



**Montana Teachers' Retirement System
Valuation Results
July 1, 2025**

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trs.mt.gov

Why does my Plan need an Actuary?

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

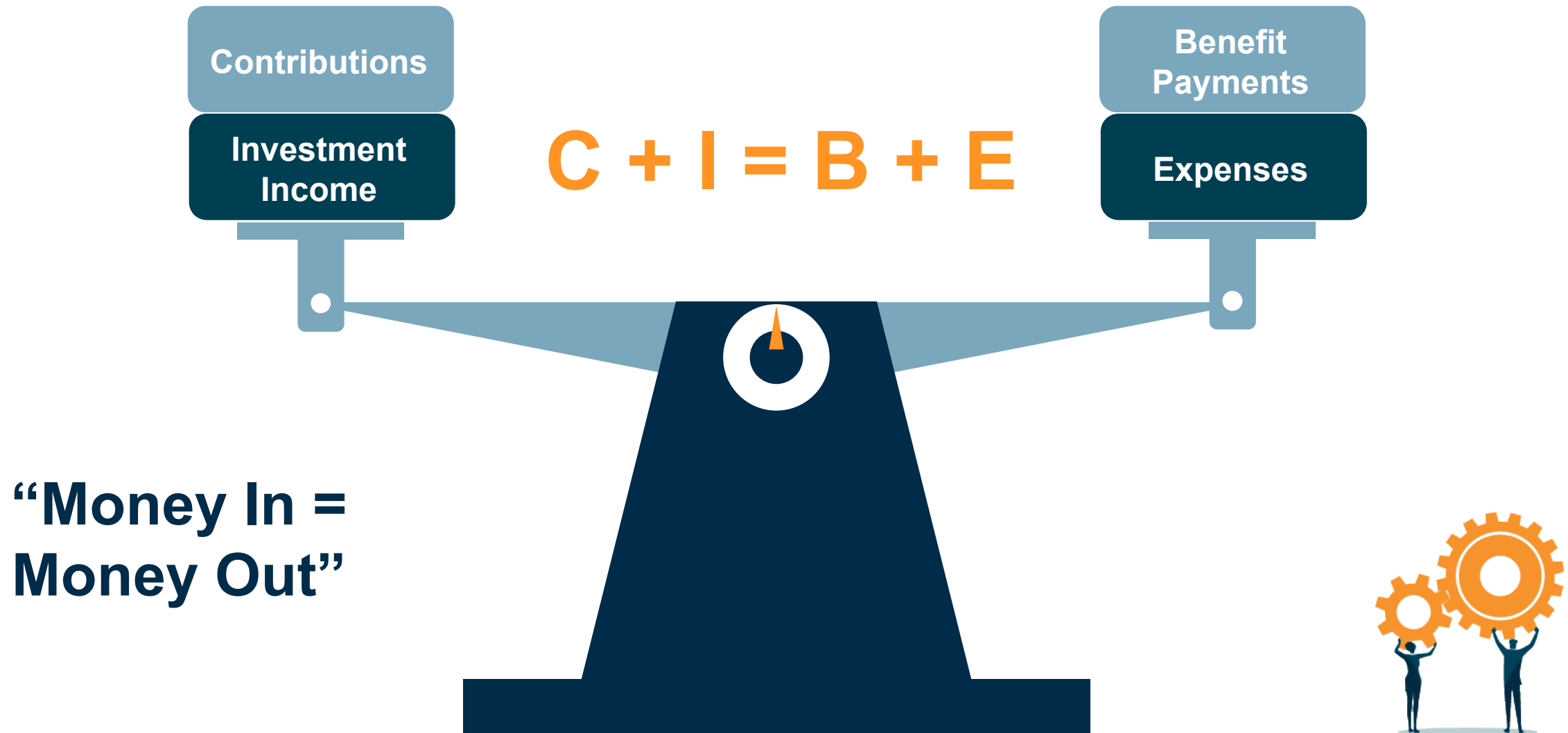
Analyze

- Analyze experience (actual vs. expected)

Report

- Report on trends, risks, accounting, etc.

