



Montana Public Employee Retirement Administration

Montana Public Employees' Retirement Board Valuation Results June 30, 2020

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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.
- 45,197 Active Employees Including DC and 457 Members
- 28,497 Retirees & Beneficiaries (all systems)
- 26,528 Inactive (DB)
- 556 Employers (DB)
- 235 Volunteer Fire Departments



Comments on Valuation for PERS

➤ Asset returns

- Market asset returns averaged 2.73% vs. 7.65% expected (4.92% less than expected).
- Actuarial asset returns averaged 7.11% vs. 7.65% expected (0.54% less than expected).

➤ Market value of assets are \$253,924,138 less than the actuarial value of assets.

➤ The asset valuation method being used is a four-year smoothing method and this unrecognized loss will be recognized over the next three years.

- 2021 Investment Loss of \$82.0 million
- 2022 Investment Loss of \$99.0 million
- 2023 Investment Loss of \$71.0 million

➤ Funded Ratio

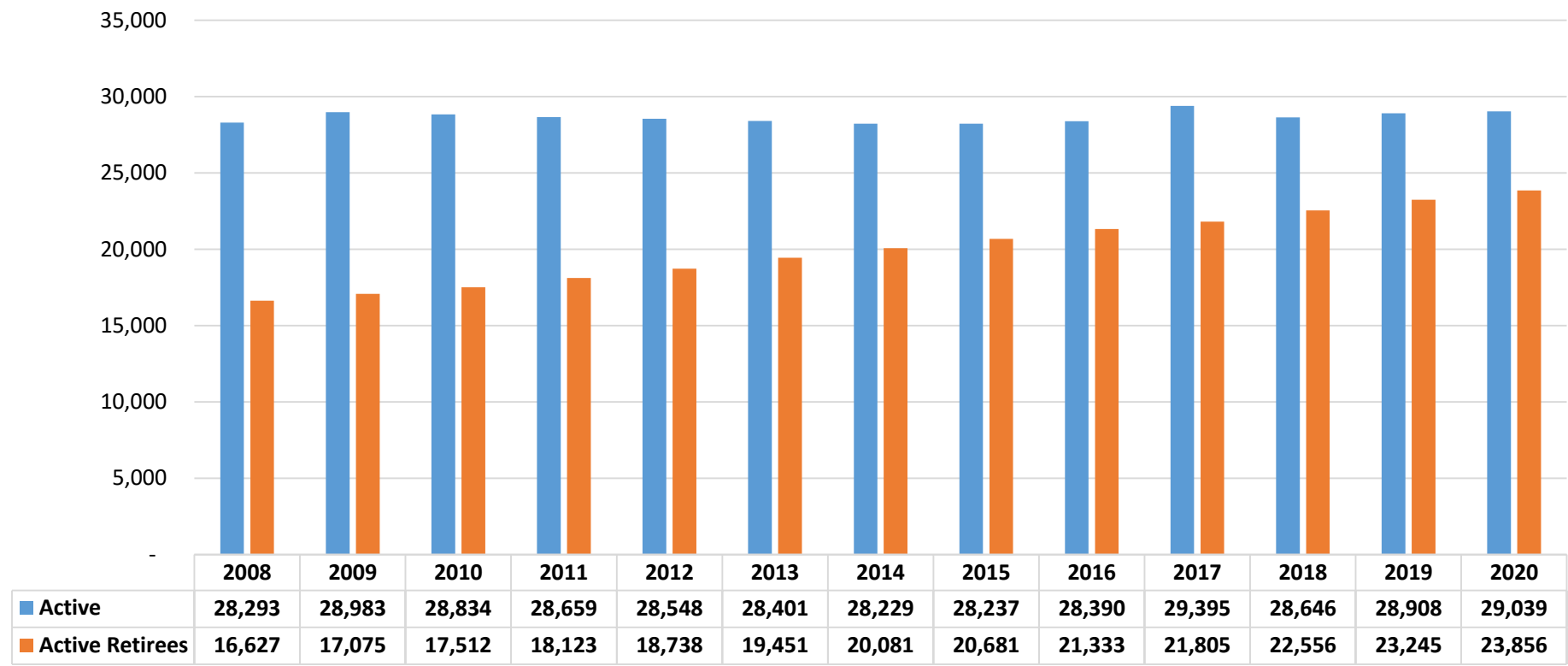
- Funding decreased from 74.19% to 74.08%

