



# MONTANA

**PUBLIC EMPLOYEES' RETIREMENT BOARD**  
A COMPONENT UNIT OF THE STATE OF MONTANA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

***STATE OF MONTANA***  
**Public Employees' Retirement Board**  
*A Component Unit of the State of Montana*  
**Comprehensive Annual Financial Report**



For the Fiscal Year Ended  
June 30, 2015

Public Employees' Retirement System - Defined Benefit Retirement Plan

Judges' Retirement System

Highway Patrol Officers' Retirement System

Sheriffs' Retirement System

Game Wardens' and Peace Officers' Retirement System

Municipal Police Officers' Retirement System

Firefighters' Unified Retirement System

Volunteer Firefighters' Compensation Act

Public Employees' Retirement System - Defined Contribution Retirement Plan

Deferred Compensation (457) Plan

Public Employees' Retirement System - DCRP Disability OPEB

Prepared By:  
The Fiscal Services Bureau  
Public Employee Retirement Administration  
100 North Park, Suite 200 ~ PO Box 200131  
Helena, MT 59620-0131  
(406) 444-3154

# Table of Contents

## Introductory Section

Letter of Transmittal .....	5
Public Employees' Retirement Board.....	14
Montana Public Employee Retirement Administration Organizational Chart .....	15
Legislative Changes.....	16

## Financial Section

Independent Auditor's Report.....	23
Management's Discussion & Analysis .....	26
Basic Financial Statements:	
<i>Statement of Fiduciary Net Position - Pension Trust Funds</i> .....	46
<i>(The notes to the financial statements are an integral part of this statement)</i>	
<i>Statement of Changes in Fiduciary Net Position - Pension Trust Funds</i> .....	48
<i>(The notes to the financial statements are an integral part of this statement)</i>	
<i>Notes to the Financial Statements</i> .....	50
Required Supplementary Information:	
Schedule of Changes in Multiple-Employer Plans Net Pension Liability/(Asset) .....	108
Schedule of Changes in Single-Employer Plans Net Pension Liability/(Asset).....	111
Schedule of Net Pension Liability/(Asset) for Multiple-Employer Plans .....	112
Schedule of Net Pension Liability/(Asset) for Single-Employer Plans.....	114
Schedule of Employer and Non-Employer (State) Contributions for Cost-Sharing Multiple-Employer Plans.....	116
Notes to Required Supplementary Information.....	119
Schedule of Employer and Non-Employer (State) Contributions for Single-Employer Plans .....	120
Schedule of Investment Returns for Multiple-Employer Plans .....	122
Schedule of Investment Returns for Single-Employer Plans.....	123
Notes to Required Supplementary Information .....	124
Schedule of Funding Progress for PERS-DCRP Disability OPEB.....	126
Schedule of Employer Contributions and Other Contributing Entities for PERS-DCRP Disability OPEB.....	127
Notes to the Required Supplementary Information for PERS-DCRP Disability OPEB .....	128
Schedule of Funding Progress for OPEB (Healthcare) .....	130
Notes to Required Supplementary Information for OPEB (Healthcare) .....	131
Supporting Schedules:	
Schedule of Administrative Expenses .....	132
Schedule of Investment Expenses .....	133
Schedule of Professional/Consultant Fees.....	134
Detail of Fiduciary Net Position (PERS-DBRP and PERS-DBEd) .....	136
Detail of Changes in Fiduciary Net Position (PERS-DBRP and PERS-DBEd) .....	137
Detail of Fiduciary Net Position (PERS-DCRP and PERS-DCEd) .....	138
Detail of Changes in Fiduciary Net Position (PERS-DCRP and PERS-DCEd) .....	139

## Investment Section

Board of Investments' Investment Letter .....	141
Report on Investment Activity .....	145
Total Rates of Annualized Returns by Asset Class .....	146
Schedules of Asset Mix .....	152
Schedule of Largest Holdings.....	160
Investment Summary .....	164

## Actuarial Section

Actuary's Certification.....	169
Summary of Actuarial Assumptions and Methods .....	173
Schedule of Active Member Valuation Data .....	180
Schedule of Active Member Composition.....	182
Schedule of Retiree Member Composition.....	183
Schedule of Beneficiary Member Composition.....	184
Schedule of Disabled Member Composition.....	185
Schedule of Converted Disabled Member Composition.....	186
Schedule of Retirees and Beneficiaries Added to and Removed from Rolls.....	188
Solvency Test.....	190
Schedule of Funding Progress .....	194
Summary of Actuarial (Gain)/Loss by Source.....	196
Summary of Defined Benefit Retirement Plans Provisions as of June 30, 2015.....	198

## Statistical Section

Summary of Statistical Data .....	241
Changes in Fiduciary Net Position, Last Ten Fiscal Years .....	242
History of Actuarial Liabilities .....	251
Schedule of Fair Values by Type of Investment, Last Ten Years.....	254
Schedule of Contribution Rate History.....	263
History of Membership in Retirement Plans, Last Ten Years.....	268
Schedule of Benefit Expenses and Refunds by Type, Last Ten Years .....	270
Schedule of Distributions Processed, Last Ten Fiscal Years .....	274
Schedule of Retired Members by Type of Benefit.....	276
Distribution of Defined Benefit Recipients by Location .....	282
Schedule of Active Members by Age and Gender.....	284
Schedule of Retired Members by Age and Gender .....	285
Average Benefit Payments, Last Ten Fiscal Years.....	286
Schedule of Average Monthly Benefit Payments, All Retirees .....	296
Principal Participating Employers .....	298
Schedule of Participating Employers.....	302

I  
N  
T  
R  
O  
D  
U  
C  
T  
O  
R  
Y  
  
S  
E  
C  
T  
I  
O  
N



**Mountain Paintbrush**

True to its name, it can be found on dry mountainsides and shale slopes, in the understory of conifer forests, open meadows, and on limestone outcrops. (*montanaplant-life.org*)

Photo courtesy of Bill Hallinan



**Blanketflower**

Blanketflower prefers dry, open spaces in prairies, mountain foothills, and along roadsides. (*plants/usda.gov*)

Photo courtesy of Roberta Scow



**Plains Pricklypear**

This plant grows in dry grasslands. Dry areas, from the plains into the foothills and lower mountains. Prickly-pear cactus fruits were widely used for food, either raw or dried for storage. (*plants/usda.gov*)

Photo courtesy of Aaron Mills

*Mission Statement of the PERB*

*The Montana Public Employees' Retirement Board, as fiduciaries, administers its retirement plans and trust funds, acting in the best interest of the members and beneficiaries.*

*Mission Statement of the MPERA*

*The Montana Public Employee Retirement Administration efficiently provides quality benefits, education and service to help our plan members and beneficiaries realize a successful retirement.*

# MONTANA PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION



STEVE BULLOCK  
GOVERNOR

DORE SCHWINDEN  
EXECUTIVE DIRECTOR

STATE OF MONTANA

HELENA (406) 444-3154  
TOLL FREE (877) 275-7372  
FAX (406) 444-5428

100 N PARK, STE 200  
PO BOX 200131  
HELENA MT 59620-0131



January 15, 2015

The Honorable Steve Bullock  
Governor of Montana  
Room 204, State Capitol  
PO Box 200801  
Helena, MT 59620-0801

Dear Governor Bullock:

The Public Employees' Retirement Board (PERB) and its staff, the Montana Public Employee Retirement Administration (MPERA), are pleased to submit this Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015, in accordance with 19-2-407, Montana Code Annotated. The purpose of this letter is to introduce the basic financial statements and provide an analytical overview of the trust funds' financial activities. The letter of transmittal is intended to complement the Management's Discussion and Analysis (MD&A) and the two should be read in conjunction.

The management of MPERA assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. This CAFR was prepared in conformance with the principles of governmental accounting and reporting set forth by the Governmental Accounting Standards Board, including the MD&A. Defined Benefit, Defined Contribution and Other Employee Benefit transactions are reported on the accrual basis of accounting.

The external auditor conducted an independent audit of the basic financial statements in accordance with U.S. generally accepted auditing standards. This audit is described in the Independent Auditor's Report on page 23 of the Financial Section. Management has provided the external auditors with full and unrestricted access to MPERA staff to facilitate independent validation of the integrity of the plans' financial reporting.

The MD&A included in the Financial Section is a management discussion of the financial position of the retirement plans and provides an overview and analysis of the plans' basic financial statements. The Statistical Section includes statistics regarding active and retiree membership, employer contributions, assets held, and benefits or distributions paid in accordance with the five

## INTRODUCTORY SECTION

---

objectives required by GASB Statement 44 - financial trends, revenue capacity, debt capacity, demographic and economic information, and operating information.

### PROFILE OF THE PERB

The PERB is a discretely presented component unit Pension Trust Fund of the State of Montana financial reporting entity. For this reason, the financial statements contained in this report are also included in the State of Montana's CAFR. Fiduciary responsibility for the systems rests with the PERB, which consists of seven members, appointed by the Governor. The members are assigned five-year, staggered terms. The PERB membership changed by three new members in August 2015, and Sheena Wilson was elected board president. The new members are Marty Tuttle, Pepper Valdez and Julia McKenna. Refer to the MPERA website for additional information on the new PERB members including their contact information. The PERB is required to approve a final budget before the beginning of the fiscal year. The MPERA management develops the budget for all plans administered and presents it to the PERB. As governed by statute, the PERB's defined benefit administrative expenses may not exceed 1.5 percent of the total defined benefit plan retirement benefits paid. Costs for the PERB to administer the defined contribution plans are also defined in statute and the funding is provided by the fees assessed on account balances. The budget is monitored throughout the year and quarterly updates are provided to the PERB.

The PERB oversees ten separate retirement plans and one Other Post Employment Benefit (OPEB) plan, each reported in this CAFR. There are nine defined benefit retirement plans including the Public Employees' Retirement System-Defined Benefit Retirement Plan (PERS-DBRP) in its 71st year of operation, the Judges' Retirement System (JRS), the Highway Patrol Officers' Retirement System (HPORS), the Sheriffs' Retirement System (SRS), the Game Wardens' and Peace Officers' Retirement System (GWPORS), the Municipal Police Officers' Retirement System (MPORS), the Firefighters' Unified Retirement System (FURS), and the Volunteer Firefighters' Compensation Act (VFCA). The Public Employees' Retirement System - DCRP Disability OPEB (PERS-DCRP Disability OPEB) was statutory created through 19-3-2141, MCA, and is completely separate from the other defined benefit plans. The PERS-DCRP Disability OPEB is self insured and provides a defined benefit disability payment for disabled members of the PERS-DCRP.

The two defined contribution retirement plans are the Public Employees' Retirement System-Defined Contribution Retirement Plan (PERS-DCRP) and the Deferred Compensation (457) Plan. The PERS-DCRP was implemented July 1, 2002. New hires in PERS have the option of choosing participation in either the PERS-DBRP or PERS-DCRP within 12 months of hire. The PERB contracts with Empower Retirement™ to provide recordkeeping services for the PERS-DCRP. University employees, in positions covered by PERS, have a third retirement option: the Montana University System Retirement Program (MUS-RP) administered by the Teachers Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF New York, NY).



## INTRODUCTORY SECTION

---

State and University employees, and employees of local government entities that contract with the PERB, also have the option to supplement their retirement income by voluntarily participating in the Deferred Compensation (457) Plan. The PERB contracts with Empower Retirement™ to provide recordkeeping services for the Deferred Compensation Plan. Participants in the deferred compensation plan can elect to defer money either into a pre-tax account or an after-tax (ROTH) account.

Education for plan members and employers is a top priority and statutorily funded by a percentage of employer contributions. All PERS new hires receive a welcome packet and are offered Plan Choice Educational workshops to assist with their retirement plan decision. We continue to add other educational workshops and provide additional member services through our website.

### ECONOMIC CONDITION AND OUTLOOK

#### INVESTMENTS

The investments of the pension trust funds are governed by an investment standard known as the “prudent expert principle.” The prudent expert principle is constitutionally and statutorily mandated and establishes a standard for all fiduciaries, which includes anyone having discretionary authority with respect to the pension trusts. The prudent expert principle states that fiduciaries will discharge their duties solely in the interest of the trust funds’ participants and beneficiaries and with the degree of diligence, care, and skill which prudent experts would ordinarily exercise under similar circumstances in a like position. By following the prudent expert principle and permitting further diversification of investments within a fund, the fund may reduce overall risk and increase returns.

The assets of the defined benefit trust funds, including OPEB, are invested by the Montana Board of Investments (BOI). The prudent expert principle permits the BOI to establish an Investment Policy Statement based upon certain investment criteria and allows for the delegation of investment authority to the BOI staff. The investment policy statement outlines the responsibility for the investment of the funds and the degree of risk that is deemed appropriate for the trust funds. Investment officers are to execute the investment policy in accordance with statutory authority but are to use full discretion within the policy and guidelines.

Investment options offered in the defined contribution plans comply with the PERB’s Investment Policy Statements. The investment options are selected by the PERB, with the assistance of the statutorily-created Employee Investment Advisory Council (EIAC) and the advice of a third-party consultant. Participants of the PERS-DCRP direct the investment of their contributions and a portion of their employer’s contributions among the offered investment options. The remaining portion of their employer’s contributions is used to reduce the Plan Choice Rate unfunded actuarial liability, fund the DCRP long-term disability trust (PERS-DCRP Disability OPEB), and provide member education. Participants of the Deferred Compensation Plan direct the investment of their deferrals and participating employer contributions, if any.

## INTRODUCTORY SECTION

---

### ECONOMIC OUTLOOK

The economic outlook of the defined benefit plans is based primarily upon investment earnings. For fiscal year 2015, the PERS-DBRP experienced a 4.58 percent rate of return; an average annualized rate of return for the last three years was 11.47 percent; for the last five years was 11.55 percent; and for the last ten years was 6.59 percent. The ten year rate of return is below the annual actuarial return assumption of 7.75 percent and acts to erode the funded status of the plan. The plans are required by law to be maintained on an actuarially sound basis which protects participants' future benefits. A summary of the investment activity can be found in the *Investment Section* of this CAFR.

The funded status of all the MPERA administered retirement systems increased in fiscal year 2015, with the exception of the VFCA, as a result of the positive but modest investment market experience. The legislative changes in House Bill 483, which included a benefit increase for all VFCA retirees, caused the funding to decrease from 82% in 2014 to 75% in 2015. A single year's funded ratio, by itself, does not provide a measure of the funding direction. The status and funding progress of the defined benefit retirement systems can be found in the *Actuarial Section* of this report on page 194-195 in accordance with GASB 67. The PERS-DCRP Disability OPEB schedule of funding progress can be found in the *Financial Section* on page 126 in accordance with GASB 43.

