

# NAVIGATING Your Future



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

# 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

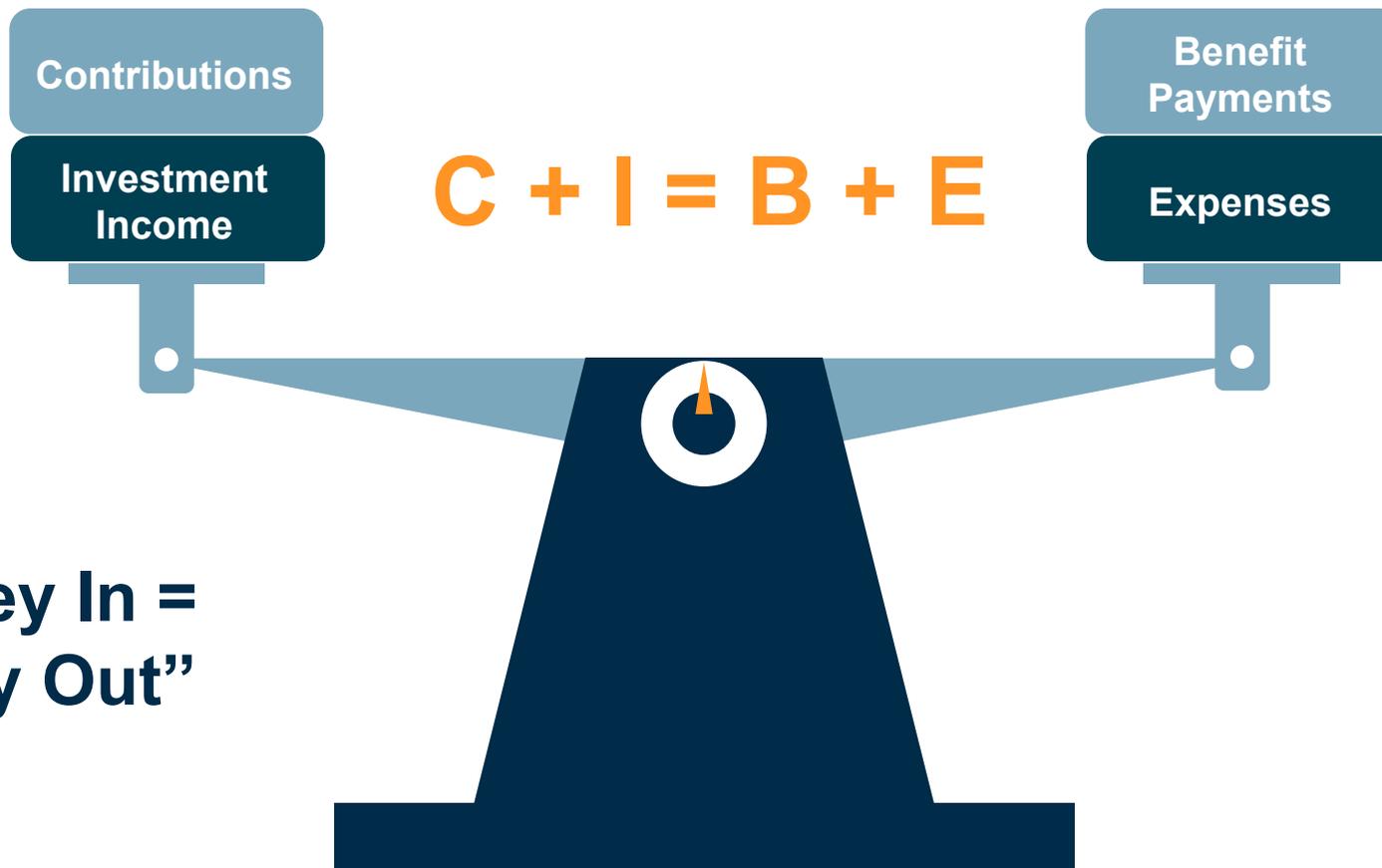
## Analyze

- Analyze experience (actual vs. expected)

## Report

- Report on trends, risks, accounting, etc.

# Basic Retirement Funding Formula



$$C + I = B + E$$

“B” depends on

Plan Provisions

Experience



“C” depends on

Short Term

Actuarial Assumptions

Actuarial Cost Method

Long Term

I, B, E

# July 1, 2025 Funding Results



## 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%.

### Amortization Period



Amortization period remained at 21 years.