➤ Amortization Period

- Amortization period decreased from 36 to 35 years



PERS Active and Retired Membership



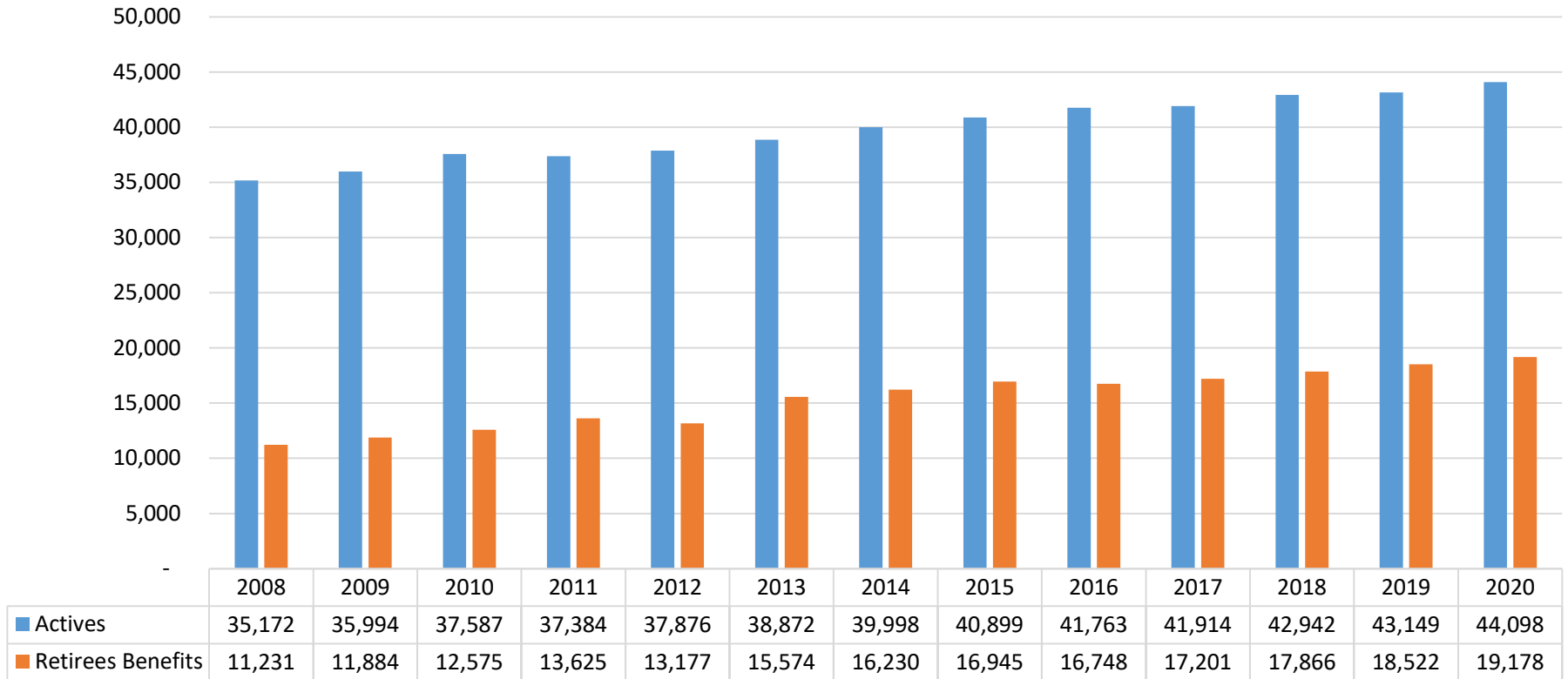
0.2% annual increase for active members since 2008; 0.5% increase for 2020.

3.1% annual increase for retired members since 2008; 2.6% increase for 2020.

0.6 retirees per active 13 years ago; 0.82 retirees per active now.