### FUNDING

The primary funding objectives of the PERB for the pension trust funds are to: 1) ensure that the systems are financially sound and pay all benefits promised using assets accumulated from required employer and member contributions and investment income; and 2) achieve a well-funded status with a range of safety to absorb market volatility without creating an Unfunded Actuarial Liability (UAL).

The PERB's annual funding requirement is comprised of a payment on the Normal Cost (NC) and a payment on the Unfunded Actuarial Liability (UAL). The Normal Cost and amount of payment on UAL are determined by the following three core elements: 1) Entry Age Normal Cost Method (Actuarial Cost Method) is applied to the projected benefits in determining the Normal Cost and Actuarial Liability (AL); 2) Asset Valuation (Asset Smoothing) uses a four-year smoothing (market); and, 3) Amortization of the UAL should be amortized over a reasonable period of time and should not exceed 30 years on a rolling basis. Generally, the funding period should be constant or decreasing.

The information received from the annual actuarial valuation is used by the PERB to recommend funding increases or system changes or both to the Legislature to address financial sustainability. The contribution rates are statutorily set through the Legislature. The rate of the employer contributions to the Systems is composed of the normal cost, amortization of the UAL, and an allowance for administrative expenses. The allowance for the administrative expenses is based upon the average recent history of administrative expenses for each System.

## INTRODUCTORY SECTION

PERB's long-term goal is for all retirement systems to be 100% funded and up to 120% funded to allow a reserve in times of slow markets. The PERB's short-term goal is to obtain actuarial soundness for the systems that do not amortize.

Funds are accumulated to meet future benefit obligations to retirees and beneficiaries. This accumulated balance is referred to as the "net position restricted for pension benefits" in the Statement of Changes in Fiduciary Net Position – Pension Trust Funds in the *Financial Section* of this report. The total pension liability is not reported in the basic financial statements, however, it is disclosed in Note 4 to the basic financial statements and in the required supplementary information. The total pension liability is determined by the actuary and is a measure of the present value of actuarial accrued liabilities estimated to be payable in the future to current retirees and beneficiaries. The net pension liability is measured as the total pension liability less the amount of the pension plan's fiduciary net position. The net pension liability is an accounting measurement for financial statement purposes. The plan fiduciary net position as a percentage of the total pension liability for each System is shown below in the table. This information also appears in Note 4 to the basic financial statements and in the required supplementary information.

<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	
PERS- DBRP	78.36%
JRS	163.90%
HPORS	66.89%
SRS	75.41%
GWORS	87.61%
MPORS	66.95%
FURS	76.91%
VFCA	76.45%

### ACCOMPLISHMENTS

Fiscal year 2015 accomplishments of MPERA include: an unmodified opinion on the 2014 Financial Compliance Audit, an unmodified opinion on all defined benefit plan GASB Statement No. 68 Audits and the successful preparation of schedules to assist employers in implementing GASB Statement No. 68. This work included working closely with the Department of Administration Accounting Division, the Local Government Services Division, and the Teachers' Retirement System.

MPERA continues to work on the line of business project, named PERIS, to be implemented in May 2016. This effort includes continual work on data cleansing, data mapping, data reconciliation, data verification, and mock conversions in preparation for the new computer system. The latest legislative changes are being added to the PERIS design, User Acceptance Testing (UAT) is in progress, and PERIS instruction manuals are being created for employers and staff to prepare for the implementation of PERIS.

## **INTRODUCTORY SECTION**

---

Other accomplishments include: Worked with legislative sponsors to pass legislation allowing enhanced investment of the DC long-term disability trust fund (PERS-DCRP Disability OPEB and redirecting additional employer contributions on behalf of the PERS-DCRP members from the PERS DB plan's unfunded actuarial liability to the plan choice rate unfunded actuarial liability and ultimately to the DC member's account. Assisted the Montana Attorney General's office in obtaining a district court order of summary judgment determining that neither the Plan Choice Rate (PCR) nor the legislative direction of 1% of employer contributions for DCRP and MUS-RP to the PERS defined benefit plan violate DCRP members' constitutional rights to equal protection and due process. Procured two additional wrap providers to insure the DCRP and 457 plans' stable value pooled investment. Completed an actuarial audit of the defined benefit plan valuations. Updates to server to support operational functions at MPERA and reached agreement with Records and Information Management to treat electronic images as MPERA's official records.

MPERA staff continues to increase education for employers, employees, and participants through webinars and on-site trainings.

### **CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING**

The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Montana Public Employees' Retirement Board for its comprehensive annual financial report for the fiscal year ended June 30, 2014. This was the seventeenth consecutive year that the Montana Public Employees' Retirement Board has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government entity must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### **PUBLIC PENSION COORDINATING COUNCIL PUBLIC PENSION STANDARDS AWARD**

MPERA also received the Public Pension Coordinating Council (PPCC) Public Pension Standards Award for 2015 in recognition of meeting the professional standards for funding and plan administration set forth in the Public Pension Standards. This is the thirteenth year the PPCC is offering the PPCC Standards Award Program to public retirement systems. The Public Pension Standards are intended to reflect minimum expectations for public retirement system management and administration, as well as serve as a benchmark by which all defined benefit public plans should be measured. The retirement systems and the state and local governments that sponsor them are encouraged to meet these standards. The standards have two components - the Administrative Standard and the Funding Standard. A system may qualify for and receive a Recognition Certificate for either the Administrative or Funding Standard, or both. This is the eleventh time MPERA has received the PPCC award.

## INTRODUCTORY SECTION

---

### ACKNOWLEDGEMENTS

The compilation of this report reflects the efforts of the MPERA Fiscal Services Bureau accounting staff. This report is intended to provide complete and reliable information to facilitate the management decision process, as a means of determining compliance with legal provisions, and as a means of determining responsible stewardship of the plans' funds. MPERA received an unmodified opinion from our independent auditors on the financial statements included in this report. This opinion provides assurance that the financial statements can be relied upon.

The reporting employers of each retirement system form the link between the plans and the members. Their cooperation contributes significantly to the success of the plans. We hope the employers and their employees find this report informative.

We would like to take this opportunity to express our gratitude to the staff, the advisors, and the many people who have worked so diligently to assure the successful operation of the plans.

Respectfully submitted,

/s/ Dore Schwinden

/s/ Sheena Wilson

Dore Schwinden, Executive Director  
Montana Public Employee Retirement Administration

Sheena Wilson, President  
Public Employees' Retirement Board



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Montana Public Employees'  
Retirement Board**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

A handwritten signature in black ink, reading "Jeffrey R. Emer". The signature is written in a cursive style.

Executive Director/CEO



## Public Pension Coordinating Council

### Public Pension Standards Award For Funding and Administration 2015

Presented to

## Montana Public Employee Retirement Administration

In recognition of meeting professional standards for  
plan funding and administration as  
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)  
National Conference on Public Employee Retirement Systems (NCPERS)  
National Council on Teacher Retirement (NCTR)

Alan H. Winkle  
Program Administrator

## INTRODUCTORY SECTION

---

### Public Employees' Retirement Board

*A Component Unit of the State of Montana  
as of June 30, 2015\**



**Scott Moore, President**  
Miles City,  
Active Public Employee  
Appointed 4/1/2010  
Term Expired  
Email: Scott.Moore@mt.gov



**Mike McGinley, Vice President**  
Dillon,  
Member at Large  
Appointed 4/1/2013  
Term Expires 3/31/2018  
Email: Mike.McGinley@mt.gov



**Warren Dupuis**  
Helena, PERS-DCRP Active  
Public Employee  
Appointed 6/5/2014  
Term Expired  
Email: Warren.Dupuis@mt.gov



**Maggie Peterson**  
Anaconda, Experience in Investment  
Management  
Appointed 6/5/2014  
Term Expires 3/31/2019  
Email: Maggie.Peterson@mt.gov



**Melissa Strecker**  
Missoula,  
Active Public Employee  
Appointed 6/25/2012  
Term Expired  
Email: Melissa.Strecker@mt.gov



**Timm Twardoski**  
Helena,  
Member at Large  
Reappointed 4/1/2011  
Term Expires 3/31/2016  
Email: Timm.Twardoski@mt.gov



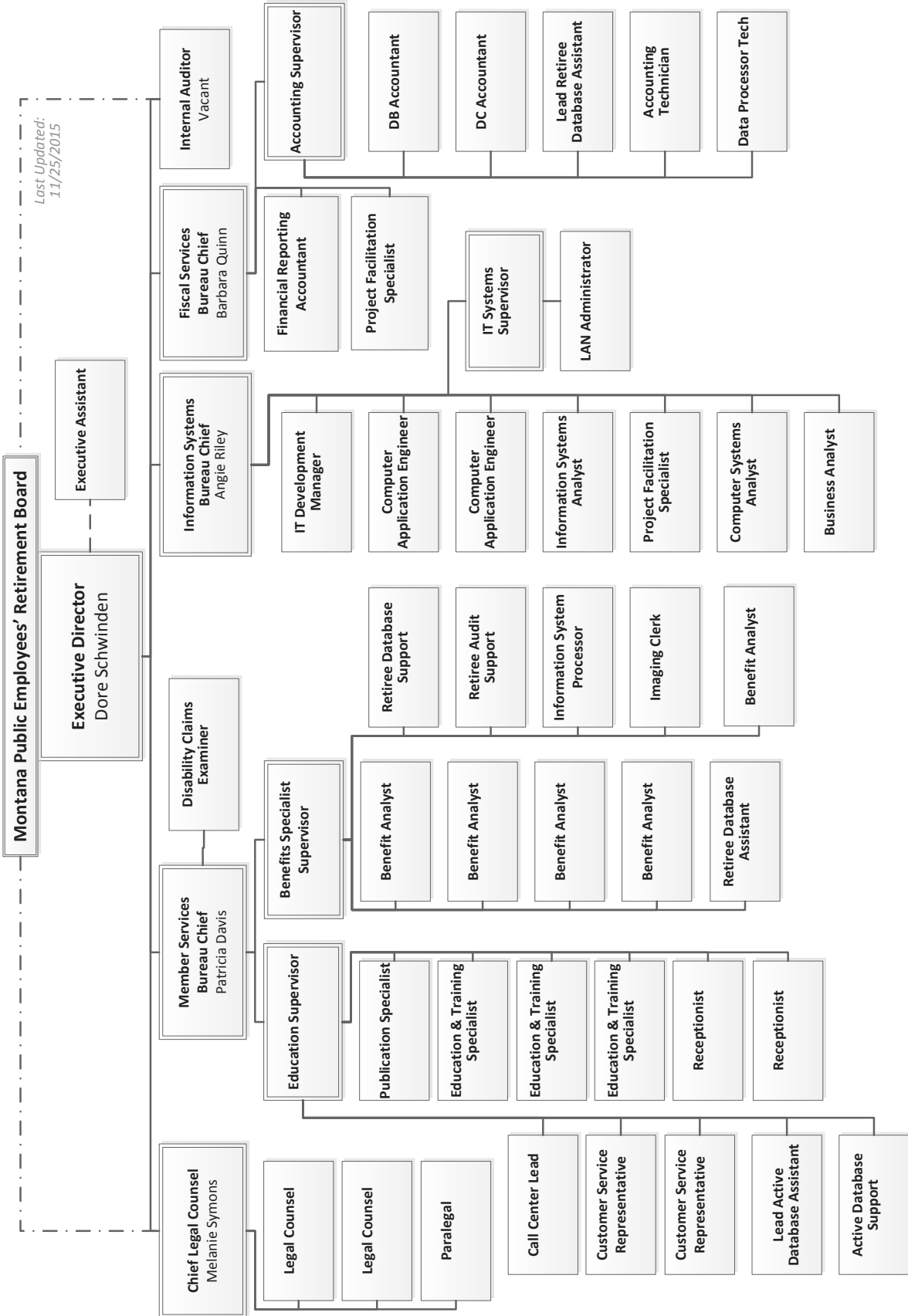
**Sheena Wilson**  
Helena,  
PERS Retired Member  
PERS Board Representative - BOI  
Appointed 4/1/2013  
Term Expires 3/31/2018  
Email: Sheena.Wilson@mt.gov

---

*\* Marty Tuttle, Pepper Valdez, and Julia McKenna were appointed to the PERB in August 2015 replacing Scott Moore, Warren Dupuis, and Melissa Strecker. The new member's contact information may be found on MPERA's website. Sheena Wilson was elected as the new PERB president in August 2015.*



**Public Employees' Retirement Board**  
*A Component Unit of the State of Montana*  
**MPERA Organizational Chart**



Last Updated:  
11/25/2015

# *LEGISLATIVE CHANGES*

## 2013

### House Bill 454 - Permanent Injunction Limits Application of the GABA Reduction

#### **Guaranteed Annual Benefit Adjustment (GABA) - for PERS**

After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage (provided below) each January, inclusive of all other adjustments to the member's benefit.

- 3% for members hired **prior to** July 1, 2007
- 1.5% for members hired **on or after** July 1, 2007 and **before** July 1, 2013
- Members hired **on or after** July 1, 2013
  - a. 1.5% each year PERS is funded at or above 90%;
  - b. 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and,
  - c. 0% whenever the amortization period for PERS is 40 years or more.

Court Decision: The First Judicial District Court, Judge Reynolds presiding, issued a decision March 4, 2015, concluding that Section 5 of HB 454 substantially impairs contract rights and is in violation of the contract clause of both the Montana and the United States Constitutions. A permanent injunction prohibiting the State from reducing the GABA paid to PERS retirees was issued. Following cross-appeals to the Montana Supreme Court, the parties agreed to seek clarification from Judge Reynolds regarding the scope of his original order. Judge Reynolds issued an order on August 19, 2015, clarifying that the permanent injunction is only applicable to public employees that were hired prior to July 1, 2013, the effective date of HB 454. The permanent injunction does not apply to public employees hired on or after July 1, 2013.

## 2015

During the 2015 Legislative Session, the PERB proposed several legislative bills to address funding and policy concerns. This summary also includes court decisions and legislative bills, proposed externally, that impacted the retirement systems.

