



Montana Teachers' Retirement System Valuation Results July 1, 2015

Denise Pizzini
Chief Legal Counsel

www.trs.mt.gov



Benefit Financing



- Basic Retirement Funding Equation

$$C + I = B + E$$

C = Contributions

I = Investment Income

B = Benefits Paid

E = Expenses (administration)



Results



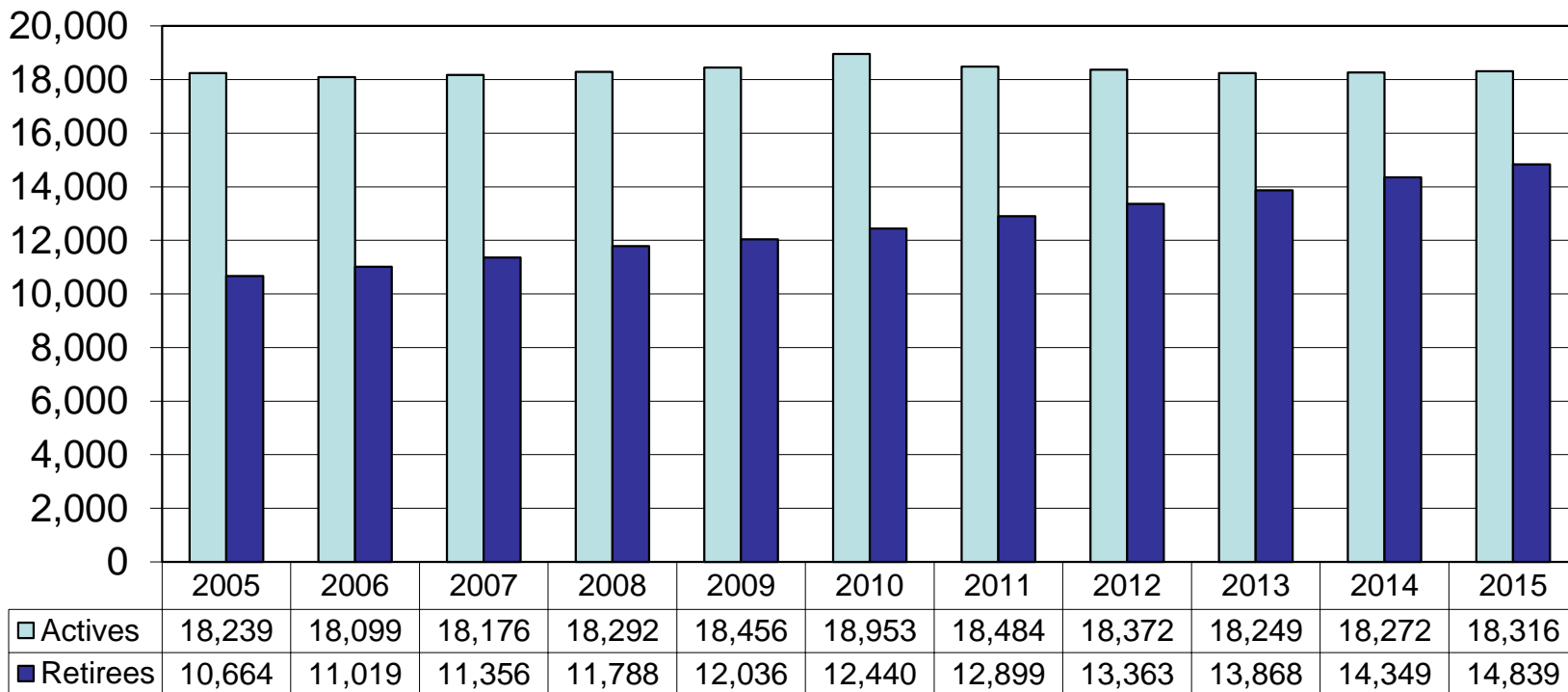
Comments on Valuation



- Asset returns
 - Market asset return 4.57% vs. 7.75% expected (3.18% less than expected).
 - Actuarial asset return 9.59% vs. 7.75% expected (1.84% greater than expected).
- Funded Ratio
 - Funding increased from 65.45% to 67.46%
- Amortization Period
 - Amortization period decreased from 28 to 26 years