- 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





## 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

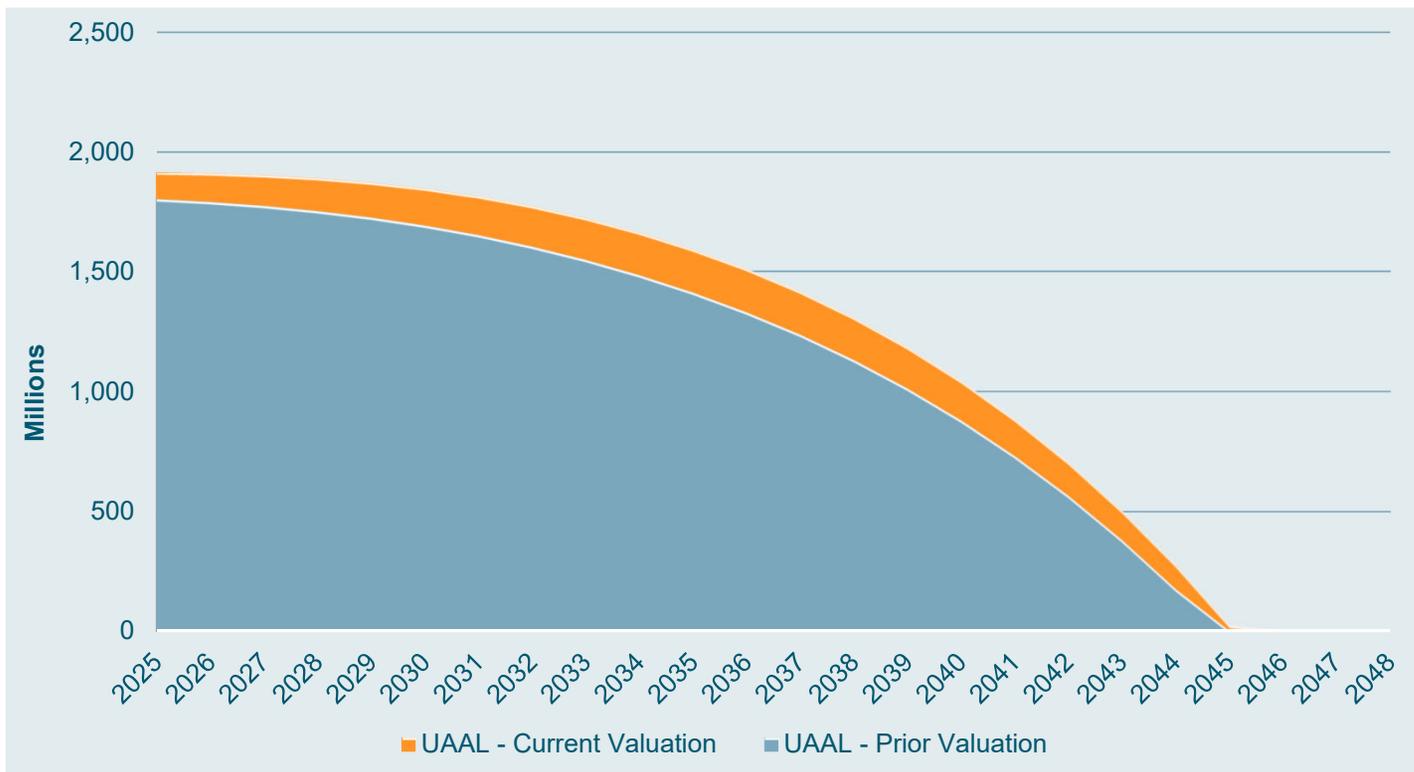
- Market value of assets are \$128,176,572 more than the actuarial value of assets.
- Experience is recognized over a four-year period.