### General Revisions - House Bill 101, effective January 1, 2016

#### **Second Retirement Benefit - for PERS**

- 1) Applies to PERS members who return to active service on or after January 1, 2016. Members who retire before January 1, 2016, return to PERS-covered employment, and accumulate less than 2 years of service credit before retiring again:

## INTRODUCTORY SECTION

---

- refund of member's contributions from second employment plus regular interest (currently 0.25%);
  - no service credit for second employment;
  - start same benefit amount the month following termination; and
  - GABA starts again in the January immediately following second retirement.
- 2) For members who retire **before January 1, 2016, return to PERS-covered employment and accumulate two or more years of service credit before retiring again:**
- member receives a recalculated retirement benefit based on laws in effect at second retirement; and,
  - GABA starts in the January after receiving recalculated benefit for 12 months.
- 3) For members who retire **on or after January 1, 2016, return to PERS-covered employment and accumulate less than 5 years of service credit before retiring again:**
- refund of member's contributions from second employment plus regular interest (currently 0.25%);
  - no service credit for second employment;
  - start same benefit amount the month following termination; and,
  - GABA starts again in the January immediately following second retirement.
- 4) For members who retire **on or after January 1, 2016, return to PERS-covered employment and accumulate five or more years of service credit before retiring again:**
- member receives same retirement benefit as prior to return to service;
  - member receives second retirement benefit for second period of service based on laws in effect at second retirement; and
  - GABA starts on both benefits in January after member receives original and new benefit for 12 months.

### **Limited Re-Employment of Retirees - for PERS**

Employer must report elected officials who decline PERS membership. This information is needed if an elected official later becomes a PERS member and wants to purchase this time.

### **Survivor Benefit – for JRS**

Provides for a survivor benefit if an inactive vested judge dies prior to retiring. 19-5-802(1), MCA.

### **SRS Membership from PERS Membership - for SRS**

If a PERS member transfers employment to a SRS covered position and fails to elect SRS membership within 90 days (was 30 days), the default is PERS membership. 19-7-301(5), MCA.

## **INTRODUCTORY SECTION**

---

### **SRS Compensation - for SRS**

If a SRS member is receiving workers' compensation and compensation from an employer, SRS contributions are based on total compensation and applies to all SRS members, not just sheriffs. 19-7-410, MCA.

### **Retired Member Death Payment - for SRS**

If a retired member dies with no surviving contingent annuitant, the accumulated contributions can go to a designated beneficiary, but if there is none, then to the estate. 19-7-503(3), MCA.

### **GWPORS Membership from PERS Membership - for GWPORS**

If a PERS member transfers employment to a GWPORS covered position and fails to elect GWPORS membership within 90 days, the default is PERS membership. 19-8-302(4), MCA.

### **Factor Change - for GWPORS**

If a GWPORS member dies before retirement with more than 25 years of service credit, the survivor benefit is 2.5% of the Highest Average Compensation (HAC), not 2%. 19-8-1001, MCA.

### **Retired Member Death Payment - for GWPORS**

If a retired member dies with no surviving contingent annuitant, the accumulated contributions can go to a designated beneficiary, but if there is none, then to the estate. 19-8-1002(2), MCA.

### **MPORS Membership from PERS Membership - for MPORS**

If a PERS member transfers employment to a MPORS covered position and fails to elect MPORS membership within 90 days, the default is PERS membership. 19-9-301(2), MCA.

### **MPORS DROP Survivor Benefits - for MPORS**

Allow statutory beneficiary (spouse or dependent child) of a deceased DROP participant to receive a DROP benefit and a survivorship benefit rather than accumulated contributions or a lump sum payment. 19-9-1206(1), MCA.

## INTRODUCTORY SECTION

---

### Revise DC Funding Laws - House Bill 107, effective July 1, 2015

#### **Employer Contributions and the Defined Contribution Plan - for PERS**

Effective with the first fiscal year 2016 payroll, the additional 1.0% contribution is directed to the Plan Choice Rate rather than the Defined Benefit Unfunded Actuarial Liability.

#### **Employer Contributions and the Defined Contribution Plan – for PERS and MUS-RP**

Rate Changes:

- **Effective July 1, 2015** (the first fiscal year 2016 payroll pay date), the additional 1.0% contribution is directed to the Plan Choice Rate rather than the Defined Benefit Unfunded Actuarial Liability.
- Upon the payoff of the PCR, employer contributions cease going to the Plan Choice Rate and are directed to the member's account.
- Actuary will provide an amortization schedule to MPERA; therefore, the Board knows when the Plan Choice Rate is paid off.
- Once the Plan Choice Rate is paid off, effective the first full pay period in the month, the 2.37%, .47%, and the 1.0% increase will all go to the Defined Contribution or MUS-RP member's account.

### Qualifications Bill - House Bill 124, effective March 30, 2015

#### **Change “military service” to “uniformed services” - for all plans**

The term “uniform services” shall replace “military service”. 19-2-1014, MCA

#### **Normal retirement age change – for Deferred Compensation (457) Plan**

The normal retirement age for MPORS or FURS members for the 457 Plan has been changed from 40 to 50. 19-50-104, MCA.

### HPORS DROP - Senate Bill 238, effective October 1, 2015 (subject to Internal Revenue Service (IRS) approval)

#### **HPORS Deferred Retirement Option Program (DROP) – for HPORS**

- Eligible members of the Highway Patrol Officers' Retirement System (HPORS) will have the opportunity to participate in the DROP. The DROP allows active HPORS members to begin accumulating their retirement benefit, without terminating employment, for up to 60 months. Members who choose to join the DROP, will have their monthly retirement benefit and employee contributions go into their individual DROP accounts.

## INTRODUCTORY SECTION

---

- Eligibility - Active member of HPORS with at least 20 years of membership service.
- DROP Terms –
  - **DROP Period** - the number of months the member chooses to participate in the DROP. It may be from one month up to a maximum of 60 months (five years). The DROP Period will begin on the first day of a month and end on the last day of a month. The participant chooses the beginning and ending date of their DROP Period on their DROP application.
  - **DROP Accrual** - the monthly benefit and the member's employee contributions for that month. This amount is credited to the member's DROP account.
  - The **DROP Account** for each member will grow on a tax-deferred basis, based on the member's DROP Accruals while the member continues to work and receives regular pay.
  - The **DROP Benefit** is the lump sum benefit the member will receive from the member's DROP Account upon termination of employment.

While a DROP member is working, the HPORS member, the employer, and the State pay regular contributions to the HPORS. The member contributions will go into the DROP participant's DROP account. The member will not earn additional membership service or service credit during the DROP period.

When the member terminates employment at the end of the DROP Period the member will begin receiving the HPORS monthly retirement benefit. At this time, the member will receive the DROP Benefit as a lump sum payment or a direct rollover to another eligible retirement plan (as allowed by the IRS). If the member does not designate a distribution method within 60 days after termination of employment, the DROP benefit will be paid in a taxable lump sum.

If the member becomes disabled during the DROP Period, the member will not be eligible for HPORS disability benefits. If the member terminates service, the service retirement benefit will be paid to the member rather than to the monthly DROP Account. The members will also be eligible to receive the DROP benefit.

If a member dies before the end of the DROP Period, the members' surviving spouse or dependent children are entitled to the member's DROP Benefit and a survivorship benefit. If the member does not have a surviving spouse or dependent children, the members' designated beneficiary receives the balance of the member's retirement account and a lump-sum payment of the member's DROP Benefit.

If a member's HPORS-covered employment is terminated during the DROP Period, the DROP benefit will be distributed to the member and payment of the monthly service retirement benefit will begin.

A member may continue to work after the DROP Period ends and remain vested in HPORS. The member will not receive the service retirement benefit or the DROP Benefit during the time the member continues working. The balance of the DROP Account will continue to earn interest. Upon termination of employment, the member will receive the member's initial HPORS monthly retirement benefit; an additional benefit based on the member's service credit

## INTRODUCTORY SECTION

---

and highest average compensation earned after DROP participation; and the member's DROP Benefit.

A members' DROP account will earn an interest rate equal to the actuarial assumed rate of return. Currently the rate of return is 7.75%.

Members do not receive a Guaranteed Annual Benefit Adjustment (GABA) on the accrued DROP retirement benefit. GABA starts January 1 immediately following retirement for initial and subsequent benefits.

House Bill 392, effective retroactively to December 1, 2014

### **Second Retirement Benefit** – for MPORS

When a MPORS retired member is re-employed in MPORS-covered employment

- 1) With less than 20 years of service, and is at least age 50:
  - Initial retirement benefit ceases;
  - Retiree becomes a vested, active MPORS member;
  - The member must repay all initial benefits received and interest at actuarially assumed rate of return;
  - The second retirement benefit will be based on total MPORS service and age at second retirement; and
  - The member will be treated as a new retiree who after having been retired at least 12 months, will receive a 3 % Guaranteed Annual Benefit Adjustment (GABA) each year in January. This applies only to members who were GABA members initially.
  
- 2) With more than 20 years of service:
  - Initial retirement benefit ceases;
  - Retiree becomes a vested, active MPORS member;
  - At the second retirement, the initial benefit resumes and a new benefit will be calculated on the new service credit and the Final Average Compensation (FAC) after re-employment.
  - The retiree will receive GABA on the first benefit in January immediately following the second retirement but waits 12 months for GABA on the second retirement benefit. If not initially retired for 12 months, the retiree will wait 12 months for GABA on both parts of benefit. This applies only to members who were GABA members initially.

## **INTRODUCTORY SECTION**

---

### VFCA Benefits - House Bill 483, effective January 1, 2016

#### **VFCA Pension Benefit** – for VFCA

For ALL retirees, current and future, the monthly base benefit increases to \$8.75 from \$7.50 for each credited year of service up to 20 years. Credited service after 20 years remains at \$7.50 per credited year.

### VFCA Allowable Payments - House Bill 555, effective October 1, 2015

#### **Allowable Payments to Volunteer Firefighters** – for VFCA

Allowable payments increase from \$300 to \$3,000, which includes stipends or per diem. Compensation is not included.

---



**Glacier Lily**

This wildflower grows in moist, shaded to open sites, sagebrush slopes to montane forest, sometimes to near treeline. The bulb-like underground stems, called corms, are edible raw, but like onions, they are made sweeter and more easily digestible by cooking. (*montanaplant-life.org*)

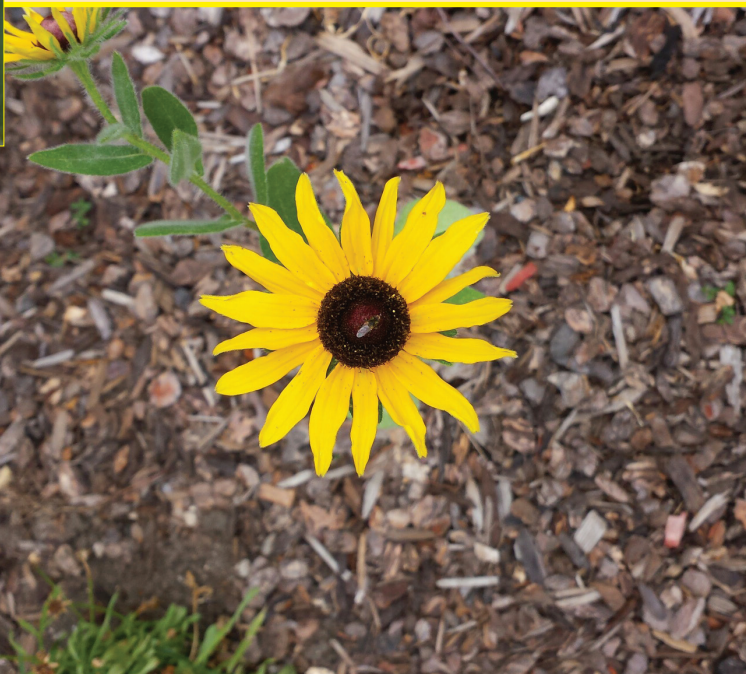
Photo courtesy of Laurie Logan



**Common Mullein**

Although it is listed as a noxious weed in a few other states, the common mullein is known as a pioneer plant. It is one of the first plants to grow in places that have been disturbed or burned. (*montanaplant-life.org*)

Photo courtesy of Ann Reber



**Sunflower**

Common on open, dry or moderately moist soil, especially in waste places, or in the valleys and foothills in all parts of Montana. The seeds of sunflower can be eaten raw or cooked. (*montanaplant-life.org*)

Photo courtesy of Roberta Scow

# LEGISLATIVE AUDIT DIVISION

Tori Hunthausen, Legislative Auditor  
Deborah Butler, Legal Counsel



Deputy Legislative Auditors  
Cindy Jorgenson  
Angus Maciver

## INDEPENDENT AUDITOR'S REPORT

The Legislative Audit Committee  
of the Montana State Legislature:

### *Introduction*

We have audited the accompanying Statement of Fiduciary Net Position-Pension (And Other Employee Benefit) Trust Funds of the Public Employees' Retirement Board (board), a component unit of the state of Montana, as of June 30, 2015, and the related Statement of Changes in Fiduciary Net Position-Pension (And Other Employee Benefits) Trust Funds for the fiscal year ended June 30, 2015, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this responsibility includes designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the board's internal control, and accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of

significant accounting estimates made by management, as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the board as of June 30, 2015, and the changes in fiduciary net position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

### *Emphasis of Matter*

As discussed in Note C, the Sheriffs', Game Wardens' and Peace Officers', and Public Employees' Retirement System Defined Contribution Disability OPEB retirement systems were not actuarially sound at June 30, 2015, as required by the Montana Constitution because they do not amortize. The maximum allowable amortization period is 30 years, as defined by state law. Our opinion is not modified with respect to this matter.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion & Analysis, and the Schedule of Changes in Multiple-Employer Plans Net Pension Liability/(Asset), Schedule of Changes in Single-Employer Plans Net Pension Liability/(Asset), Schedule of Net Pension Liability/(Asset) for Multiple-Employer Plans, Schedule of Net Pension Liability/(Asset) for Single-Employer Plans, Schedule of Employer and Non-Employer (State) Contributions for Cost-Sharing Multiple-Employer Plans, Schedule of Employer and Non-Employer (State) Contributions for Single-Employer Plans, Schedule of Investment Returns for Multiple-Employer Plans, Schedule of Investment Returns for Single-Employer Plans, Schedule of Funding Progress for PERS-DCRP Disability OPEB, Schedule of Employer Contributions & Other Contributing Entities for PERS-DCRP Disability OPEB, and Schedule of Funding Progress for OPEB (Healthcare) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information and related notes in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The following schedules are supplementary information provided for purposes of additional analysis and are not a required part of the financial statements. The Schedule of Administrative Expenses, Schedule of Investment Expenses, Schedule of Professional/Consultant Fees for the fiscal year ended June 30, 2015; the Detail of Fiduciary Net Position (PERS-DBRP and PERS-DBEd) and Detail of Fiduciary Net Position (PERS-DCRP and PERS-DCEd) as of June 30, 2015; and the Detail of Changes in Fiduciary Net Position (PERS-DBRP and PERS-DBEd) and the Detail of Changes in Fiduciary Net Position (PERS-DCRP and PERS-DCEd) for the fiscal year ended June 30, 2015. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The Introductory, Investment, Actuarial, and Statistical sections were presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2016, on our consideration of the board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the board's internal control over financial reporting and compliance. It is included in the Legislative Auditor's separately issued report (14-08B).