Active and Retired Membership



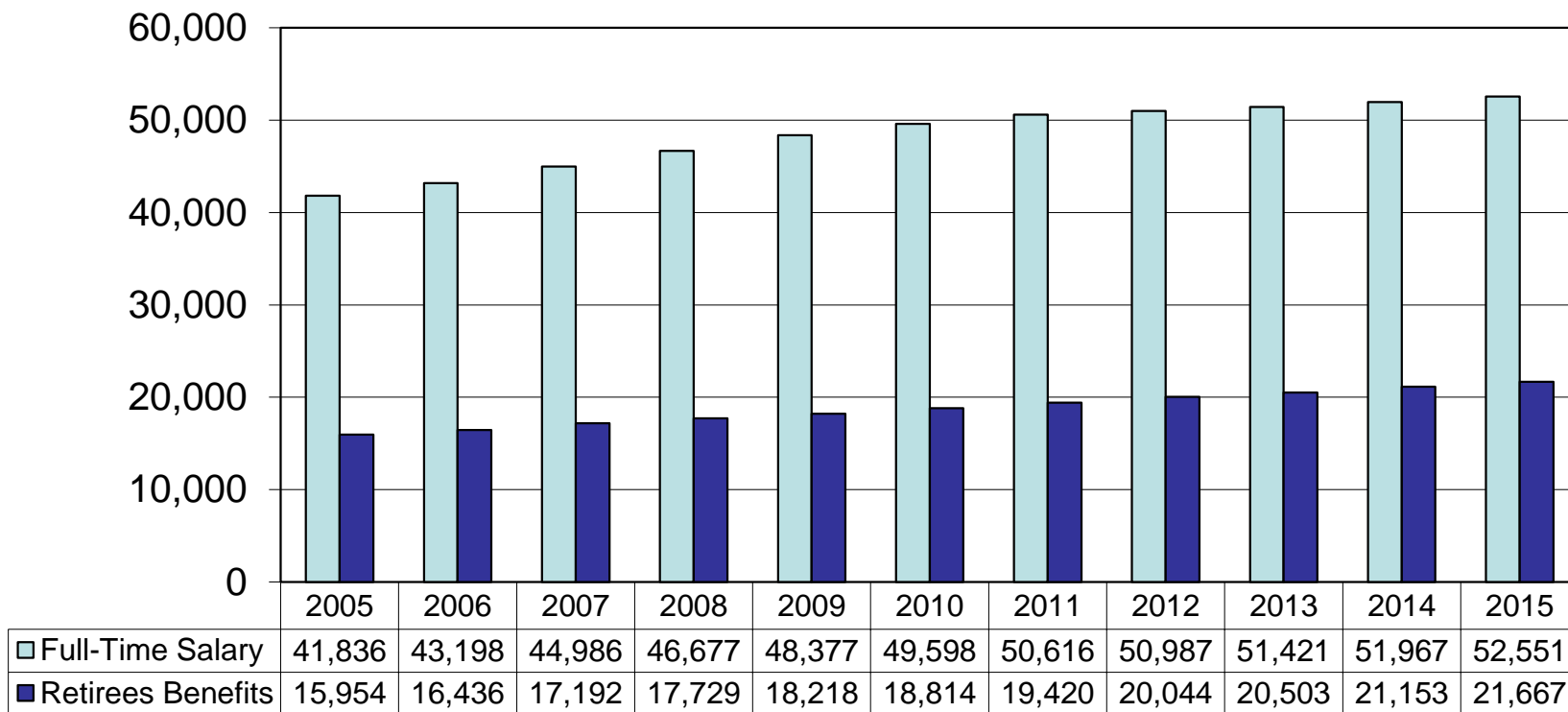
0.0% annual increase for active members since 2005; 0.2% increase for 2015.

3.4% annual increase for retired members since 2005; 3.4% increase for 2015.

