Years



# Progress Toward 100% Funding



Projected UAAL- Level % of Pay



# Valuation Results - Other Plans

System	Funded Ratio		Amortization Period		ADEC Rate for FY2025	ADEC Rate for FY2026	Shortfall Due to .5% Cap	Legacy UAAL Balance	Cont. UAAL Balance
	2023	2024	Legacy 2024	Contemp. 2024					
JRS***	181%	183%	0	0	0.00%	0.00%	0.00%	\$0	\$0
HPORS**	67%	78%	24	0	34.40%	34.90%	(0.13%)	\$67.5 m	\$0
SRS	78%	83%	24	10	12.074%	12.079%	0.00%	\$115.7 m	\$2.09 m
GWPORS	82%	94%	24	10	9.62%	9.18%	0.00%	\$22.3 m	\$870k

System	Annual Legacy Payment	Annual Contemporary Payment
JRS	\$0	\$0
HPORS	\$4.69 million	\$0
SRS	\$8.05 million	\$274,939
GWPORS	\$1.55 million	\$114,299



# Valuation Results - Other Plans

## HPORS

Year	ER % HB569 (.5% Cap)	Actuarially Determined Rate	Surplus/Shortfall	2024 ER Contribution Rate	Surplus/Shortfall Under 2024 Rate
2023	38.330%	NA	NA	38.33%	
2024	38.330%	NA	NA	38.33%	
2025	34.400%	34.400%	0.00%	38.33%	3.930%
2026	34.900%	35.030%	0.130%	38.33%	3.300%
2027	35.400%	37.970%	2.570%	38.33%	0.360%
2028	35.900%	37.120%	1.220%	38.33%	1.210%

## GWPORS

Year	ER % HB569 (.5% Cap)	Actuarially Determined Rate	Surplus/Shortfall	2024 ER Contribution Rate	Surplus/Shortfall Under 2024 Rate
2023	9.000%	NA	NA	10.56%	
2024	10.560%	NA	NA	10.56%	
2025	9.620%	9.62%	0.00%	10.56%	0.940%
2026	9.180%	9.18%	0.00%	10.56%	1.380%
2027	9.680%	9.97%	0.29%	10.56%	0.590%
2028	9.380%	9.38%	0.00%	10.56%	1.180%

## SRS

Year	ER % HB569 (.5% Cap)	Actuarially Determined Rate	Surplus/Shortfall	2024 ER Contribution Rate	Surplus/Shortfall Under 2024 Rate
2023	13.115%	NA	NA	13.115%	
2024	13.115%	NA	NA	13.115%	
2025	12.074%	12.074%	0.00%	13.115%	1.041%
2026	12.079%	12.079%	0.00%	13.115%	1.036%
2027	12.579%	13.086%	0.51%	13.115%	0.029%
2028	12.589%	12.589%	0.00%	13.115%	0.526%



# Valuation Results - Other Plans

System	Funded Ratio		Amortization Period		Rate			30-Year Funding Rate	
	2023	2024	2023	2024	Member	Employer	Total	2023	2024
<b>MPORS</b>	73%	75%	21	18	9.00%	43.78%	52.78%	46.72%	48.50%
<b>FURS</b>	83%	85%	12	8	10.70%	46.97%	57.67%	41.52%	43.72%
<b>VFCA*</b>	98%	107%	3	0	5% of premium taxes			\$796,125	\$445,283

\* The actual contributions for the fiscal year ending 2023 and 2024 were \$3,156,488 and \$3,519,342, respectively.