Respectfully submitted,

*/s/ Cindy Jorgenson*

Cindy Jorgenson, CPA  
Deputy Legislative Auditor  
Helena, MT

January 15, 2016

## Public Employees' Retirement Board

### *A Component Unit of the State of Montana*

### Management's Discussion and Analysis

*This section presents management's discussion and analysis of the Montana Public Employees' Retirement Board's (PERB) financial presentation and performance of the plans administered by the PERB for the fiscal year ending June 30, 2015. It is presented as a narrative overview and analysis and should be read in conjunction with the Letter of Transmittal included in the Introductory Section, the financial statements and other information presented in the Financial Section of this Component Unit Financial Report. Throughout this discussion and analysis units of measure (i.e., billions, millions, thousands) are approximate, being rounded up or down to the nearest tenth of the respective unit value.*

#### **Financial Highlights**

- The PERB's combined total net position of the defined benefit plans increased by \$181.2 million or 2.9% in fiscal year 2015. The increase was primarily due to the positive but modest investment income in each of the plans.*
- The PERB's defined contribution plans combined total net position increased by \$21.0 million or 3.7% in fiscal year 2015. The total increase in net position was primarily due to the increase of investment income in the PERS defined contribution retirement plan and the deferred compensation plan.*
- Revenues (additions to plan net position) for the PERB's defined benefit plans for fiscal year 2015 were \$598.5 million, which includes member and employer contributions of \$313.7 million and net investment income of \$284.8 million.*
- Revenues (additions to plan net position) for the PERB's defined contribution plans for fiscal year 2015 were \$53.0 million, which includes member and employer contributions of \$35.4 million and net investment income of \$17.6 million.*
- Expenses (deductions to plan net position) for the PERB's defined benefit plans increased from \$386.1 million in fiscal year 2014 to \$417.3 million in fiscal year 2015 or 8.1%. The increase in 2015 is primarily due to an increase in benefit payments.*
- Expenses (deductions to plan net position) for the PERB's defined contribution plans increased from \$30.6 million in fiscal year 2014 to \$32.0 million in fiscal year 2015 or 4.7%. The increase in expenses is primarily due to an increase in member distributions.*
- The PERB's defined benefit plans' funding objective is to meet long-term benefit obligations. As of June 30, 2015, the date of the latest actuarial valuation, five of the plans amortize the Unfunded Actuarial Liability (UAL) in 30 years or less. They are the Public Employees' Retirement System (PERS), Highway Patrol Officers' Retirement System (HPORS), Municipal Police Officers' Retirement System (MPORS), Firefighters' Unified Retirement System (FURS), and the Volunteer Firefighters' Compensation Act (VFCA). The plans that do not amortize the Unfunded Actuarial Liability are the Sheriffs' Retirement System (SRS), and the Game Wardens' and Peace Officers'*

*Retirement System (GWPORS). The PERS-DCRP Disability OPEB (DC Disability OPEB) as an other Employee Benefit also is not able to amortize the UAL within 30 years. The Judges' Retirement System (JRS) has an actuarial surplus. This means there are more assets than liabilities in the plan. As a whole the plans are actuarially funded at an average of 86%, including JRS' surplus. It is important to understand that this measure reflects the Actuarial Value of Assets for the defined benefit plans, which are currently less than the actual fair value published in the financial statements. Investment earnings are critical to the defined benefit plans. The actuary uses a four-year smoothing method to determine the Actuarial Value of Assets. This method is used to reduce the impact of market volatility. Due to smoothing gains in 2013, 2014 and 2015 and losses in 2012, return on actuarial value ranged from 8.95% to 9.63% for all systems, creating actuarial experience gains. These ranges were greater than the actuarial assumed rate of return on investments of 7.75%.*

## **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the PERB's financial reporting which is comprised of the following components:

- (1) Financial Statements
- (2) Notes to the Financial Statements
- (3) Required Supplementary Information
- (4) Other Supplementary Schedules

Collectively, this information presents the combined net position restricted for pension benefits for each of the plans administered

by the PERB as of June 30, 2015. This financial information also summarizes the combined changes in net position restricted for pension benefits for the year then ended. The information in each of these components is briefly summarized as follows:

- (1) Financial Statements for the fiscal year ended June 30, 2015, are presented for the fiduciary funds administered by MPERA, staff of the PERB. Fiduciary funds are used to pay for pension benefits and expenses. The fiduciary funds are comprised of 11 trust funds that consist of ten pension and one other post-employment benefit (OPEB).
  - The Statement of Fiduciary Net Position is presented for the pension trust funds at June 30, 2015. These financial statements reflect the resources available to pay benefits to retirees and beneficiaries at the end of the fiscal year reported.
  - The Statement of Changes in Fiduciary Net Position is presented for the pension trust funds for the year ended June 30, 2015. These financial statements reflect the changes in the resources available to pay benefits to retirees and beneficiaries at the end of the fiscal year reported.
- (2) The Notes to the Financial Statements provide additional information that is essential for a full understanding of the data provided in the financial statements. The information in the Notes to the Financial Statements is described as follows:
  - Note A provides a summary of significant accounting policies including: the basis of accounting; capital assets and equipment used in operations including

## FINANCIAL SECTION

---

PERIS, the new line of business system project; operating lease; Governmental Accounting Standards Board (GASB) Statement No. 67 Disclosures regarding Financial Reporting for Pension Plans; GASB Statement No. 43 Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans; GASB Statement No. 45 Disclosures regarding Other Post-Employment Benefits (OPEB); and summaries of the method to value investments and other significant accounting policies or explanations.

- Note B provides information about litigation.
  - Note C describes the membership and descriptions of each of the plans administered by the PERB. Summaries of benefits and contribution information are also provided.
- (3) The Required Supplementary Information (RSI) consists of multiple-employer and single-employer plan schedules of changes of employers' net pension liability, employers' net pension liability, employer contributions, and the money-weighted rate of investment returns of the defined benefit pension systems administered by the PERB. The RSI also contains, as related notes concerning actuarial information of the defined benefit pension plans, Other Post-Employment Benefits (OPEB) for the State Healthcare Benefits and the PERS-DCRP Disability OPEB and the related notes to the OPEB plans.
- (4) Other Supplementary Schedules include schedules of administrative expenses, investment expenses, and professional/consultant fees.

### *Financial Analysis of the Systems – Defined Benefit Plans*

#### **Investments**

The State of Montana Board of Investments (BOI), as authorized by state law, invests the defined benefit plans' assets in investment pools. Each plan owns an equity position in the pools and receives proportionate investment income from the pools in accordance with respective ownership. The investment pools are: Montana Short Term Investment Pool, Montana Domestic Equity Pool, Retirement Funds Bond Pool, Montana International Equity Pool, Montana Real Estate Pool and Montana Private Equity Pool. Each plan's allocated share of the investment in the pools is shown in the Statement of Fiduciary Net Position of the plan. Investment gains and losses are reported in the Statement of Changes in Fiduciary Net Position.

#### **Economic Conditions**

According to the Board of Investments' Chief Investment Officer, Clifford Sheets, "The global economic backdrop remains one of low growth characterized by positive, but mediocre growth in developed economies, and slowing growth in the developing economies. The pace of economic growth in the United States remains moderate with consensus expectations for 2.5% GDP growth in calendar year 2015 compared to 2.4% in 2014. This growth rate is expected to improve only slightly to 2.7% for 2016. As occurred last year, a very weak first quarter was offset by a strong bounce in the second quarter, and a likelihood of second half growth near the 2.5% annual rate. Leading indicators suggest the United States economy is entering a seventh year of positive growth after the Great Recession of '07-'09.

Contributions to this positive growth trend are coming from all sectors of the economy with the exception of net exports which are expected to suffer from a higher exchange rate for the United States dollar and its effect on global competitiveness.

“In comparison to the United States, both Europe and Japan are growing at slower rates, at about half the pace as the United States economy. The fact they are operating in positive territory is some consolation after aggressive monetary policies were enacted to pull these economies out of their stagnant condition that has dominated since the global slowdown following the financial crisis. Elsewhere, emerging market economies as a group have seen a slowdown with some countries now in recession. This is occurring in the wake of a significant decline in commodity prices which have hurt these more export-dependent countries. China in particular has been in the news recently as signs of a slowing economy, coupled with a decline in their stock market after a bubble-like ascent, have further disrupted global capital markets.

“The United States continues to make progress in its employment situation. The unemployment rate has declined to a cyclical low of 5.1% as of August, down from 6.1% a year ago. Still, the labor market appears less than robust when looking at the low labor force participation rate and a still high proportion of part time jobs. Wage growth also remains weak on balance, though there are signs of recent improvement.

“The Federal Reserve has a dual mandate of controlling inflation and supporting a healthy labor market. The cyclical improvement in employment has reached a point where officials are debating an increase in interest rates at this time out of concern that the

improving trend will lead to inflationary pressure. Yet this inflation anxiety by the Federal Reserve is being viewed by many as premature in a world where inflationary pressures are benign, particularly in light of the recent decline in energy and other commodity prices. Nevertheless, the Federal Reserve has indicated it is biased to begin raising rates soon, likely sometime yet in 2015, simply to signal the economy is no longer on life support and thus no longer dependent on a zero policy interest rate. As of this writing on September 11, the markets are expecting about a 50-50 chance of a liftoff in the federal funds rate at the September meeting of the Federal Reserve’s policy setting committee.

“Global equity markets have suffered declines beginning in mid-August, and market volatility has spiked in concert with the weakness. The correction has ranged from quite severe in the case of most emerging markets to a more mild correction in others. Factors cited for the selloff include the growth slowdown in China and its potential impact on other countries, as well as what seems to be an imminent rise in the Federal Reserve’s policy rate. Regardless of when the Federal Reserve acts, how successful it is in managing expectations will be important over the next several months, and will no doubt have a big impact on the reaction of the markets. Still, the fundamental improvement in the United States economy is the most important development to keep in mind, though a more mixed message will likely continue to prevail internationally.”

(Written on September 11, 2015)



## FINANCIAL SECTION

### Defined Benefit Plans Total Investments

At June 30, 2015, the PERB's defined benefit plans held total investments of \$6.3 billion, an increase of \$193.6 million from fiscal year 2014 investment totals. Below are the schedules of Fiduciary Net Position and Changes in Fiduciary Net Position for the

defined benefit plans, including comparative totals from fiscal year 2014.

### Analysis of Individual Systems

#### PERS-DBRP and Education

The PERS-DBRP provides retirement, disability, and death benefits for covered

### Fiduciary Net Position - Defined Benefit Plans

As of June 30, 2015 - and comparative totals for June 30, 2014

(dollars in thousands)

	PERS-DCRP									
	PERS		DISABILITY OPEB		JRS		HPORS		SRS	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
<b>Assets:</b>										
Cash and Receivables	\$ 110,011	123,734	2,757	2,443	2,010	2,169	2,729	3,091	6,930	7,665
Securities Lending Collateral	192,830	207,294	6	2	3,306	3,520	4,912	5,278	11,240	11,902
Investments	4,955,166	4,825,560	24	27	84,943	81,957	126,245	122,868	288,771	277,018
Property and Equipment	40	49			1	2	1	2	1	2
Capital Assets	963	613			283	180	240	153	283	180
<b>Total Assets</b>	<b>5,259,010</b>	<b>5,157,250</b>	<b>2,787</b>	<b>2,472</b>	<b>90,543</b>	<b>87,828</b>	<b>134,127</b>	<b>131,392</b>	<b>307,225</b>	<b>296,767</b>
<b>Liabilities:</b>										
Securities Lending Liability	192,830	207,294	6	2	3,306	3,520	4,912	5,278	11,240	11,902
Other Payables	2,242	4,281			130	82	148	102	290	207
<b>Total Liabilities</b>	<b>195,072</b>	<b>211,575</b>	<b>6</b>	<b>2</b>	<b>3,436</b>	<b>3,602</b>	<b>5,060</b>	<b>5,380</b>	<b>11,530</b>	<b>12,109</b>
<b>Total Net Position</b>	<b>\$ 5,063,938</b>	<b>4,945,675</b>	<b>2,781</b>	<b>2,470</b>	<b>87,107</b>	<b>84,226</b>	<b>129,067</b>	<b>126,012</b>	<b>295,695</b>	<b>284,658</b>

### Changes In Fiduciary Net Position - Defined Benefit Plans

For the year ended June 30, 2015 - and comparative totals for June 30, 2014

(dollars in thousands)

	PERS-DCRP									
	PERS		DISABILITY OPEB		JRS		HPORS		SRS	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
<b>Additions:</b>										
Contributions	\$ 230,516	222,968	343	311	2,218	2,133	7,464	7,194	13,526	13,136
Investment Income (Loss)	225,110	732,483	3	3	3,842	12,424	5,738	18,684	13,042	41,802
<b>Total Additions</b>	<b>455,626</b>	<b>955,451</b>	<b>346</b>	<b>314</b>	<b>6,060</b>	<b>14,557</b>	<b>13,202</b>	<b>25,878</b>	<b>26,568</b>	<b>54,938</b>
<b>Deductions:</b>										
Benefits	319,502	296,183	34	29	3,041	3,023	9,932	9,344	14,019	12,732
Refunds	12,522	10,357					69	99	1,261	1,211
OPEB Expenses	95	77			2	1	2	1	2	1
Administrative Expenses	3,885	3,704			136	99	144	108	248	202
Miscellaneous Expenses	1,377	1,201								
<b>Total Deductions</b>	<b>337,381</b>	<b>311,522</b>	<b>34</b>	<b>29</b>	<b>3,179</b>	<b>3,123</b>	<b>10,147</b>	<b>9,552</b>	<b>15,530</b>	<b>14,146</b>
<b>Incr/(Decr) in Net Position</b>	<b>\$ 118,245</b>	<b>643,929</b>	<b>312</b>	<b>285</b>	<b>2,881</b>	<b>11,434</b>	<b>3,055</b>	<b>16,326</b>	<b>11,038</b>	<b>40,792</b>
Prior Period Adjustments	17	-86					-2	-4		-11

## FINANCIAL SECTION

employees of the State, local governments, certain employees of the Montana University System, and school districts. Member and employer contributions and earnings on investments fund the benefits of the plan. All new members are initially members of the PERS-DBRP and have a 12-month window during which they may choose to remain in

the PERS-DBRP or join the PERS-DCRP by filing an irrevocable election. The PERS-DBRP and the DB Education Fund have been combined in these comparisons. The PERS-DBRP net position restricted for pension benefits at June 30, 2015 amounted to \$5.1 billion, an increase of \$118.3 million (2.4%) from \$4.9 billion at June 30, 2014.