0.6 retirees per active 10 years ago; 0.8 retirees per active now.



Average Salary and Benefits

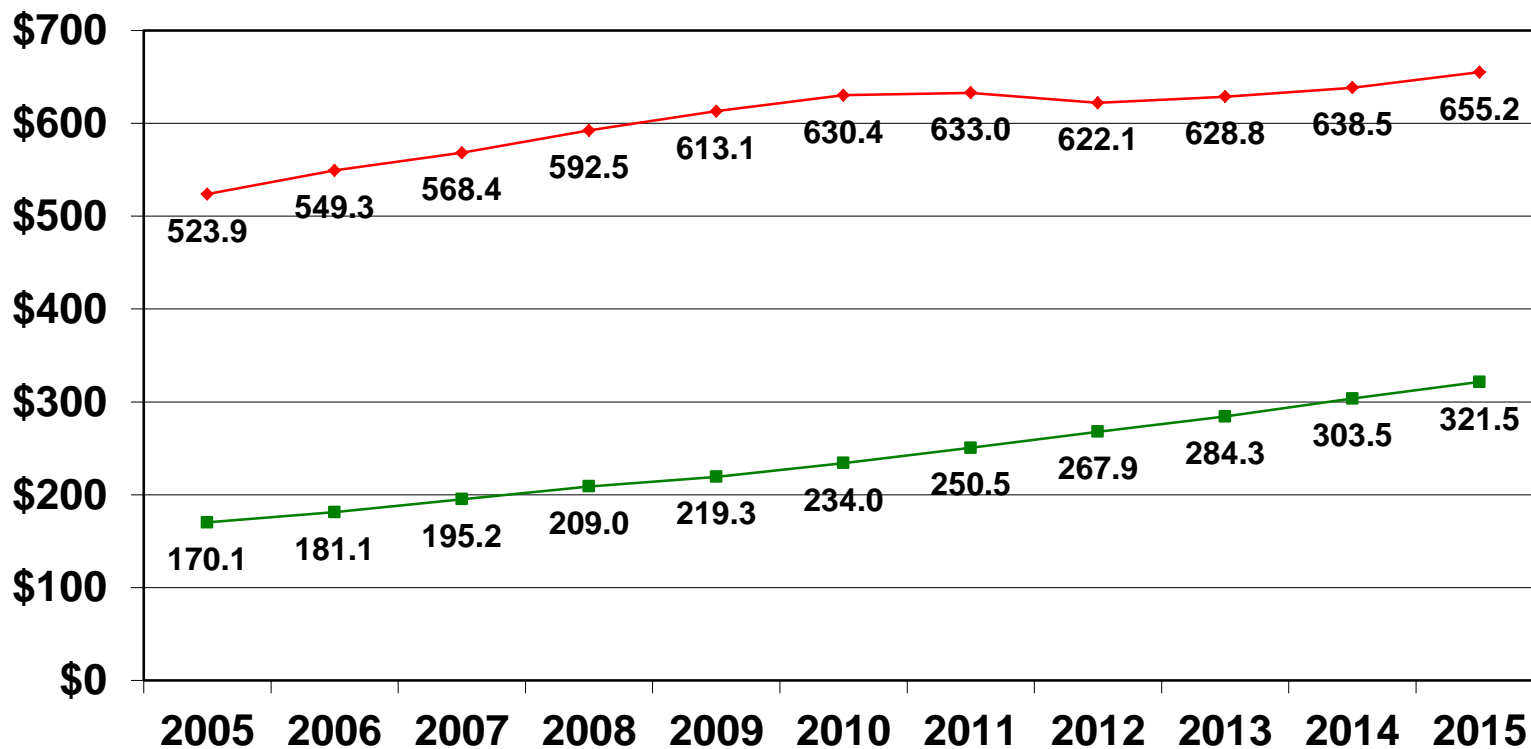


2.3% annual increase for average salary since 2005; 1.1% increase for 2015.

3.1% annual increase for average benefits since 2005; 2.4% increase for 2015.