Basic Retirement Funding Formula





Asset Returns

- Both Market and Actuarial asset returns are net of Investment and Administrative Expenses.
- Market: 9.37% (2.07% more than 7.30% expected)
- Actuarial: 5.46% (1.84% less than 7.30% expected)



Deferred Experience

- Market value of assets are \$128,176,572 more than the actuarial value of assets.
- Experience is recognized over a four-year period.



Deferred Experience Recognition

- 2026 Investment Gain: \$56.8 million
- 2027 Investment Gain: \$45.2 million
- 2028 Investment Gain: \$26.1 million

Plan Experience

Assets



Market value of asset returns were 9.4% while returns on actuarial smoothed assets were 5.5%.

UAAL



UAAL increased 104.6M from \$1,808.4M to \$1,913.0M.

Key Results

Funded Ratio



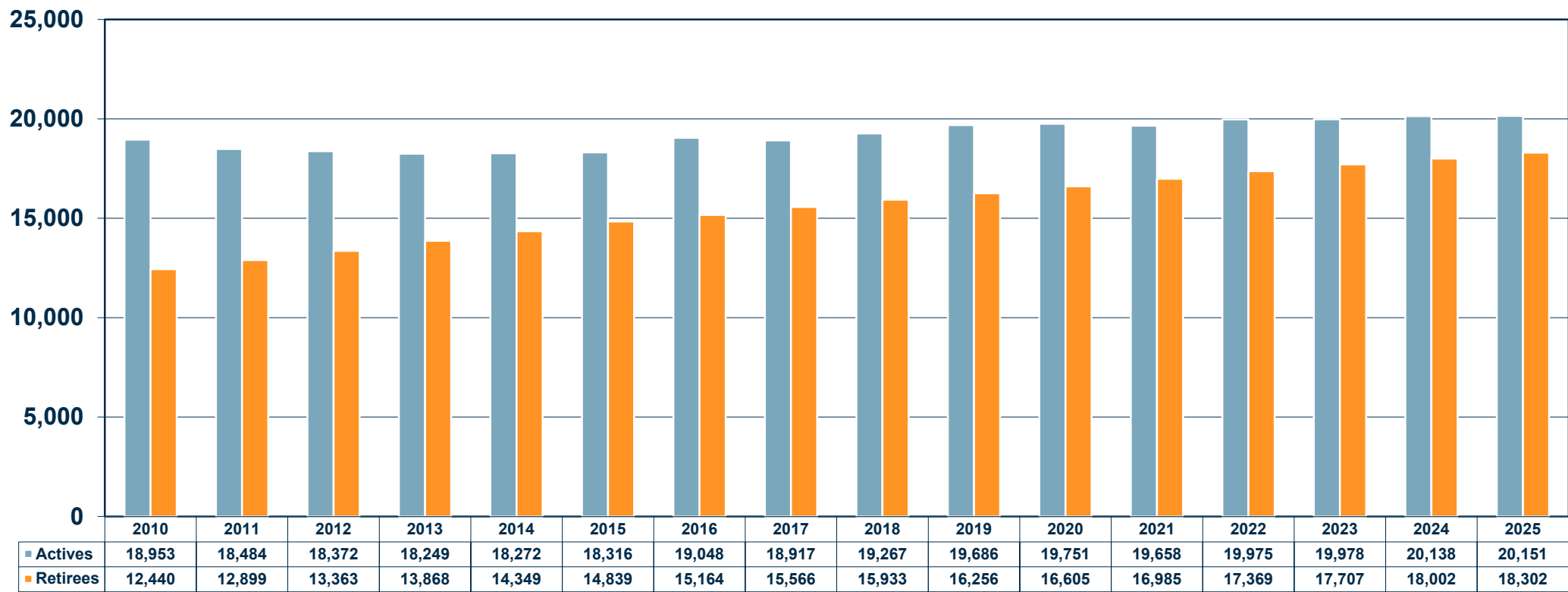
Funded ratio using actuarial value of assets decreased from 74.26% to 73.44%. Using market value of assets, it would be 75.22%.