PERS Average Salary and Benefits

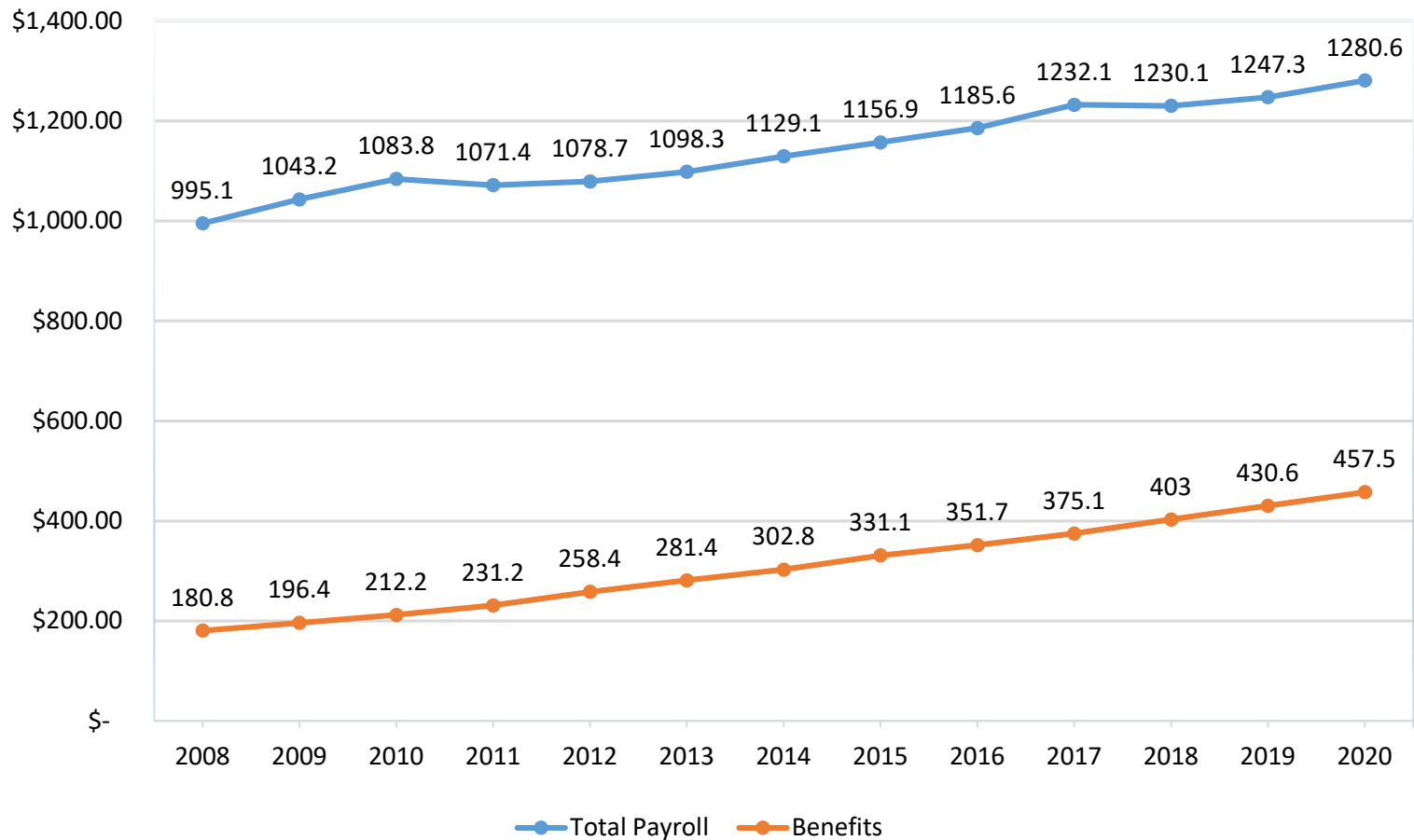


1.9% annual increase for average salary since 2008; 2.2% increase for 2020