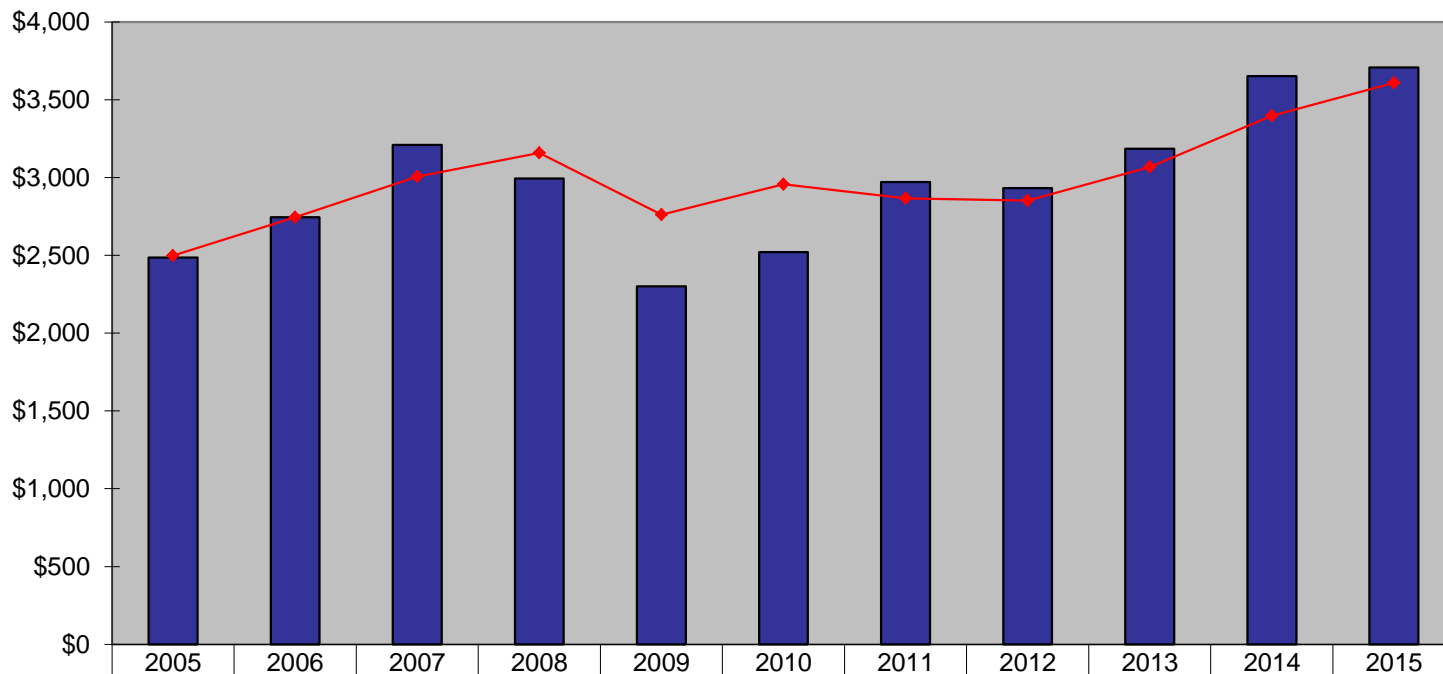


Payroll & Benefits (Millions)





Assets (\$ Millions)



Market Value	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Actuarial Value	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Market Return	8.0%	8.9%	17.6%	(4.9)%	(20.8)%	12.9%	21.7%	2.2%	12.9%	17.1%	4.6%
Actuarial Return	2.7%	8.5%	10.2%	7.2%	(10.3)%	9.8%	(0.1)%	3.2%	12.0%	13.2%	9.6%