	GWPORS		MPORS		FURS		VFCA		TOTAL	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
\$	3,680	4,056	19,380	19,719	20,188	19,946	2,475	2,408	170,160	185,231
	5,639	5,784	12,282	12,864	12,468	12,958	1,232	1,326	243,915	260,928
	144,876	134,680	315,650	299,473	320,400	301,618	31,578	30,840	6,267,653	6,074,041
	1	2	1	2	1	2	1	2	47	63
	283	180	253	161	250	159	230	147	2,785	1,773
	154,479	144,702	347,566	332,219	353,307	334,683	35,516	34,723	6,684,560	6,522,036
	5,639	5,784	12,282	12,864	12,468	12,958	1,232	1,326	243,915	260,928
	202	173	227	166	203	165	180	125	3,622	5,301
	5,841	5,957	12,509	13,030	12,671	13,123	1,412	1,451	247,537	266,229
\$	148,638	138,745	335,057	319,189	340,636	321,560	34,104	33,272	6,437,023	6,255,807

	GWPORS		MPORS		FURS		VFCA		TOTAL	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
\$	9,012	8,224	24,354	23,641	24,383	23,472	1,913	1,818	313,730	302,897
	6,435	20,075	14,472	45,244	14,640	45,478	1,480	4,817	284,762	921,010
	15,447	28,299	38,826	68,885	39,023	68,950	3,393	6,635	598,491	1,223,907
	4,550	3,979	20,560	19,450	19,745	18,872	2,368	2,281	393,751	365,893
	802	1,250	2,184	1,078	2	180			16,840	14,175
	2	1	2	1	-5	1	2	1	102	84
	201	160	212	165	197	152	181	135	5,204	4,725
							11	14	1,388	1,215
	5,555	5,390	22,958	20,694	19,939	19,205	2,562	2,431	417,285	386,092
\$	9,892	22,909	15,868	48,191	19,084	49,745	831	4,204	181,207	837,815
		-4		-12	-7	-12			11	-131

## FINANCIAL SECTION

---

Additions to the PERS-DBRP net position restricted for pension benefits include employer, member and state contributions, a statutorily appropriated coal tax contribution from the general fund, and investment income. For the fiscal year ended June 30, contributions increased to \$230.5 million in fiscal year 2015 from \$223.0 million in fiscal year 2014, an increase of \$7.5 million (3.4%). Contributions increased due to an increased employer's contribution rate. The plan recognized total net investment income of \$225.1 million for the fiscal year ended June 30, 2015, compared with total net investment income of \$732.5 million for the fiscal year ended June 30, 2014. The decrease in investment income is a result of positive but modest investment returns.

As a result of the 2013 legislation and effective July 1, 2013, PERS-DBRP receives additional contributions from the State's coal severance tax fund and interest income from the coal severance tax permanent fund. The coal severance tax collections are credited to the general fund of the State of Montana and are statutorily appropriated on July 1 each year to the trust fund for the PERS-DBRP. The coal tax is transferred quarterly and the interest income is credited monthly. The amount that was received for fiscal year 2015 was \$33.5 million. They are recorded as *Coal Tax Transfers* in the financial statements.

Deductions from the PERS-DBRP net position restricted for pension benefits include retirement benefits, refunds, and administrative expenses. For fiscal year 2015, benefits amounted to \$319.5 million, an increase of \$23.3 million (7.9%) from fiscal year 2014. The increase in benefit payments was due to the increase in benefit recipients and the increase in the average recipient's benefit due to the guaranteed annual benefit adjustment (GABA). For fiscal year 2015,

refunds amounted to \$12.5 million, an increase of \$2.2 million (20.9%) from fiscal year 2014. The increase in refunds was due to more members refunding their accounts. For fiscal year 2015, the costs of administering the plan's benefits amounted to \$3.9 million, an increase of \$180.6 thousand (4.9%) from fiscal year 2014. The increase in administrative expenses for fiscal year 2015 was due to the increased consultation costs associated with continuing data cleansing and technological development of a new computer application to modernize the administrative processes associated with the PERS-DBRP, and actuary costs associated with the implementation of Governmental Accounting Standards Board (GASB) Statements No. 67 and 68.

At June 30, 2015, the PERS-DBRP total pension liability was \$6.5 billion. The Plan's fiduciary net position was \$5.1 billion leaving a net pension liability of \$1.4 billion. The Plan fiduciary net position as a percentage of the total pension liability was 78.4% at June 30, 2015.

An actuarial valuation of the PERS-DBRP assets and benefit obligations is performed annually. Due to the enactment of House Bill (HB) 454 during the 2013 Legislative Session and effective July 1, 2013, the GABA would decrease from 3% to a maximum of 1.5% for all PERS members, including current and future retirees. As a result of this legislation and the subsequent court case, there was a permanent injunction issued in March 2015 preventing the PERB from implementing the decrease in GABA from 3% to a maximum of 1.5% GABA. This permanent injunction is only applicable to PERS members hired before July 1, 2013. Accordingly, PERS members hired before July 1, 2007 keep the 3% GABA and those hired between July 1, 2007 and June 30, 2013 will keep the 1.5%

GABA, but members hired on or after July 1, 2013 will be subject to a “sliding scale” GABA ranging from 0% to 1.5% as provided in HB 454 (2013).

As a result of the permanent injunction, the PERB has performed the valuation for the past two fiscal years using the 3% GABA and a supplemental valuation using the 1.5% GABA. In both valuations the information received from the actuary uses the greatest liability the plan would incur. The regular valuation was performed with all retirees receiving a 3% GABA. The supplemental valuation used the 1.5% GABA, because 1.5% would be the greatest amount of GABA a retiree could have received if the State of Montana was successful in the lawsuit.

When comparing the valuations on June 30, 2015 and June 30, 2014 using the 3% GABA the number of years to amortize the unfunded actuarial liability is 27.2 years and 29.3 years, respectively. When comparing the supplemental valuations on June 30, 2015 and June 30, 2014 using the 1.5% GABA the number of years to amortize the unfunded actuarial liability is 9.8 years and 10.5 years, respectively.

The funded status of the plan using the 3% GABA increased to 76% at June 30, 2015 from 74% at June 30, 2014. The funded status of the plan using the 1.5% GABA increased to 86% at June 30, 2015 from 84% at June 30, 2014.

The PERS-DBRP actuarial value of assets using the 3% GABA was less than actuarial liabilities by \$1.54 billion at June 30, 2015, compared with \$1.58 billion at June 30, 2014. The decrease in the unfunded actuarial liability as of the last actuarial valuation is a result of recognizing past investment gains of \$85

million and a total liability loss adding \$11.4 million to the actuarial liability as a result of the experience of the plan being different from the actuarial assumptions.

#### **PERS-DCRP DISABILITY OPEB**

*The PERS-DCRP Disability OPEB provides disability benefits for defined contribution plan members. A percentage of employer contributions and earnings on investments fund the benefits of the plan.* The DCRP Disability OPEB net position restricted for pensions at June 30, 2015 amounted to \$2.78 million, an increase of \$311 thousand (12.6%) from \$2.47 million at June 30, 2014.

Additions to the DCRP Disability OPEB net position restricted for pension benefits include employer contributions and investment income. For the fiscal year ended June 30, 2015, employer contributions amounted to \$343 thousand, an increase of \$32 thousand (10.3%) from fiscal year 2014. Contributions increased due to an increase in participants. The plan recognized total net investment income of \$3.4 thousand for the fiscal year ended June 30, 2015 compared with total net investment income of \$3.3 thousand for the fiscal year ended June 30, 2014. The slight increase in investment income is a result of the lower average yield earned in the Short-Term Investment Pool (STIP), which was the sole asset held during the fiscal year. The investments have historically been directed to STIP due to, in comparison to other funds, the immaturity of this plan and relatively small amount of investable assets. A plan has been initiated to further diversify the assets of the DCRP Disability OPEB into longer term asset classes with potentially higher returns over time. MPERA and BOI are working on the plan to further diversify the DCRP Disability OPEB assets with this objective. Action will be taken as soon as administratively possible.

## FINANCIAL SECTION

---

Deductions from the DCRP Disability OPEB net position restricted for pension benefits are disability retirement benefits. For fiscal year 2015, benefits amounted to \$34 thousand, an increase of \$4.4 thousand (14.8%) from fiscal year 2014.

An actuarial valuation of the DCRP Disability OPEB assets and disability benefit obligations is performed every year. The second valuation was performed using the June 30, 2015 data and demographic and economic assumptions. At June 30, 2015, the date of the most recent actuarial valuation, the unfunded actuarial liability does not amortize, the same as fiscal year ended June 30, 2013, date of last valuation. The funded status of the plan increased to 86.0% at June 30, 2015 from 80.5% at June 30, 2013. The unfunded actuarial liability decreased to \$454 thousand at June 30, 2015 from \$531 thousand at June 30, 2013, as a result of a gain deducting \$289 thousand from the expected actuarial liability.

During the year ended June 30, 2015, the DCRP Disability OPEB assets gained 0.14% on an annualized market basis. This return was below the DCRP Disability OPEB assumed rate of return of 3.50%. Because this is only the second valuation for DCRP Disability OPEB, the actuarial value of assets is set equal to the market value of assets.

### **JRS**

*The JRS provides retirement, disability, and death benefits for all Montana judges of the district courts, justices of the Supreme Court, the Chief Water Judge and the Associate Water Judge. Member and employer contributions and earnings on investments fund the benefits of the plan.* The JRS net position restricted for pensions at June 30, 2015 amounted to \$87.1 million, an increase of \$2.9 million (3.4%) from \$84.2 million at June 30, 2014.

Additions to the JRS net position restricted for pension benefits include member and employer contributions, and investment income. For the fiscal year ended June 30, 2015, contributions amounted to \$2.2 million, an increase of \$85 thousand (4.0%) from fiscal year 2014. Contributions increased due to an increase in salaries. The plan recognized total net investment income of \$3.8 million for the fiscal year ended June 30, 2015, compared with total net investment income of \$12.4 million for the fiscal year ended June 30, 2014. The decrease in investment income is a result of positive but moderate investment returns.

Deductions from the JRS net position restricted for pension benefits include retirement benefits and administrative expenses. For fiscal year 2015, benefits amounted to \$3.0 million, an increase of \$18.5 thousand (0.6%) from fiscal year 2014. The increase in benefits was due to an increase in the average recipient's benefit due to the guaranteed annual benefit adjustment (GABA) or the minimum benefit adjustment for non-GABA recipients. For fiscal year 2015, administrative expenses amounted to \$136 thousand, an increase of \$37 thousand (37.6%) from fiscal year 2014. The increase in administrative expenses for fiscal year 2015 was due to the increased consultation costs associated with continuing data cleansing and technological development of a new computer application to modernize the administrative processes associated with the JRS, and actuary costs associated with the implementation of Governmental Accounting Standards Board (GASB) Statements No. 67 and 68.

At June 30, 2015, the JRS total pension liability was \$53.1 million. The Plan's fiduciary net position was \$87.1 million leaving a net pension asset of \$34.0 million. The Plan fiduciary net position as a percentage

of the total pension liability was 163.90% at June 30, 2015.

An actuarial valuation of the JRS assets and benefit obligations is performed annually. At June 30, 2015, the date of the most recent actuarial valuation, the years to amortize the unfunded actuarial liability is still zero due to the actuarial surplus. The funded status of the plan increased to 164% at June 30, 2015 from 155% at June 30, 2014.

The JRS actuarial value of assets was more than actuarial liabilities by a \$33.0 million actuarial surplus at June 30, 2015, compared with a \$27.9 million actuarial surplus at June 30, 2014. The decrease in the unfunded actuarial liability as of the last actuarial valuation is due to recognizing past investment gains of \$1.4 million and a total liability gain deducting \$1.2 million from the actuarial liability resulting from the experience of the plan differing from the actuarial assumptions and the increase in retirements.

### **HPORS**

*The HPORS provides retirement, disability, and death benefits for members of the Montana Highway Patrol. Member and employer contributions, a statutory appropriation from the general fund, and earnings on investments fund the benefits of the plan.* The HPORS net position restricted for pensions at June 30, 2015 amounted to \$129.1 million, an increase of \$3.1 million (2.4%) from \$126.0 million at June 30, 2014.

Additions to the HPORS net position restricted for pension benefits include employer and member contributions, a statutory appropriation from the general fund, and investment income. For the fiscal year ended June 30, 2015, contributions increased to \$7.5 million from \$7.2 million in fiscal year

2014, an increase of \$270 thousand (3.8%). Contributions increased due to an increase in active members contributing to the plan and an increase in member contribution rates. The plan recognized total net investment income of \$5.7 million for the fiscal year ended June 30, 2015, compared with total net investment income of \$18.7 million for the fiscal year ended June 30, 2014. The decrease in investment income is a result of positive but moderate investment returns.

Deductions from the HPORS net position restricted for pension benefits include retirement benefits, refunds, and administrative expenses. For fiscal year 2015, benefits amounted to \$9.9 million, an increase of \$588 thousand (6.3%) from fiscal year 2014. The increase in benefit payments was due to an increase in benefit recipients and the increases in the average recipient's benefit due to the guaranteed annual benefit adjustment (GABA) or the minimum monthly benefit for non-GABA recipients. For fiscal year 2015, refunds amounted to \$69 thousand, a decrease of \$30 thousand (30.3%) from fiscal year 2014. The decrease in refunds was due to one less member taking a refund and total refunds being at lower amounts. For fiscal year 2015, administrative expenses were \$144 thousand, an increase of \$36 thousand (33.2%) from fiscal year 2014. The increase in administrative expenses for fiscal year 2015 was due to the increased consultation costs associated with continuing data cleansing and technological development of a new computer application to modernize the administrative processes associated with the HPORS, and actuary costs associated with the implementation of Governmental Accounting Standards Board (GASB) Statements No. 67 and 68.