4.7% annual increase for average benefits since 2008; 3.5% increase for 2020



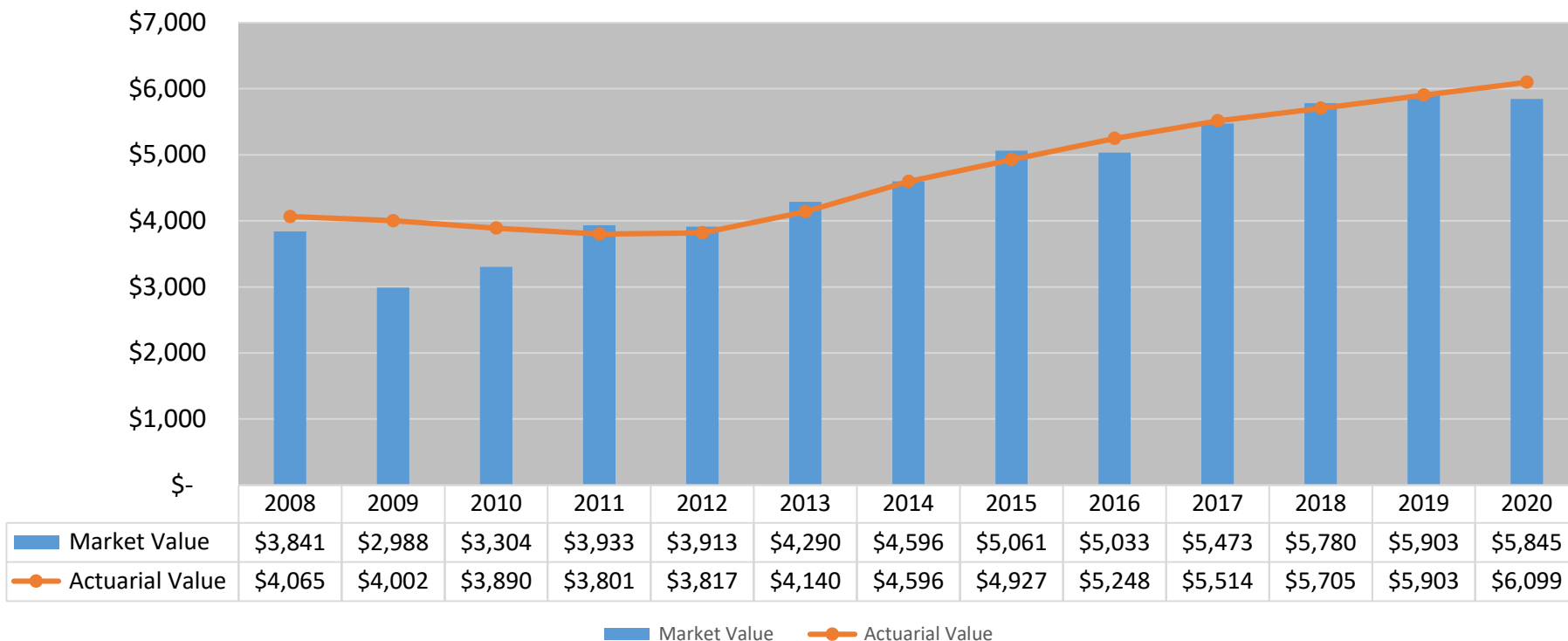
PERS Payroll & Benefits (\$ Millions)