## Deferred Experience Recognition

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

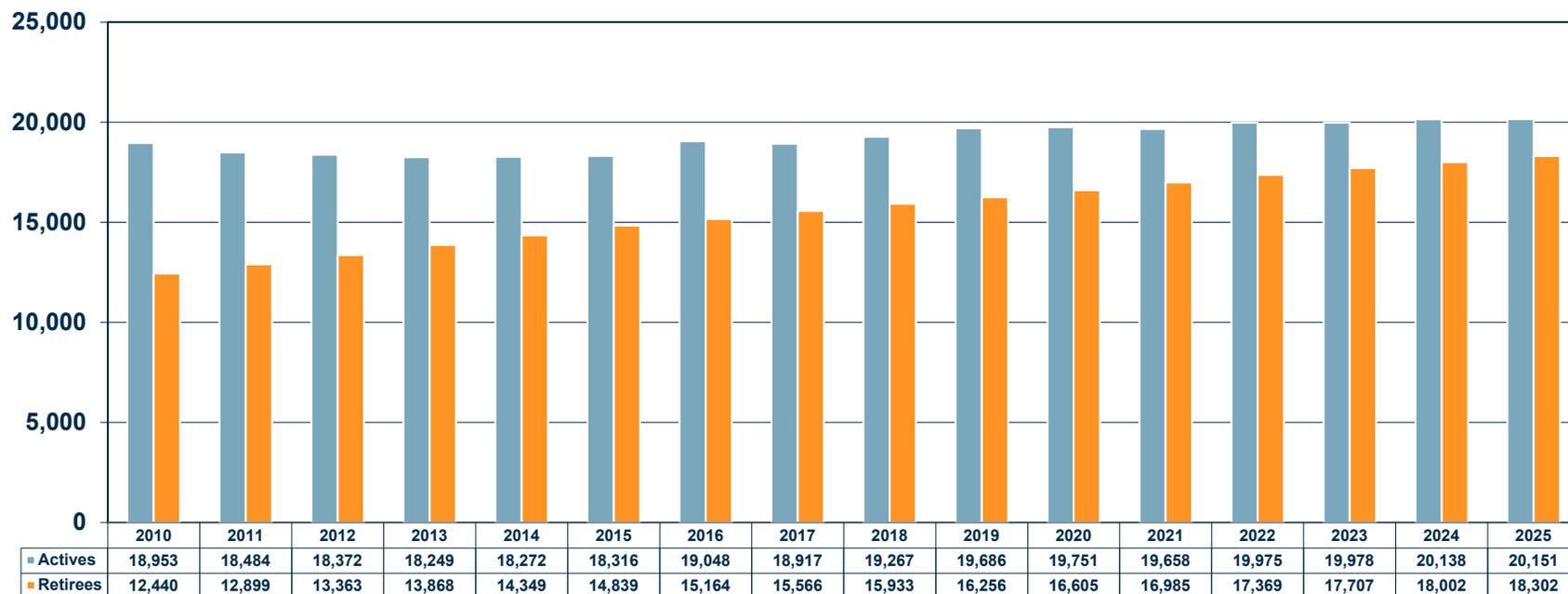
# Progress Toward 100% Funding



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

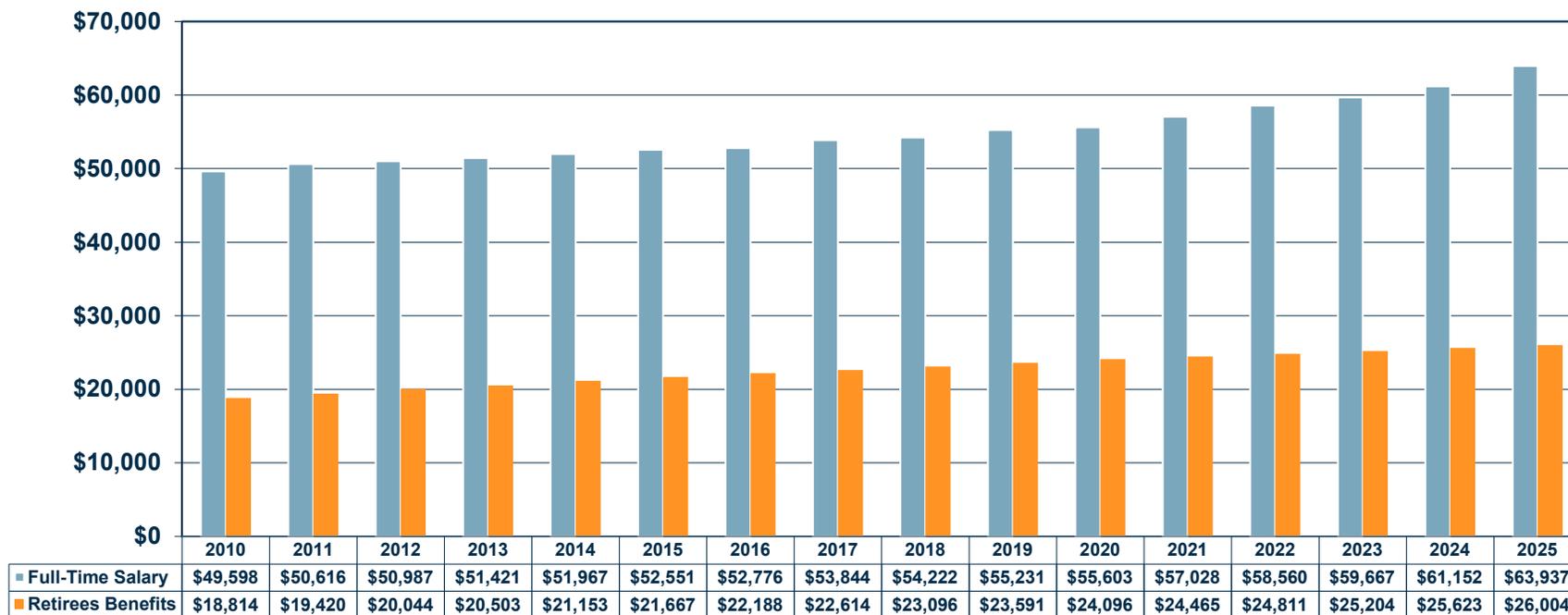