At June 30, 2015, the HPORS total pension liability was \$193.0 million. The Plan's

## FINANCIAL SECTION

---

fiduciary net position was \$129.1 million leaving a net pension liability of \$63.9 million. The Plan fiduciary net position as a percentage of the total pension liability was 66.89% at June 30, 2015.

An actuarial valuation of the HPORS assets and benefit obligations is performed annually. At June 30, 2015, the date of the most recent actuarial valuation, the number of years to amortize the unfunded actuarial liability is 28.5 years a decrease from 30.3 years at June 30, 2014. The funded status of the plan increased to 65% at June 30, 2015 from 64% at June 30, 2014.

The HPORS actuarial value of assets was less than actuarial liabilities by \$67.3 million at June 30, 2015, compared with \$66.2 million at June 30, 2014. The increase in the unfunded actuarial liability as of the last actuarial valuation is a result of recognizing past investment gains of \$2.1 million. The actuarial liability was increased due to the passage of Senate Bill 238. SB 238, which was enacted during the 2015 Legislative Session, establishes a Deferred Retirement Option Plan (DROP) for eligible members of the HPORS. This benefit change added \$1.7 million to the actuarial liability.

### SRS

*The SRS provides retirement, disability, and death benefits for all Department of Justice criminal investigators hired after July 1, 1993, detention officers hired after July 1, 2005, and all Montana sheriffs. Member and employer contributions and earnings on investments fund the benefits of the plan.* The SRS net position restricted for pension benefits at June 30, 2015 amounted to \$295.7 million, an increase of \$11.0 million (3.9%) from \$284.7 million at June 30, 2014.

Additions to the SRS net position restricted for pension benefits include member and employer contributions, and investment income. For the fiscal year ended June 30, 2015, contributions increased to \$13.5 million from \$13.1 million in fiscal year 2014, for an increase of \$389 thousand (3.0%). The increase in contributions was due to an increase in active members contributing to the plan. The plan recognized total net investment income of \$13.0 million for the fiscal year ended June 30, 2015, compared with total net investment income of \$41.8 million for the fiscal year ended June 30, 2014. The decrease in investment income is a result of a positive but moderate investment returns.

Deductions from the SRS net position restricted for pension benefits include retirement benefits, refunds, and administrative expenses. For fiscal year 2015, benefits amounted to \$14.0 million, an increase of \$1.3 million (10.1%) from fiscal year 2014. The increase in benefit payments was due to an increase in benefit recipients and an increase in the average recipient's benefit due to the guaranteed annual benefit adjustment (GABA). For fiscal year 2015, refunds amounted to \$1.3 million, an increase of \$49 thousand (4.1%) from fiscal year 2014. The increase in refunds was due to the increased refund requests from members. For fiscal year 2015, administrative expenses amounted to \$248 thousand, an increase of \$46 thousand (22.7%) from fiscal year 2014. The increase in administrative expenses for fiscal year 2015 was due to the increased consultation costs associated with continuing data cleansing and technological development of a new computer application to modernize the administrative processes associated with the SRS, and actuary costs associated with the implementation of Governmental Accounting Standards Board (GASB) Statements No. 67 and 68.

At June 30, 2015, the SRS total pension liability was \$392.1 million. The Plan's fiduciary net position was \$295.7 million leaving a net pension liability of \$96.4 million. The Plan fiduciary net position as a percentage of the total pension liability was 75.41% at June 30, 2015.

An actuarial valuation of the SRS assets and benefit obligations is performed annually. At June 30, 2015, the date of the most recent actuarial valuation, the unfunded actuarial liability does not amortize, same as fiscal year ended June 30, 2014. The funded status of the plan increased to 83% at June 30, 2015 from 81% at June 30, 2014.

The SRS actuarial value of assets was less than actuarial liabilities by \$60.6 million at June 30, 2015, compared with \$61.1 million at June 30, 2014. The decrease in the unfunded actuarial liability as of the last actuarial valuation is a result of recognizing past investment gains of \$4.9 million and a total liability gain deducting \$123 thousand from the actuarial liability as a result of the experience of the plan being different from the actuarial assumptions.

### **GWPORS**

*The GWPORS provides retirement, disability, and death benefits for game wardens, warden supervisory personnel and state peace officers. Member and employer contributions and earnings on investments fund the benefits of the plan.* The GWPORS net position restricted for pension benefits at June 30, 2015, amounted to \$148.6 million, an increase of \$9.9 million (7.1%) from \$138.7 million at June 30, 2014.

Additions to the GWPORS net position restricted for pension benefits include member and employer contributions, and investment income. For the fiscal year ended June 30, 2015, contributions increased to

\$9.0 million from \$8.2 million in fiscal year 2014, an increase of \$788 thousand (9.6%). The increase in contributions was due to an increase in active members contributing to the plan. The plan recognized total net investment income of \$6.4 million for the fiscal year ended June 30, 2015, compared with total net investment income of \$20.1 million for the fiscal year ended June 30, 2014. The decrease in investment income is a result of positive but moderate investment returns.

Deductions from the GWPORS net position restricted for pensions include retirement benefits, refunds, and administrative expenses. For fiscal year 2015, benefits amounted to \$4.6 million, an increase of \$571 thousand (14.4%) from fiscal year 2014. The increase in benefit payments was due to the increase in benefit recipients and the increase in the average recipient's benefit due to the guaranteed annual benefit adjustment (GABA). For fiscal year 2015, refunds amounted to \$802 thousand, a decrease of \$449 thousand (35.9%) from fiscal year 2014. The decrease in refunds was due to fewer refund requests from members. For fiscal year 2015, administrative expenses amounted to \$201 thousand, an increase of \$41.0 thousand (25.6%) from fiscal year 2014. The increase in administrative expenses for fiscal year 2015 was due to the increased consultation costs associated with continuing data cleansing and technological development of a new computer application to modernize the administrative processes associated with the GWPORS, and actuary costs associated with the implementation of Governmental Accounting Standards Board (GASB) Statements No. 67 and 68.

At June 30, 2015, the GWPORS total pension liability was \$169.6 million. The Plan's fiduciary net position was \$148.6 million leaving a net pension liability of \$21.0



## FINANCIAL SECTION

---

million. The Plan fiduciary net position as a percentage of the total pension liability was 87.61% at June 30, 2015.

An actuarial valuation of the GWPORS assets and benefit obligations is performed annually. At June 30, 2015, the date of the most recent actuarial valuation, the unfunded actuarial liability does not amortize, same as fiscal year ended June 30, 2014. The funded status of the plan increased to 84.4% at June 30, 2015 from 83.7% at June 30, 2014.

The GWPORS actuarial value of assets was less than actuarial liabilities by \$26.8 million at June 30, 2015, compared with \$25.2 million at June 30, 2014. The increase in unfunded actuarial liability as of the last actuarial valuation is a result of recognizing past investment gains of \$2.3 million and a total liability loss adding \$2.5 million to the actuarial liability as a result of salaries and the experience of the plan being different from the actuarial assumptions.

### **MPORS**

*The MPORS provides retirement, disability, and death benefits for municipal police officers employed by first- and second-class cities, and other cities that adopt the plan. MPORS also has an option for members to participate in a Deferred Retirement Option Plan (DROP). Member, employer, and state contributions and earnings on investments fund the benefits of the plan.* The MPORS net position restricted for pension benefits at June 30, 2015 amounted to \$335.1 million, an increase of \$15.9 million (5.0%) from \$319.2 million at June 30, 2014.

Additions to the MPORS net position restricted for pension benefits include employer, member, and state contributions, and investment income. For the fiscal year

ended June 30, 2015, contributions increased to \$24.4 million from \$23.6 million in fiscal year 2014, for an increase of \$712 thousand (3.0%). Contributions increased due to an increase in salaries. The plan recognized total net investment income of \$14.6 million for the fiscal year ended June 30, 2015, compared with total net investment income of \$45.2 million for fiscal year ended June 30, 2014. The decrease in investment income is a result of positive but moderate investment returns.

Deductions from the MPORS net position restricted for pension benefits include retirement benefits, refunds, and administrative expenses. For fiscal year 2015, benefits amounted to \$20.6 million, an increase of \$1.1 million (5.7%) from fiscal year 2014. The increase in benefit payments was due to the increase in benefit recipients and the increase in the average recipient's benefit due to the guaranteed annual benefit adjustment (GABA) or the minimum benefit adjustment for non-GABA recipients. For fiscal year 2015, refunds amounted to \$2.2 million, an increase of \$1.1 million (102.5%) from fiscal year 2014. The increase in refunds for fiscal year 2015 was due to more refunds being processed for larger dollar amounts. For fiscal year 2015, administrative expenses were \$212 thousand, an increase of \$47.0 thousand (28.4%) from fiscal year 2014. The increase in administrative expenses for fiscal year 2015 was due to the increased consultation costs associated with continuing data cleansing and technological development of a new computer application to modernize the administrative processes associated with the MPORS, and actuary costs associated with the implementation of Governmental Accounting Standards Board (GASB) Statements No. 67 and 68.

At June 30, 2015, the MPORS total pension

liability was \$500.5 million. The Plan's fiduciary net position was \$335.1 million leaving a net pension liability of \$165.4 million. The Plan fiduciary net position as a percentage of the total pension liability was 66.95% at June 30, 2015.

An actuarial valuation of the MPORS assets and benefit obligations is performed annually. At June 30, 2015, the date of the most recent actuarial valuation, the number of years to amortize the unfunded actuarial liability decreased to 18.3 years from 19.6 years at June 30, 2014. The funded status of the plan increased to 66% at June 30, 2015 from 63% at June 30, 2014.

The MPORS actuarial value of assets was less than actuarial liabilities by \$169.2 million at June 30, 2015, compared with \$175.6 million at June 30, 2014. The decrease in the actuarial liability as of the last actuarial valuation is a result of recognizing past investment gains of \$4.7 million and a total liability gain deducting \$3.3 million from the actuarial liability as a result of the experience of the plan being different from the actuarial assumptions.

### **FURS**

*The FURS provides retirement, disability, and death benefits for firefighters employed by first- and second-class cities, other cities and rural fire departments that adopt the plan, and firefighters hired by the Montana Air National Guard (MANG) on or after October 1, 2001. Member, employer, and state contributions, and earnings on investments fund the benefits of the plan.* The FURS net position restricted for pension benefits at June 30, 2015, amounted to \$340.6 million, an increase of \$19.1 million (5.9%) from \$321.6 million at June 30, 2014.

Additions to the FURS net position restricted for pension benefits include employer,

member, and state contributions, and investment income. For the fiscal year ended June 30, 2015, contributions increased to \$24.4 million from \$23.5 million in fiscal year 2014, an increase of \$912 thousand (3.9%). Contributions increased due to an increase of active members contributing to the plan. The plan recognized total net investment income of \$14.6 million for the fiscal year ended June 30, 2015, compared with total net investment income of \$45.5 million for the fiscal year ended June 30, 2014. The decrease in investment income is a result of positive but moderate investment returns.

Deductions from the FURS net position restricted for pension benefits include retirement benefits, refunds, and administrative expenses. For fiscal year 2015, benefits amounted to \$19.7 million, an increase of \$873 thousand (4.6%) from fiscal year 2014. The increase in benefit payments was due to the increase in benefit recipients and the increase in the average recipient's benefit due to the guaranteed annual benefit adjustment (GABA) or the minimum benefit adjustment for non-GABA recipients. For fiscal year 2015, refunds amounted to \$2 thousand, a decrease of \$178 thousand (99.0%) from fiscal year 2014. The decrease in refunds was due to a decrease in refund requests and smaller dollar refunds being processed. For fiscal year 2015 administrative expenses were \$197 thousand, an increase of \$45 thousand (29.7%) from fiscal year 2014. The increase in administrative expenses for fiscal year 2015 was due to the increased consultation costs associated with continuing data cleansing and technological development of a new computer application to modernize the administrative processes associated with the FURS, and actuary costs associated with the implementation of Governmental Accounting Standards Board (GASB) Statements No. 67 and 68.

## FINANCIAL SECTION

---

At June 30, 2015, the FURS total pension liability was \$442.9 million. The Plan's fiduciary net position was \$340.6 million leaving a net pension liability of \$102.3 million. The Plan fiduciary net position as a percentage of the total pension liability was 76.91% at June 30, 2015.

An actuarial valuation of the FURS assets and benefit obligations is performed annually. At June 30, 2015, the date of the most recent actuarial valuation, the years to amortize the unfunded actuarial liability decreased to 9.7 years from 11.3 years at June 30, 2014. The funded status of the plan increased to 76% at June 30, 2015 from 72% at June 30, 2014.

The FURS actuarial value of assets was less than actuarial liabilities by \$108.2 million at June 30, 2015, compared with \$118.1 million at June 30, 2014. The decrease in unfunded actuarial liability as of the last actuarial valuation is a result of recognizing past investment gains of \$4.7 million and a total liability gain deducting \$1.1 million from the actuarial liability as a result of the experience of the plan being different from the actuarial assumptions.

### **VFCA**

*The VFCA provides retirement, disability, and death benefits for volunteer firefighters who are members of eligible volunteer fire companies in unincorporated areas. State contributions and earnings on investments fund the benefits of the plan.* The VFCA net position restricted for pension benefits at June 30, 2015 amounted to \$34.1 million, an increase of \$832 thousand (2.5%) from \$33.3 million at June 30, 2014.

Additions to the VFCA net position restricted for pension benefits include state contributions and investment income. For the fiscal year

ended June 30, 2015, contributions increased to \$1.9 million from \$1.8 million in fiscal year 2014, an increase of \$95 thousand (5.2%). Contributions increased because of increased fire insurance premium taxes distributed to the VFCA from the general fund. The plan recognized total net investment income of \$1.5 million for the fiscal year ended June 30, 2015, compared with total net investment income of \$4.8 million for the fiscal year ended June 30, 2014. The decrease in investment income is a result of positive but moderate investment returns.