PERS Assets

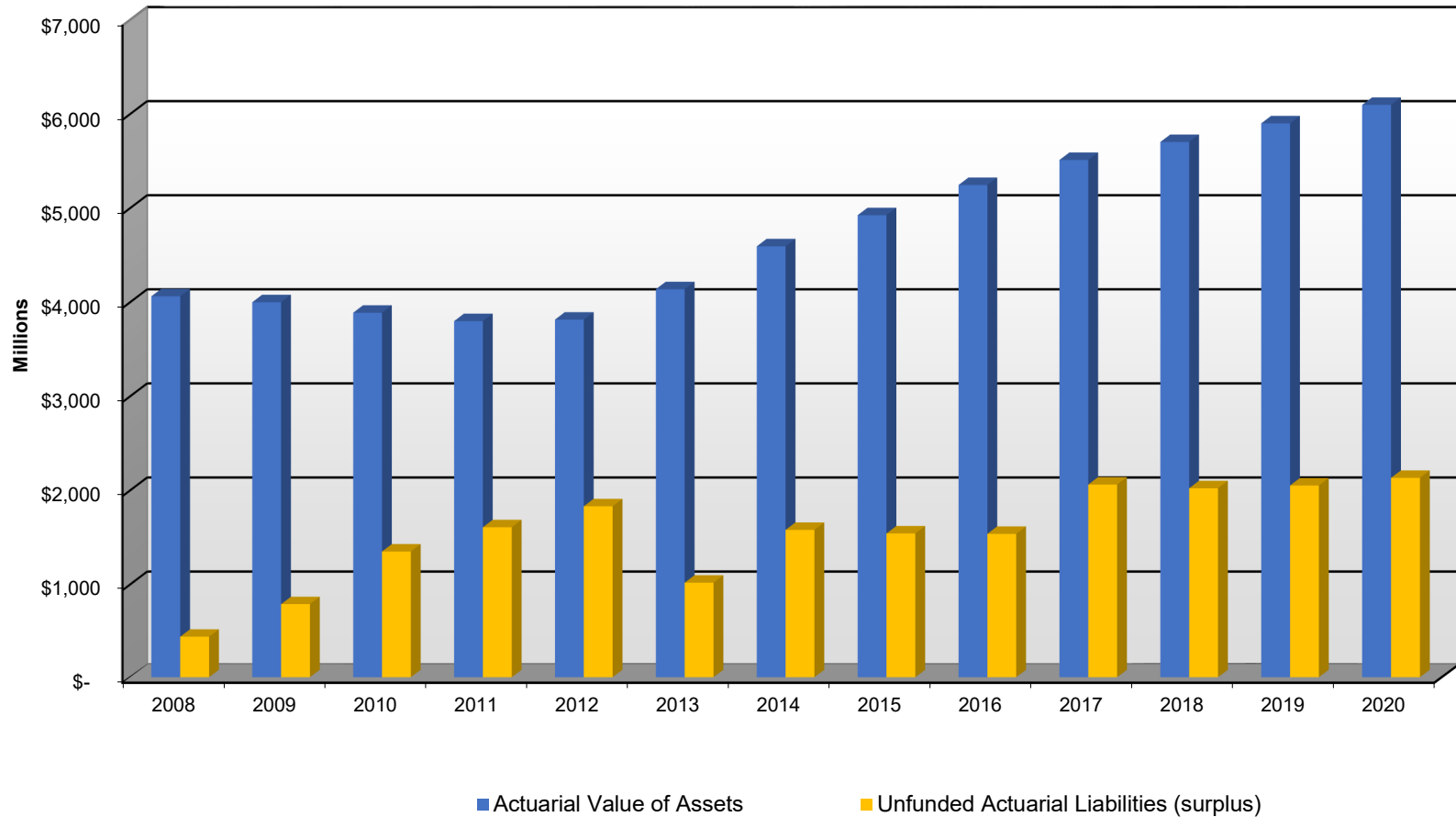
(in Millions)



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Market Return	(4.90%)	(20.90%)	12.90%	21.70%	2.30%	13.00%	17.10%	4.60%	2.00%	11.90%	8.90%	5.70%	2.70%
Actuarial Return	7.60%	(0.20%)	(1.20%)	(0.10%)	3.30%	11.90%	13.20%	9.60%	9.30%	8.10%	6.70%	7.10%	7.10%