# Active and Retired Membership



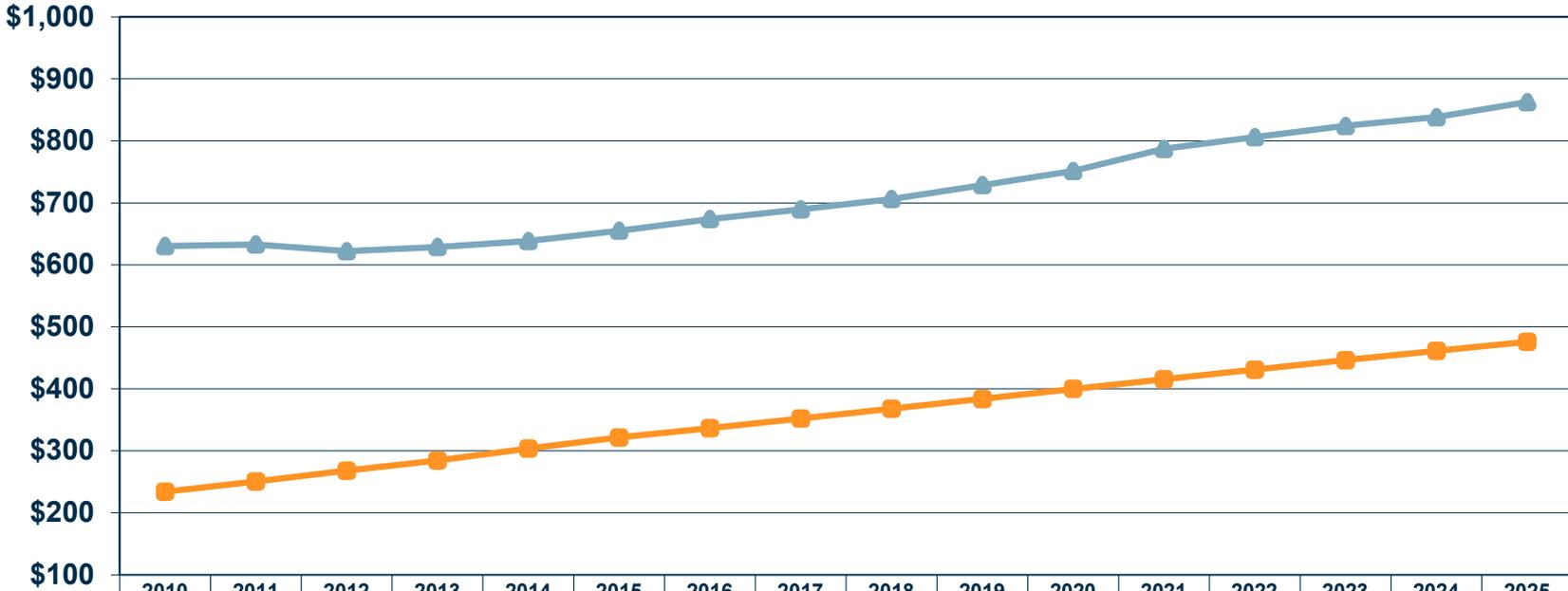
0.4% annual increase for active members since 2010; 0.1% increase for 2025.  
 2.6% annual increase for retired members since 2010; 1.7% increase for 2025.  
 1.5 actives per retiree 15 years ago; 1.1 actives per retiree now.