Deductions from the VFCA net position restricted for pension benefits include retirement benefits, administrative expenses, and supplemental insurance payments. For fiscal year 2015, benefits amounted to \$2.4 million, an increase of \$87 thousand (3.8%) from fiscal year 2014. The increase in benefit payments was due to the increase in benefit recipients. For fiscal year 2015, administrative expenses amounted to \$181 thousand, an increase of \$46 thousand (34.1%) from fiscal year 2014. The increase in administrative expenses for fiscal year 2015 was due to the increased consultation costs associated with continuing data cleansing and technological development of a new computer application to modernize the administrative processes associated with the VFCA, and the implementation of Governmental Accounting Standards Board (GASB) Statements No. 67 and 68. For fiscal year 2015, supplemental insurance payments amounted to \$11 thousand, a decrease of \$3 thousand from fiscal year 2014.

At June 30, 2015, the VFCA, total pension liability was \$44.6 million. The Plan's fiduciary net position was \$34.1 million leaving a net pension liability of \$10.5 million. The Plan fiduciary net position as a

percentage of the total pension liability was 76.45% at June 30, 2015.

An actuarial valuation of the VFCA assets and benefit obligations is performed annually. At June 30, 2015, the date of the most recent actuarial valuation, the number of years to amortize the unfunded actuarial liability increased to 9.3 years from 5.1 years at June 30, 2014 and the funded status of the plan decreased to 75% at June 30, 2015 from 82% at June 30, 2014.

The VFCA actuarial value of assets was less than actuarial liabilities by \$10.9 million at June 30, 2015, compared with \$6.7 million at June 30, 2014. The increase in unfunded actuarial liability as of the last actuarial valuation is a result of recognizing past investment gains of \$371 thousand and a total liability gain deducting \$128 thousand from the actuarial liability as a result of the experience of the plan being different from the actuarial assumptions and passage of House Bill 483. HB 483, which was enacted during the 2015 Legislative Session and effective January 1, 2016, made changes to the VFCA by raising the pension benefit available to eligible members. This benefit change added \$5.8 million to the actuarial liability.

### ***Actuarial Valuations and Funding Progress***

An experience study was performed during fiscal year 2010 for the six-year period July 1, 2003 to June 30, 2009. The experience study resulted in changes to the demographic and some of the economic actuarial assumptions and implementation of new actuarial factors. An economic experience study was performed during August, 2013. This experience study looked at the following economic assumptions:

inflation, investment rate of return, wage growth, and interest on member contributions. The results were presented to the PERB at the September 2013 Board meeting. The PERB voted to maintain the assumptions of the 2010 experience study. Due to the implementation of GASB No. 67 during fiscal year 2014, the PERB did adopt a new economic assumption, the Administrative Expenses as a Percentage of Payroll. The administrative expense assumption is now explicitly stated as a cost element rather than being included implicitly within the investment return.

An actuarial valuation of each of the defined benefit plans is performed annually. The most recent actuarial valuation was performed for fiscal year ended June 30, 2015. The DCRP Disability OPEB plan valuation was last valued on June 30, 2015.

The PERB's funding objective is to meet long-term benefit obligations through investment income and contributions. Employer and member contributions and other contributions for some systems, and the income from investments provide the cash flow needed to finance future retirement benefits. Historically the Annual Required Contribution (ARC) has been a critical component of funding for defined benefit plans. Effective for financial statements for fiscal years beginning after June 15, 2013, the Governmental Accounting Standards Board (GASB) Statement No. 67 no longer defines an ARC. This has been replaced with the Actuarial Determined Contribution (ADC). The ADC, as defined by GASB, is a target or recommended contribution to a defined benefit pension plan for the reporting period. The ADC is determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.

## FINANCIAL SECTION

---

Investment earnings are also critical to the defined benefit plans' funding; investment losses deteriorate the plans' funding. Market losses were experienced in fiscal years 2001, 2002, and fiscal years 2008 and 2009. Positive market returns were experienced in fiscal years 2003 through 2007 and fiscal years 2010 through 2015. The asset smoothing methods utilized by the plans limits the impacts to four years. The funding status for all defined benefit plans increased in the latest valuation.

As required by Article VIII, section 15, of the Montana Constitution and section 19-2-409, MCA, the public retirement plans are to be funded on an actuarially sound basis. Public pension plans are considered actuarially sound if the unfunded accrued actuarial liability amortization period is 30 years or less. All systems were actuarially funded within 30 years in 2007 and 2008. This was due to positive investment returns, recognition of all losses experienced in 2001 and 2002, and the \$25 million cash infusion in 2006 from the State of Montana to the PERS-DBRP. The impact of the negative investment returns in 2008 and 2009 resulted in the PERS-DBRP not amortizing in fiscal years 2009, 2010, 2011, and 2012; and GWPORS and SRS, not amortizing in fiscal years 2009, 2010, 2011, 2012, 2013, 2014 and 2015.

The PERS-DC Disability OPEB is also required under the Montana's Constitution to be funded on an actuarially sound basis in 30 years or less. In fiscal years 2013 and 2015, the PERS-DC Disability OPEB did not amortize.

During the 2013 Legislative Session, House Bill (HB) 454 made changes to PERS employer contributions. These changes were effective July 1, 2013. Employers pay 1% more in addition to the 0.27% added in 2007 and 2009. The employer additional contribution rate will increase by an additional 0.1% per

year for 10 years until reaching a total of 2.27%. All additional contributions including the 0.27% added in 2007 and 2009 will cease when the amortization period drops below 25 years and remains below 25 years following the reduction of all member and employer additional contributions.

Similarly, due to 2013 legislation, effective July 1, 2013, the PERS-DBRP member contributions were increased 1% from 6.9% to 7.9%, but will be reduced when the amortization period drops below 25 years and remains below 25 years following the reduction of all additional contributions.

Effective July 1, 2013, HB 454 decreased the GABA for PERS-DBRP current and future retirees, to a cap of 1.5% and further reduced the GABA 0.1% for each 2% that the funded ratio is less than 90%. Additionally, if the amortization period exceeds 40 years the GABA will be zero. However, on March 4, 2015, a permanent injunction was granted and the 3% GABA was restored for PERS members hired before July 1, 2007 and those hired between July 1, 2007 and June 30, 2013 will maintain the 1.5% GABA. Members hired on or after July 1, 2013 will have a "sliding scale" GABA ranging from 0% to 1.5% as provided in HB 454.

Also effective July 1, 2013, HB 454 created a statutory appropriation to the PERS-DBRP trust fund from the coal severance tax collections during the year and an appropriation of the interest income from the coal tax permanent fund to the PERS-DBRP trust fund. The coal severance taxes collected are credited to the general fund of the State of Montana and are statutorily appropriated on July 1 each year to the trust fund for the PERS-DBRP. The coal tax is transferred quarterly and the interest income is credited monthly. They are recorded as *Coal Tax Transfers* in the

financial statements.

Effective July 1, 2013, in HPORS, the employer contribution rate increased from 36.33% to 38.33% of pay and all member contributions increase at a rate of 1% per year for four years. GABA was also reduced for new hires from 3.0% to 1.5% and the vesting period for new hires increased from 5 years to 10 years.

According to the PERB's June 30, 2015 actuarial valuations, the HPORS made considerable improvements in funding with the 2013 plan changes and now amortizes in 28.5 years. The unfunded liability in GWPORS, SRS, and PERS-DC Disability OPEB does not amortize.

Overall, funding ratios range from a high of 164% (JRS) to a low of 65% (HPORS). The Schedule of Funding Progress, in the Actuarial Section of this report, shows the funding for the last six fiscal years. The table also shows the amount by which actuarial assets exceeded or fell short of actuarial liabilities. The actuary performs a smoothing of investment gains or losses over a period of four years. At June 30, 2015, the actuarial value of assets of all plans was less than the market value of assets by \$165.6 million due to an average positive 4.56% market return in fiscal year 2015.

### ***Defined Contribution Plans***

The PERB administers two defined contribution plans: The Public Employees' Retirement System-Defined Contribution Retirement Plan (PERS-DCRP) and the Deferred Compensation (457) Plan. The schedules of Fiduciary Net Position and Changes in Fiduciary Net Position for the two defined contribution plans including comparative totals from fiscal year 2014 are

presented on page 45.

### **PERS-DCRP**

*The PERS-DCRP is established under section 401(a) of the Internal Revenue Code and Title 19, chapters 2 & 3 of the Montana Code Annotated (MCA). This plan provides retirement, disability, and death benefits for plan members. This plan was available to all active PERS members effective July 1, 2002. All new members are initially members of the PERS-DBRP and have a 12-month window during which they may choose to remain in the PERS-DBRP or join the PERS-DCRP by filing an irrevocable election. The plan member and employer contributions and earnings on investments fund the benefits of the plan. The PERS-DCRP net position restricted for pension benefits at June 30, 2015, amounted to \$143.5 million, an increase of \$14.1 million (10.9%) from \$129.4 million at June 30, 2014.*

Additions to the PERS-DCRP net position restricted for pension benefits include contributions and investment income. For the fiscal year ended June 30, 2015, contributions increased to \$14.7 million from \$13.2 million in fiscal year 2014, an increase of \$1.4 million (10.9%) from fiscal year 2014. Contributions increased due to an increase in the total compensation reported as a result of an increase in active participants and an increase in member and employer contribution rates. The plan recognized net investment income of \$6.3 million for fiscal year ended 2015, compared with net investment income of \$18.4 million in fiscal year 2014. The decrease in investment income is a result of positive but moderate investment returns.

Deductions from the PERS-DCRP net position restricted for pension benefits include member distributions, administrative expenses, and miscellaneous expenses. For fiscal year 2015,

## FINANCIAL SECTION

---

distributions amounted to \$6.1 million, an increase of \$1.4 million (28.8%) from fiscal year 2014. The increase in distributions was due to defined contribution members taking IRS permitted rollovers and periodic or lump sum distributions at larger dollar amounts. For fiscal year 2015, the costs of administering the plan amounted to \$569 thousand, an increase of \$22 thousand (3.9%) from fiscal year 2014. The increase in administrative expenses for fiscal year 2015 was due to the increased consultation costs associated with continuing data cleansing and technological development of a new computer application to modernize the administrative processes associated with the PERS-DCRP.

*Miscellaneous expenses* increased from \$174 thousand in fiscal year 2014 to \$198 thousand in fiscal year 2015, an increase of \$24 thousand (13.9%). The increase in miscellaneous expenses was due to the increases in the account balances of participants, which is how the administrative fees are assessed. *Miscellaneous expenses* are the PERB's administrative fees assessed by the vendors based on account balances.

### **Deferred Compensation (457(b)) Plan**

*The Deferred Compensation Plan is established under section 457(b) of the Internal Revenue Code and Title 19, chapter 50 of the Montana Code Annotated (MCA). This plan is a voluntary supplemental retirement savings plan for those who are eligible and choose to participate. The Deferred Compensation Plan is funded by contributions and by investment earnings.* The Deferred Compensation net position restricted for pension benefits at June 30, 2015 amounted to \$440.3 million, an increase of \$6.8 million (1.6%) from \$433.5 million at June 30, 2014.

Additions to the Deferred Compensation Plan net position restricted for pension benefits include contributions and investment income. For fiscal year 2015, contributions decreased to \$20.7 million from \$24.5 million in fiscal year 2014, a decrease of \$3.8 million (15.4%). Although the participants in the plan increased slightly, the contributions decreased due to a decrease in the amount of deferrals to the plan. The plan recognized net investment income of \$11.2 million for fiscal year 2015, compared with net investment income of \$35.2 million for fiscal year 2014. The decrease in investment income is a result of positive but moderate investment returns.

Deductions from the Deferred Compensation Plan net position restricted for pension benefits include member and beneficiary distributions, administrative expenses, and miscellaneous expenses. For fiscal year 2015, distributions amounted to \$24.2 million, a decrease of \$32 thousand (0.13%) from \$24.3 million in fiscal year 2014. The decrease in distributions was due to fewer deferred compensation participants taking distributions. The administrative expenses increased from \$400 thousand in fiscal year 2014 to \$460 thousand in fiscal year 2015, an increase of \$60 thousand (15.1%). The increase in administrative expenses for fiscal year 2015 was due to the increased consultation costs associated with continuing data cleansing and technological development of a new computer application to modernize the administrative processes associated with the Deferred Compensation Plan.

*Miscellaneous expenses*, decreased from \$458 thousand in fiscal year 2014 to \$457 thousand in fiscal year 2015, a decrease of \$1 thousand (0.21%) from fiscal year 2014. The decrease in miscellaneous expenses was due to the change in accounting classification of these fees from

## FINANCIAL SECTION

consulting fees to investment expenses and the PERB's decision to reduce the fees charged to participants. *Miscellaneous expenses* are the

PERB's administrative fees assessed by the vendors based on account balances.