Amortization Period



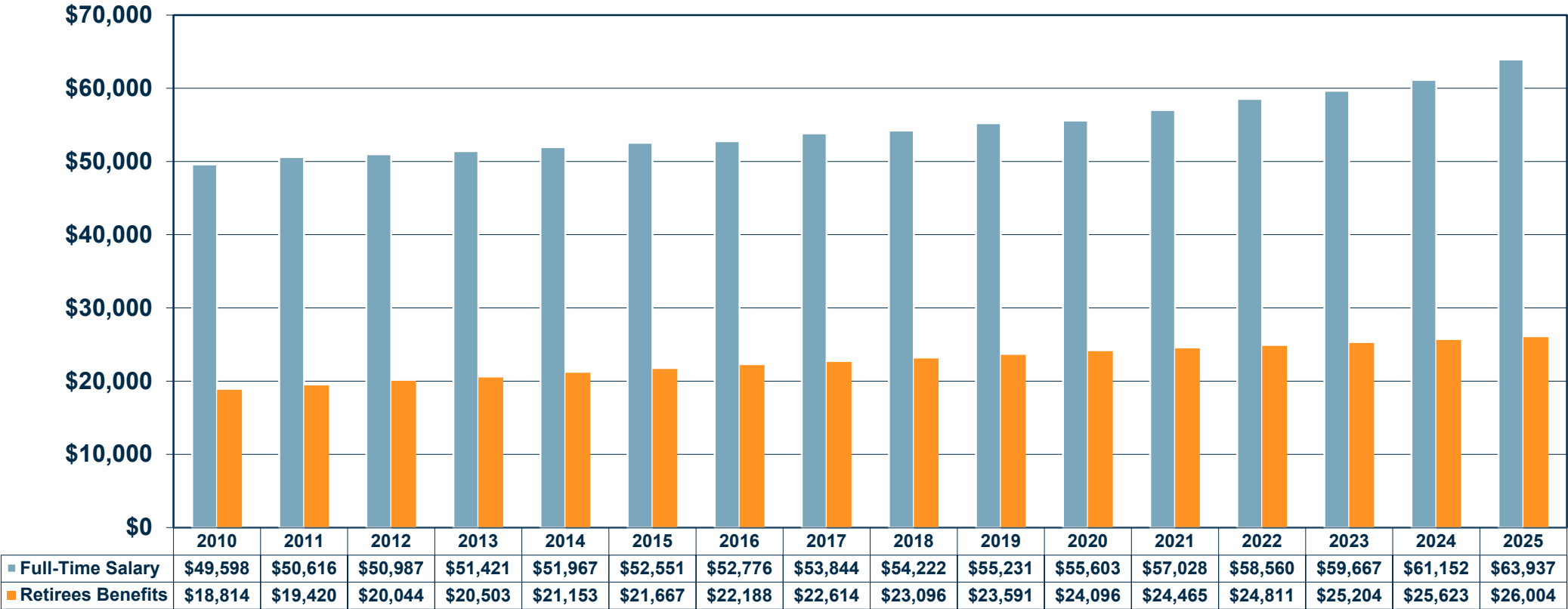
Amortization period remained at 21 years. Using the market value of assets, it would be 19 years.