# Average Salary and Benefits



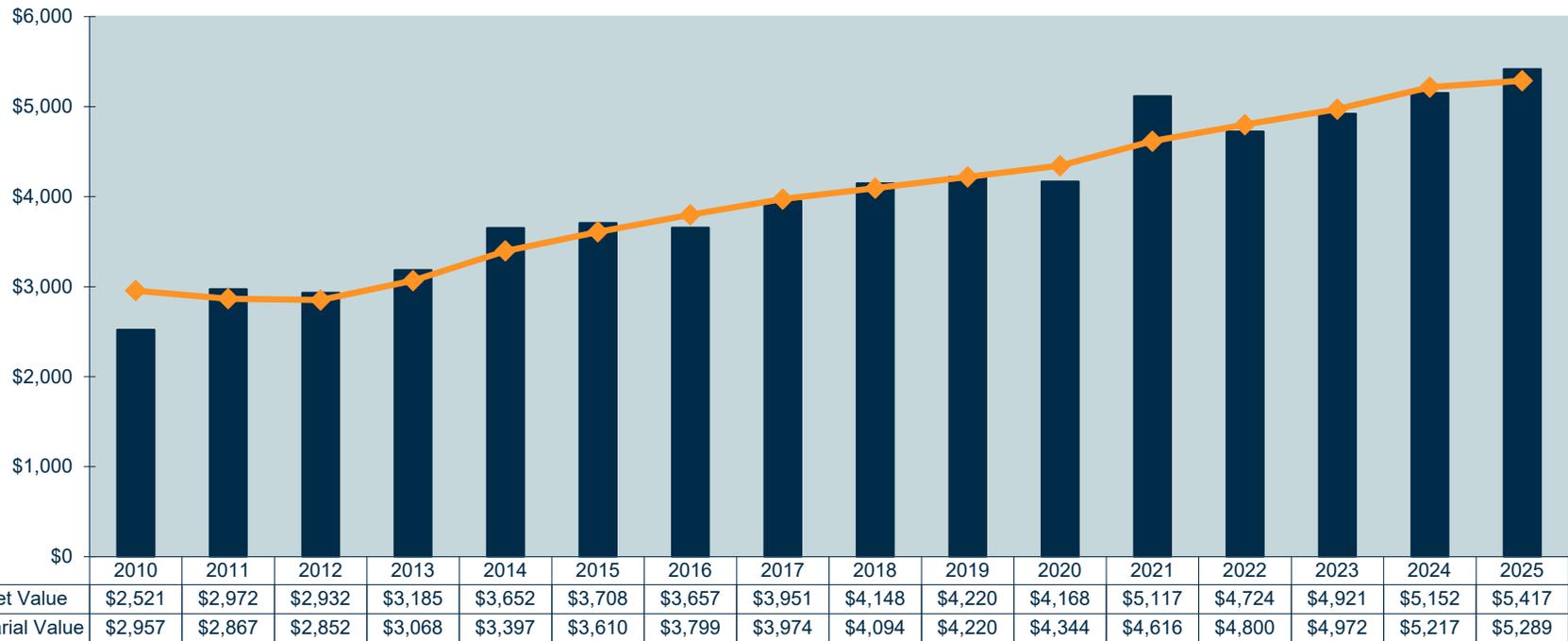
1.7% annual increase for average salary since 2010; 4.6% increase for 2025.  
 2.2% annual increase for average benefits since 2010; 1.5% increase for 2025.