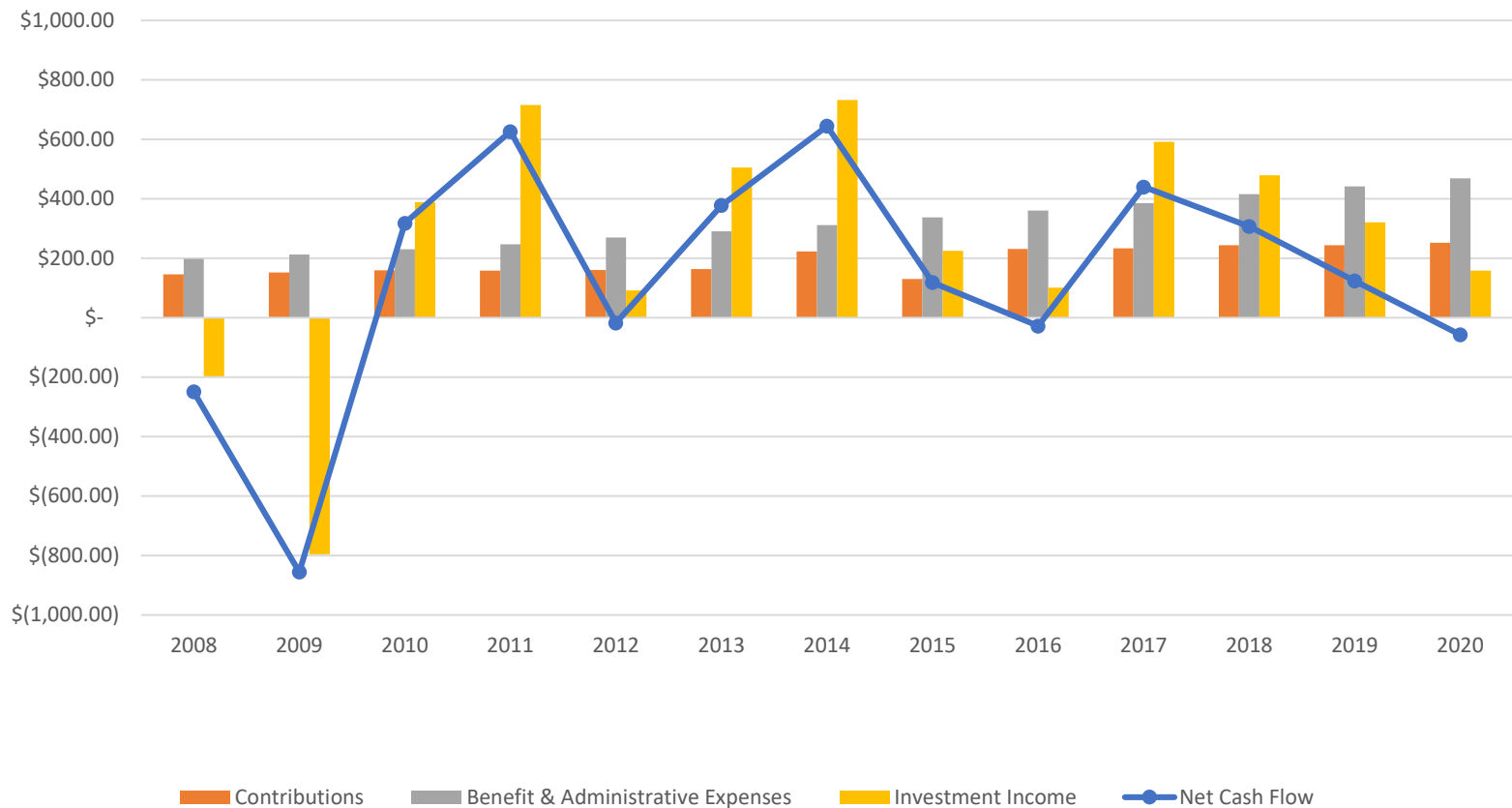


Actuarial Assets vs UAAL





Historical Cash Flow (in Millions)





PERS Funding Results

	July 1, 2020 Valuation	July 1, 2019 Valuation
Total Normal Cost Rate	9.81%	10.09%
Administrative Expense Load	0.28%	0.30%
Rate to Amortize UAL	6.64%	6.24%
Transfer to DB Education Fund	<u>0.04%</u>	<u>0.04%</u>
Statutory Funding Rate*	16.77%	16.67%
Actuarial Accrued Liability	\$8,234.0 million	\$7,957.0 million
Actuarial Value of Assets	\$6,099.4 million	\$5,903.2 million
Unfunded Accrued Liability	\$2,134.6 million	\$2,053.8 million
Funded Ratio	74.08%	74.19%
Amortization Period*	35 Years	36 Years

*Reflects anticipated increases in employer supplemental contribution rates and projected State revenue. Payable in fiscal year immediately following the valuation date.