Active and Retired Membership



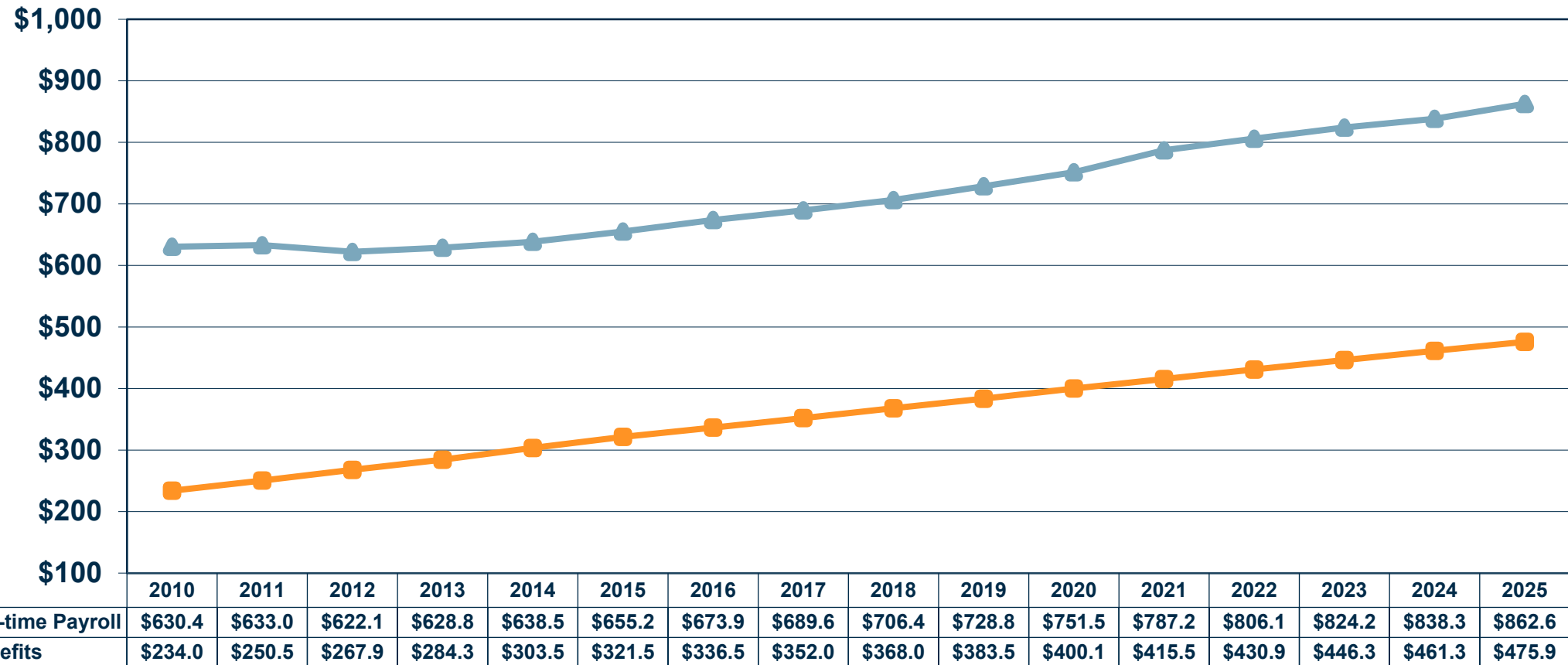
0.4% annual increase for active members since 2010; 0.1% increase for 2025.
2.6% annual increase for retired members since 2010; 1.7% increase for 2025.
1.5 actives per retiree 15 years ago; 1.1 actives per retiree now.