Funding Results

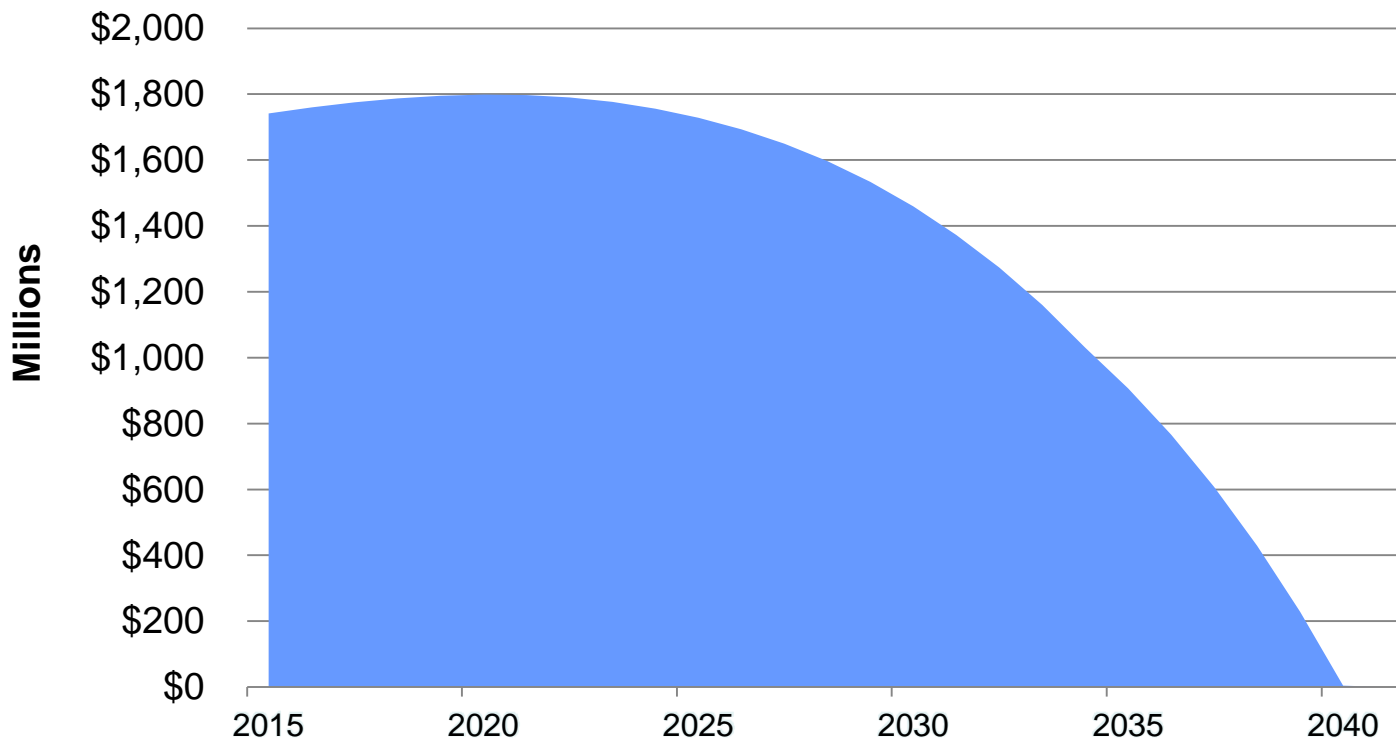


	July 1, 2015 Valuation	July 1, 2014 Valuation
Total Normal Cost Rate	9.21%	9.13%
Less Member Rate	<u>8.15%</u>	<u>8.15%</u>
Employer Normal Cost Rate	1.06%	0.98%
Administrative Expense Load	0.28%	0.31%
Rate to Amortize UAL	<u>9.82%</u>	<u>9.77%</u>
Total Employer Statutory Rate	11.16%	11.06%
Actuarial Accrued Liability	\$5,351.4 million	\$5,191.0 million
Actuarial Value of Assets	\$3,609.8 million	\$3,397.4 million
Unfunded Accrued Liability	\$1,741.6 million	\$1,793.6 million
Funded Ratio	67.46%	65.45%
Amortization Period*	26 Years	28 Years

* Reflects anticipated increase in employer supplemental contribution rate



Progress toward 100% Funding



■ Projected UAAL - Level % of Pay