# Payroll & Benefits (Millions)



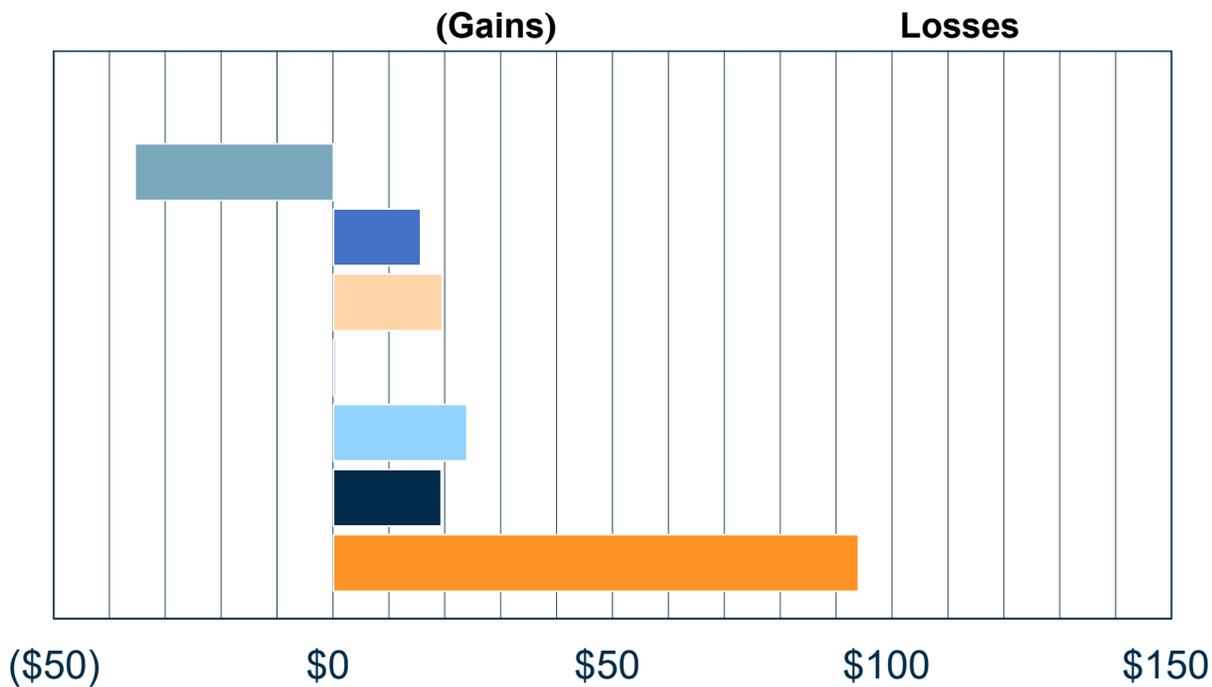
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Full-time Payroll	\$630.4	\$633.0	\$622.1	\$628.8	\$638.5	\$655.2	\$673.9	\$689.6	\$706.4	\$728.8	\$751.5	\$787.2	\$806.1	\$824.2	\$838.3	\$862.6
Benefits	\$234.0	\$250.5	\$267.9	\$284.3	\$303.5	\$321.5	\$336.5	\$352.0	\$368.0	\$383.5	\$400.1	\$415.5	\$430.9	\$446.3	\$461.3	\$475.9

# 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%

# (Gain)/Loss Analysis (\$ Millions)

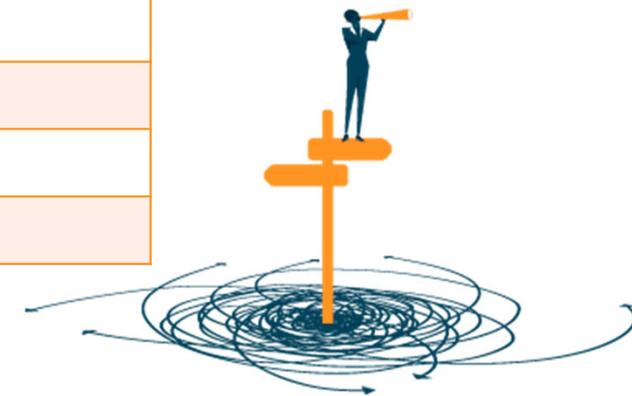


- Assumption and Method Changes
- Data Adjustments and Benefit Payment Timing & Other
- Mortality
- Withdrawals
- Disability Retirements
- Age & Svc. Retirements
- Pay Increases
- Investment Income



# 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



# Upcoming Experience Study

- 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



- Additional information regarding the assumptions and methods can be found in the July 1, 2025 actuarial valuation report.
- The actuaries who prepared these results, Todd B. Green, ASA, EA, MAAA, FCA, and Bryan K. Hoge, FSA, EA, MAAA, FCA, are members of the American Academy of Actuaries and are qualified to render the actuarial opinions presented herein. We are happy to provide additional information and answer any questions, if necessary.



THANK  
YOU