Average Salary and Benefits

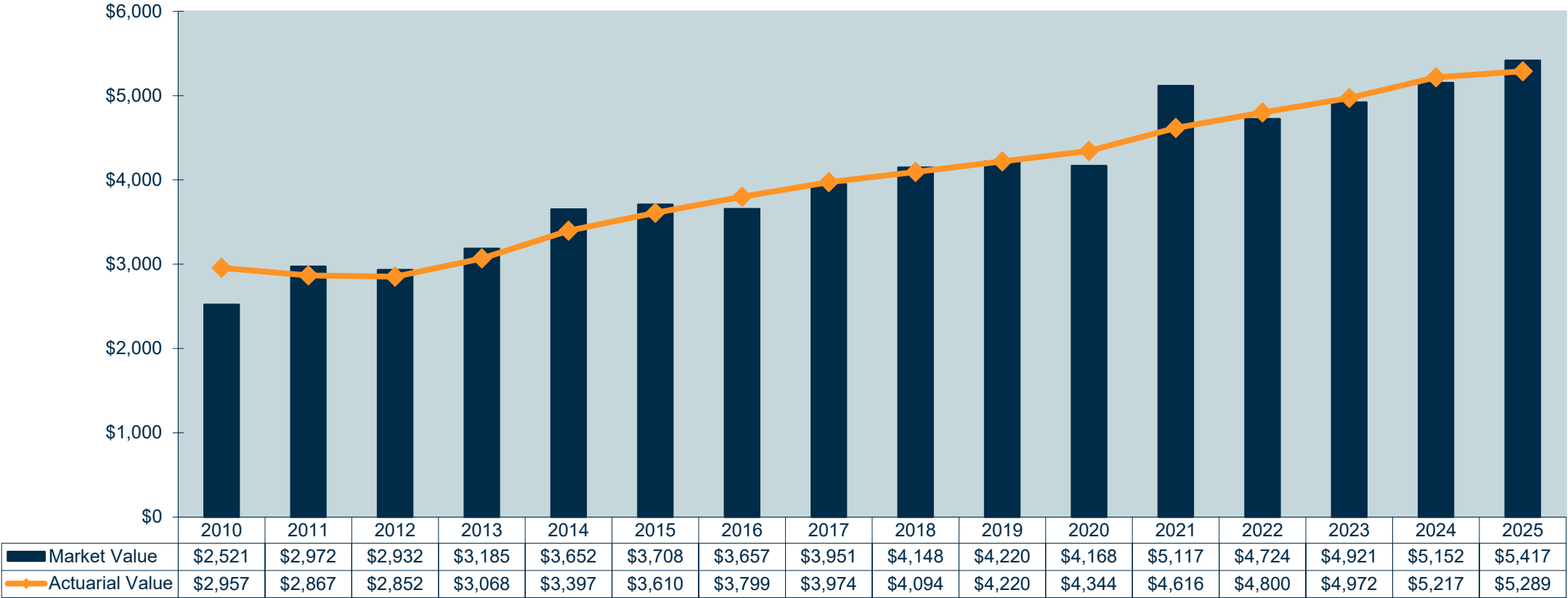


1.7% annual increase for average salary since 2010; 4.6% increase for 2025.
2.2% annual increase for average benefits since 2010; 1.5% increase for 2025.

Payroll & Benefits (Millions)