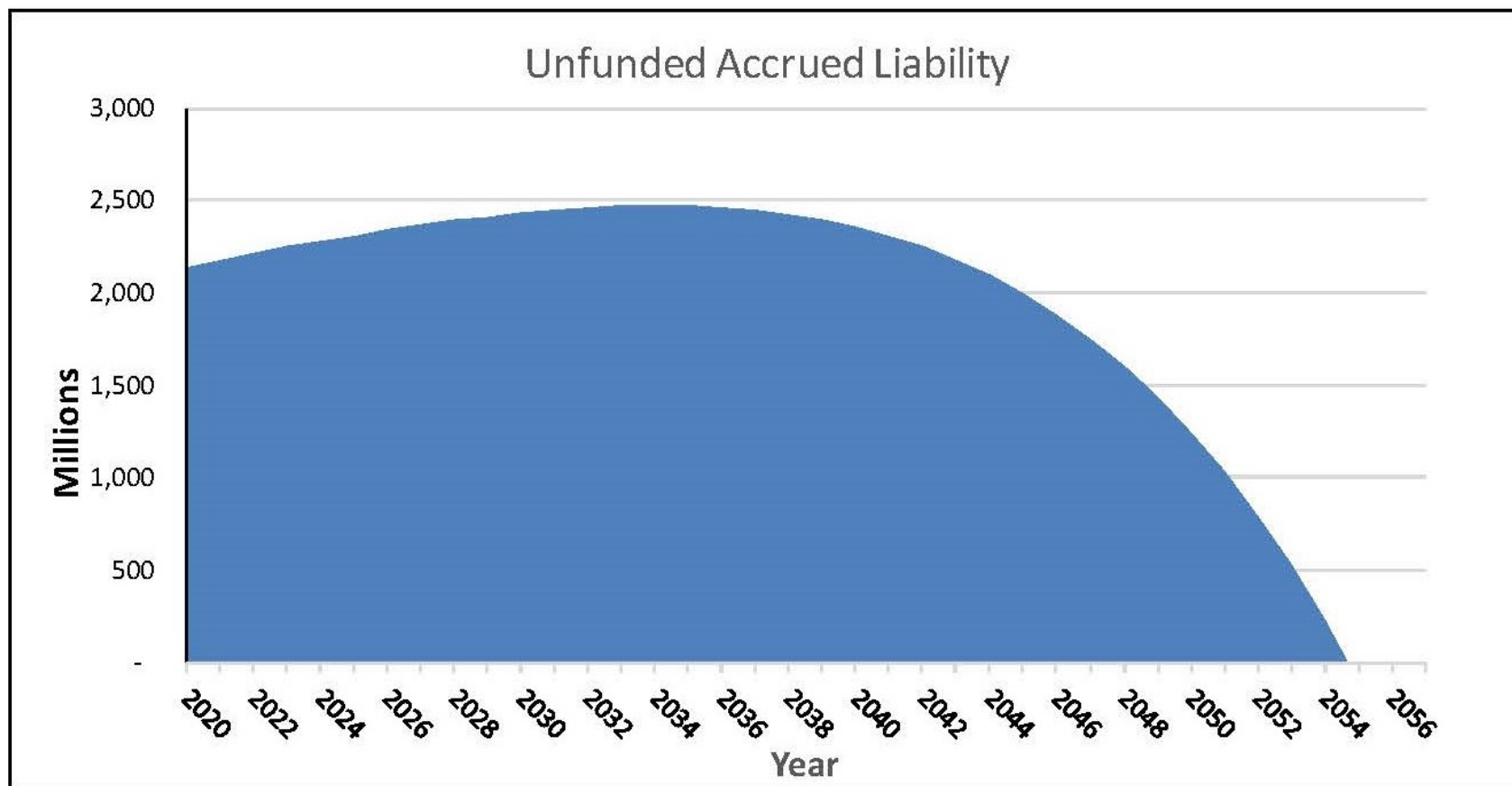
Valuation Results-Other Plans

System	Funded Ratio		Amortization Period		Statutory Rate	30-Year Funding Rate	
	2020	2019	2020	2019	2020	2020	2019
JRS	163%	161%	0	0	32.81%	(5.93%)	(5.46%)
HPORS	65%	65%	39	42	51.38%	54.99%	55.72%
SRS	81%	82%	21	21	23.61%	22.14%	22.01%
GWPORS	84%	84%	40	53	19.56%	20.13%	20.45%
MPORS	71%	69%	16	18	52.78%	44.29%	45.65%
FURS	82%	80%	8	9	57.67%	36.88%	37.79%
VFCA*	87%	85%	4	5	5% of premium taxes	\$913,824	\$899,555

* The actual contributions for the fiscal year ending 2019 and 2020 were \$2,370,454 and \$2,486,772, respectively.



Level Dollar vs. Level Percent of Pay



Projected UAAL- Level % of Pay