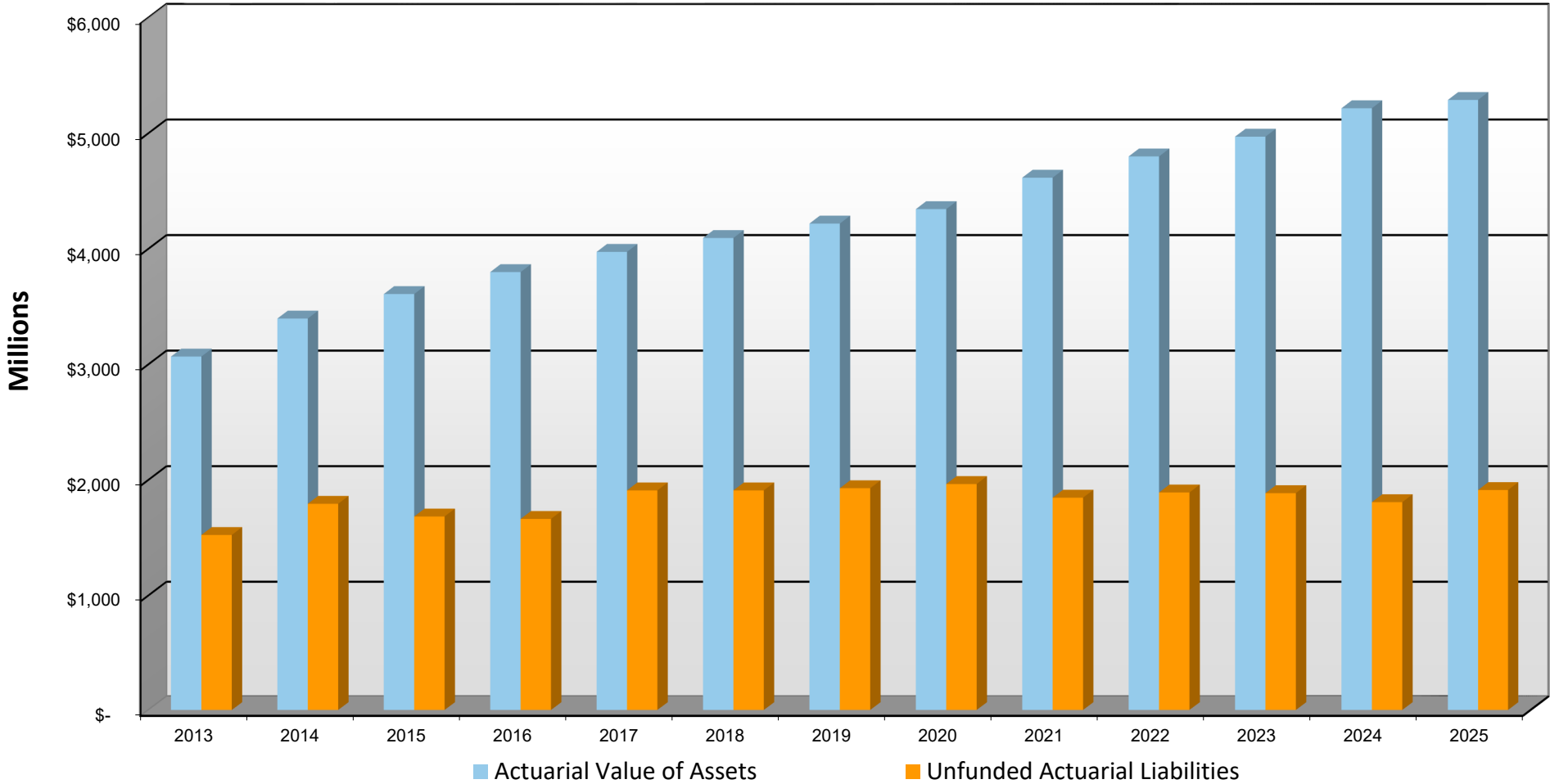


Assets (\$ Millions)



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Market Return	12.9%	21.7%	2.2%	12.9%	17.1%	4.6%	2.1%	11.9%	8.8%	5.7%	2.7%	27.7%	(4.1)%	8.3%	8.9%	9.4%
Actuarial Return	9.8%	(0.1)%	3.2%	12.0%	13.2%	9.6%	8.8%	8.2%	6.9%	7.0%	7.0%	10.7%	8.1%	7.7%	9.1%	5.5%

Actuarial Assets vs. UAAL

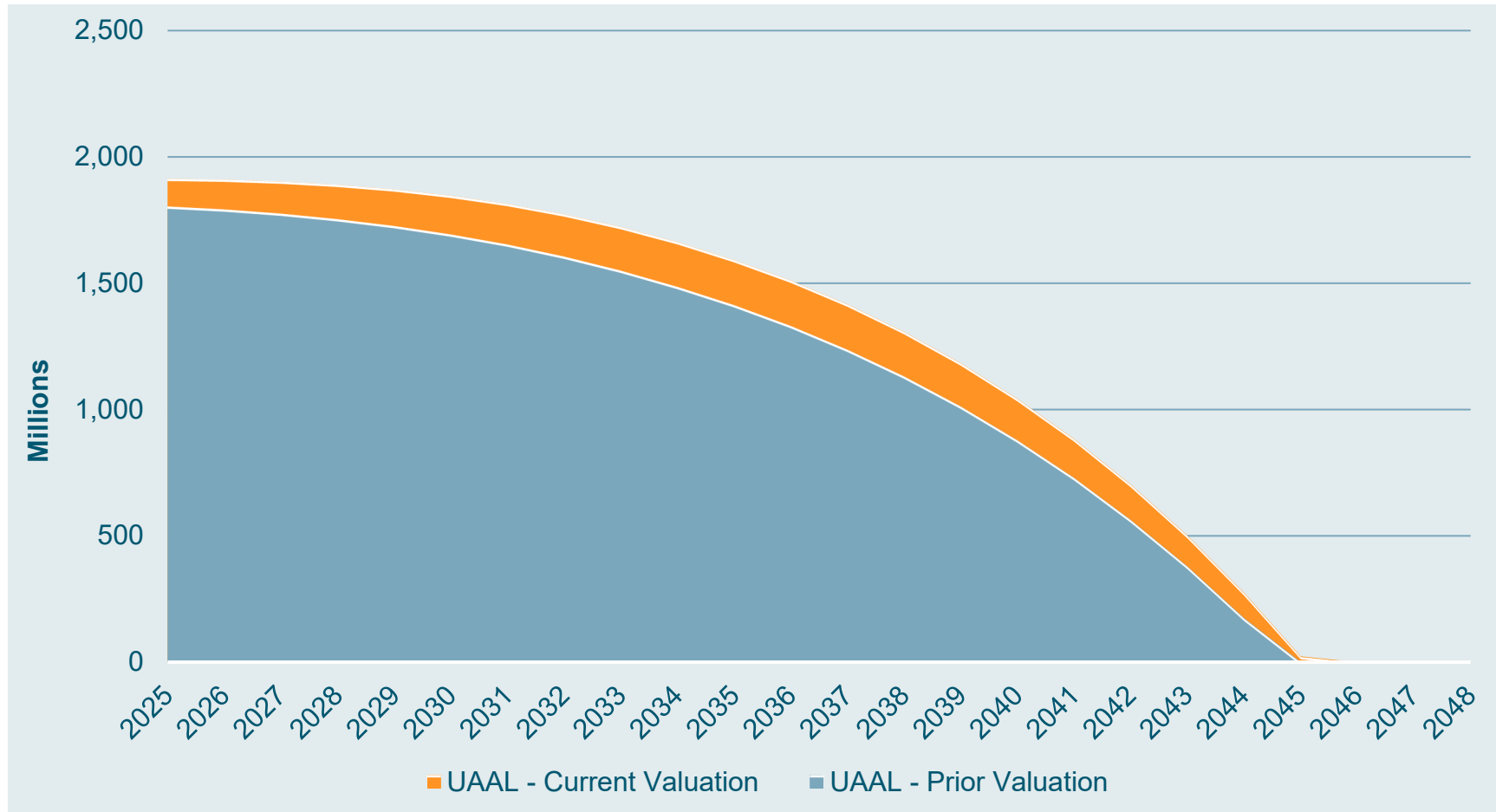


Funding Results

	July 1, 2025 Valuation	July 1, 2024 Valuation
Total Normal Cost Rate	10.80%	10.76%
Less Member Rate	<u>8.15%</u>	<u>8.15%</u>
Employer Normal Cost Rate	2.65%	2.61%
Rate to Amortize UAL	<u>9.31%</u>	<u>9.35%</u>
Total Employer Statutory Rate	11.96%	11.96%
Actuarial Accrued Liability	\$7,201.7 million	\$7,025.6 million
Actuarial Value of Assets	\$5,288.7 million	\$5,217.2 million
Unfunded Accrued Liability	\$1,913.0 million	\$1,808.4 million
Funded Ratio	73.44%	74.26%
Amortization Period	21 Years	21 Years



Progress Toward 100% Funding



Since the June 30, 2024 valuation, the expected full funding date has moved from 2045 to 2046.



- HB 924 was passed in the 2025 Legislative Session
 - 9.47% contribution rate for fiscal year 2026 and 2027
 - Beginning July 1, 2027, contribution rate will increase by 0.1%/year
 - 11.47% contribution rate for fiscal year 2047+
 - Reduced the amortization period by 1 year

- The State established a pension reserve fund with the potential for transfers to TRS if the inception to date return falls below 7.3%
 - No assumption for transfers, so no impact on the valuation results



- Experience study to be performed in Spring 2026
 - Any changes would be reflected in the July 1, 2026 valuation
 - Assumption changes may require updates to optional form factors