### Fiduciary Net Position - Defined Contribution Plans

*As of June 30, 2015 - and comparative totals for June 30, 2014*

(dollars in thousands)

	PERS-DCRP		457-PLAN		TOTAL	
	2015	2014	2015	2014	2015	2014
<b>Assets:</b>						
Cash and Receivables	\$ 1,651	1,757	1,016	1,305	2,667	3,062
Securities Lending Collateral	3	1	1	1	4	2
Investments	141,855	127,741	439,470	432,457	581,325	560,198
Property and Equipment	5	7	5	6	10	13
Capital Assets	230	147	273	174	503	321
<b>Total Assets</b>	<b>143,744</b>	<b>129,653</b>	<b>440,765</b>	<b>433,943</b>	<b>584,509</b>	<b>563,596</b>
<b>Liabilities:</b>						
Securities Lending Collateral	3	1	1	1	4	2
Other Payables	216	238	441	465	657	703
<b>Total Liabilities</b>	<b>219</b>	<b>239</b>	<b>443</b>	<b>466</b>	<b>661</b>	<b>705</b>
<b>Total Net Position - restricted for pensions</b>	<b>\$ 143,525</b>	<b>129,414</b>	<b>440,322</b>	<b>433,477</b>	<b>583,847</b>	<b>562,891</b>

### Changes In Fiduciary Net Position - Defined Contribution Plans

*For the year ended June 30, 2015 - and comparative totals for June 30, 2014*

(dollars in thousands)

	PERS-DCRP		457-PLAN		TOTAL	
	2015	2014	2015	2014	2015	2014
<b>Additions:</b>						
Contributions	\$ 14,678	13,236	20,745	24,527	35,423	37,763
Investment Income (Loss)	6,316	18,367	11,243	35,165	17,559	53,532
<b>Total Additions</b>	<b>20,994</b>	<b>31,603</b>	<b>31,988</b>	<b>59,692</b>	<b>52,982</b>	<b>91,295</b>
<b>Deductions:</b>						
<b>Benefits</b>						
Distributions	6,103	4,738	24,219	24,250	30,322	28,988
OPEB Expenses	17	10	-9	6	8	16
Administrative Expenses	569	548	460	400	1,029	948
Miscellaneous Expenses	198	174	457	458	655	632
<b>Total Deductions</b>	<b>6,887</b>	<b>5,470</b>	<b>25,127</b>	<b>25,114</b>	<b>32,014</b>	<b>30,584</b>
<b>Incr/(Decr) in Net Position</b>	<b>\$ 14,107</b>	<b>26,133</b>	<b>6,861</b>	<b>34,578</b>	<b>20,968</b>	<b>60,711</b>
Prior Period Adjustments	4	(2,202)	(16)	42	(12)	(2,160)



# FINANCIAL SECTION

## Public Employees' Retirement Board

*A Component Unit of the State of Montana*

### Statement of Fiduciary Net Position - Pension (And Other Employee Benefit) Trust Funds

as of June 30, 2015

	PERS-DCRP					
	PERS-DBRP	DISABILITY OPEB	JRS	HPORS	SRS	GWPORS
<b>Assets</b>						
Cash and Short-term Investments	\$ 97,070,006	2,745,038	1,887,308	2,554,774	6,321,169	3,479,340
Securities Lending Collateral (Note A6)	192,829,719	6,386	3,305,984	4,912,058	11,239,814	5,639,465
Receivables						
Interest	6,848,354	445	117,447	174,457	399,200	200,201
Accounts Receivable	1,426,093	2,050	4,757		209,880	292
Due from Other Funds	514,746	9,870				
Due from Primary Government	4,133,310					
Notes Receivable	18,133					
<i>Total Receivables</i>	<b>12,940,636</b>	<b>12,365</b>	<b>122,204</b>	<b>174,457</b>	<b>609,080</b>	<b>200,493</b>
Investments, at fair value (Note A6)						
Montana Domestic Equity Pool (MDEP)	2,004,037,595		34,350,869	51,060,449	116,811,573	58,608,071
Retirement Fund Bond Pool (RFBP)	1,127,097,071		19,324,111	28,714,470	65,674,355	32,954,095
Montana International Equity Pool (MTIP)	837,967,915		14,357,861	21,346,094	48,817,889	24,480,873
Montana Private Equity Pool (MPEP)	539,912,468		9,254,887	13,756,926	31,446,962	15,791,818
Montana Real Estate Pool (MTRP)	445,359,757		7,640,246	11,349,459	25,966,281	13,013,918
Structured Investment Vehicles (SIV)	790,773	23,717	15,201	17,273	53,551	26,891
Defined Contributions Fixed Investments						
Defined Contributions Variable Investments						
Deferred Compensation Life Insurance						
<i>Total Investments</i>	<b>4,955,165,579</b>	<b>23,717</b>	<b>84,943,175</b>	<b>126,244,671</b>	<b>288,770,611</b>	<b>144,875,666</b>
Capital Assets						
Property and Equipment, at cost,						
net of Accumulated Depreciation (Note A2)	39,636		1,190	1,011	1,190	1,190
Construction work in progress (Note A2)	963,481		282,796	240,048	282,796	282,796
<i>Total Capital Assets</i>	<b>1,003,117</b>		<b>283,986</b>	<b>241,059</b>	<b>283,986</b>	<b>283,986</b>
<b>Total Assets</b>	<b>5,259,009,057</b>	<b>2,787,506</b>	<b>90,542,657</b>	<b>134,127,019</b>	<b>307,224,660</b>	<b>154,478,950</b>
<b>Liabilities</b>						
Securities Lending Liability	192,829,719	6,386	3,305,984	4,912,058	11,239,814	5,639,465
Accounts Payable	964,993		104,041	90,322	145,107	105,362
Unearned Revenue	107,643			4,549	1,060	1,485
Due to Other Funds	409,240		11,153	38,434	122,743	76,083
Compensated Absences	311,065		12,192	10,349	12,192	12,192
OPEB Implicit Rate Subsidy LT	448,860		2,780	3,988	8,531	6,596
<i>Total Liabilities</i>	<b>195,071,520</b>	<b>6,386</b>	<b>3,436,150</b>	<b>5,059,700</b>	<b>11,529,447</b>	<b>5,841,183</b>
<b>Net Position - Restricted for Pension Benefits</b>	<b>\$ 5,063,937,537</b>	<b>2,781,120</b>	<b>87,106,507</b>	<b>129,067,319</b>	<b>295,695,213</b>	<b>148,637,767</b>

*The notes to the financial statements are an integral part of this statement.*

# FINANCIAL SECTION

Defined Benefit Pension Plans				Defined Contribution Plans			Total Pension Trust Funds
MPORS	FURS	VFCA	Total Defined Benefit Pension Plans	PERS-DCRP	457 Plan	Total Defined Contribution Plans	2015
5,407,670	6,101,573	2,429,620	127,996,498	1,221,655	720,306	1,941,961	129,938,459
12,281,673	12,467,940	1,232,279	243,915,318	2,460	1,523	3,983	243,919,301
436,369	443,025	43,714	8,663,212	178	115	293	8,663,505
102,548	69,938	668	1,816,226	29,901	295,254	325,155	2,141,381
			524,616	399,370		399,370	923,986
13,432,838	13,572,990		31,139,138				31,139,138
			18,133				18,133
13,971,755	14,085,953	44,382	42,161,325	429,449	295,369	724,818	42,886,143
127,640,442	129,542,939	12,758,907	2,534,810,845				2,534,810,845
71,806,591	72,899,155	7,180,946	1,425,650,794				1,425,650,794
53,385,378	54,178,424	5,338,921	1,059,873,355				1,059,873,355
34,372,602	34,899,806	3,439,166	682,874,635				682,874,635
28,400,766	28,828,751	2,839,855	563,399,033				563,399,033
44,560	51,277	20,602	1,043,845	9,136	5,657	14,793	1,058,638
				10,196,717	232,527,078	242,723,795	242,723,795
				131,649,150	206,925,048	338,574,198	338,574,198
					12,316	12,316	12,316
315,650,339	320,400,352	31,578,397	6,267,652,507	141,855,003	439,470,099	581,325,102	6,848,977,609
1,066	1,052	969	47,304	5,245	4,570	9,815	57,119
253,201	249,913	230,183	2,785,214	230,183	272,931	503,114	3,288,328
254,267	250,965	231,152	2,832,518	235,428	277,501	512,929	3,345,447
347,565,704	353,306,783	35,515,830	6,684,558,166	143,743,995	440,764,798	584,508,793	7,269,066,959
12,281,673	12,467,940	1,232,279	243,915,318	2,460	1,523	3,983	243,919,301
101,291	93,348	84,685	1,689,149	117,855	367,449	485,304	2,174,453
7,197	5,443		127,377				127,377
100,402	86,939	78,992	923,986				923,986
10,916	10,773	9,925	389,604	47,168	40,075	87,243	476,847
7,400	6,309	6,131	490,595	51,097	33,720	84,817	575,412
12,508,879	12,670,752	1,412,012	247,536,029	218,580	442,767	661,347	248,197,376
335,056,825	340,636,031	34,103,818	6,437,022,137	143,525,415	440,322,031	583,847,446	7,020,869,583

# FINANCIAL SECTION

## Public Employees' Retirement Board

A Component Unit of the State of Montana

### Statement of Changes in Fiduciary Net Position - Pension (And Other Employee Benefit) Trust Funds

for the year ended June 30, 2015

	PERS-DCRP					
	PERS-DBRP	DISABILITY OPEB	JRS	HPORS	SRS	GWPORS
<b>Additions</b>						
<b>Contributions (Note C)</b>						
Employer	\$ 100,503,225	343,426	1,683,990	5,577,785	6,902,448	4,088,117
Plan Member	95,272,069		534,091	1,624,243	6,611,372	4,914,139
Membership Fees	7					
Interest Reserve Buyback	151,962			84	11,803	10,126
Retirement Incentive Program	116,100					
Miscellaneous Revenue	5,882					
State Contributions	919,303			261,551		
Coal Tax Transfers	33,547,416					
Nonvested Member Forfeitures						
<b>Total Contributions</b>	<b>230,515,964</b>	<b>343,426</b>	<b>2,218,081</b>	<b>7,463,663</b>	<b>13,525,623</b>	<b>9,012,382</b>
<b>Investments (Note A6)</b>						
Net Appreciation (Depreciation)						
in Fair Value of Investments	78,183,994		1,626,568	2,047,192	6,018,714	3,900,322
Interest	158,661,833	3,434	2,418,742	3,992,356	7,706,363	2,874,237
Dividends	14,958,827		255,546	381,020	867,244	428,443
Investment Expense	(27,703,157)		(475,705)	(707,894)	(1,609,029)	(797,034)
<b>Net Investment Income</b>	<b>224,101,497</b>	<b>3,434</b>	<b>3,825,151</b>	<b>5,712,674</b>	<b>12,983,292</b>	<b>6,405,968</b>
Securities Lending Income						
Securities Lending Income	1,231,882	11	21,043	31,376	71,415	35,288
Securities Lending Rebate and Fees	(222,896)	(1)	(3,807)	(5,677)	(12,921)	(6,385)
<b>Net Securities Lending Income</b>	<b>1,008,986</b>	<b>10</b>	<b>17,236</b>	<b>25,699</b>	<b>58,494</b>	<b>28,903</b>
<b>Total Net Investment Income</b>	<b>225,110,483</b>	<b>3,444</b>	<b>3,842,387</b>	<b>5,738,373</b>	<b>13,041,786</b>	<b>6,434,871</b>
<b>Total Additions</b>	<b>455,626,447</b>	<b>346,870</b>	<b>6,060,468</b>	<b>13,202,036</b>	<b>26,567,409</b>	<b>15,447,253</b>
<b>Deductions (Note C)</b>						
Benefits	319,501,818	33,816	3,040,988	9,932,134	14,019,543	4,550,326
Refunds/Distributions	11,687,946			68,722	1,216,731	801,355
Refunds to Other Plans	833,963				43,796	166
Transfers to DCRP	1,252,311					
Transfers to MUS-RP	125,425					
Supplemental Insurance Payments						
OPEB Expenses	95,381		1,997	1,695	1,997	1,997
Administrative Expenses	3,884,611	1,550	136,212	144,590	247,802	201,142
Miscellaneous Expenses						
<b>Total Deductions</b>	<b>337,381,455</b>	<b>35,366</b>	<b>3,179,197</b>	<b>10,147,141</b>	<b>15,529,869</b>	<b>5,554,986</b>
<b>Net Increase (Decrease)</b>	<b>118,244,992</b>	<b>311,504</b>	<b>2,881,271</b>	<b>3,054,895</b>	<b>11,037,540</b>	<b>9,892,267</b>
<i>Net Position Restricted for Pension Benefits</i>						
<b>Beginning of Year</b>	<b>4,945,675,166</b>	<b>2,469,616</b>	<b>84,224,984</b>	<b>126,012,210</b>	<b>284,657,421</b>	<b>138,745,248</b>
<b>Prior Period Adjustment</b>	<b>17,379</b>		<b>252</b>	<b>214</b>	<b>252</b>	<b>252</b>
<b>End of Year</b>	<b>\$5,063,937,537</b>	<b>2,781,120</b>	<b>87,106,507</b>	<b>129,067,319</b>	<b>295,695,213</b>	<b>148,637,767</b>

The notes to the financial statements are an integral part of this statement.

# FINANCIAL SECTION

Defined Benefit Pension Plans				Defined Contribution Plans			Total Pension Trust Funds 2015
MPORS	FURS	VFCA	Total Defined Benefit Pension Plans	PERS-DCRP	457 Plan	Total Defined Contribution Plans	
6,629,915	6,100,252		131,829,158	4,887,421	102,854	4,990,275	136,819,433
4,290,700	4,694,340		117,940,954	9,369,193	20,379,223	29,748,416	147,689,370
			7				7
1,126	15,742		190,843				190,843
			116,100				116,100
			5,882	88,784	263,517	352,301	358,183
13,432,838	13,572,990	1,913,482	30,100,164				30,100,164
			33,547,416				33,547,416
				332,744		332,744	332,744
24,354,579	24,383,324	1,913,482	313,730,524	14,678,142	20,745,594	35,423,736	349,154,260
5,051,406	5,861,836	293,164	102,983,196	954,280	(1,875,385)	(921,105)	102,062,091
10,170,057	9,536,680	1,265,829	196,629,531	5,420,786	14,196,950	19,617,736	216,247,267
952,592	963,495	97,684	18,904,851				18,904,851
(1,766,325)	(1,786,760)	(183,297)	(35,029,201)	(59,273)	(1,078,623)	(1,137,896)	(36,167,097)
14,407,730	14,575,251	1,473,380	283,488,377	6,315,793	11,242,942	17,558,735	301,047,112
78,345	79,244	8,026	1,556,630	5	3	8	1,556,638
(14,177)	(14,339)	(1,452)	(281,655)				(281,655)
64,168	64,905	6,574	1,274,975	5	3	8	1,274,983
14,471,898	14,640,156	1,479,954	284,763,352	6,315,798	11,242,945	17,558,743	302,322,095
38,826,477	39,023,480	3,393,436	598,493,876	20,993,940	31,988,539	52,982,479	651,476,355
20,560,131	19,745,267	2,368,553	393,752,576				393,752,576
2,178,524	1,741		15,955,019	6,102,598	24,218,577	30,321,175	46,276,194
5,340			883,265				883,265
			1,252,311				1,252,311
			125,425				125,425
		10,800	10,800				10,800
1,788	(5,168)	1,549	101,236	17,320	(8,491)	8,829	110,065
212,376	197,460	180,790	5,206,533	569,084	459,955	1,029,039	6,235,572
				197,971	457,025	654,996	654,996
22,958,159	19,939,300	2,561,692	417,287,165	6,886,973	25,127,066	32,014,039	449,301,204
15,868,318	19,084,180	831,744	181,206,711	14,106,967	6,861,473	20,968,440	202,175,151
319,188,281	321,558,562	33,271,945	6,255,803,433	129,414,335	433,476,662	562,890,997	6,818,694,430
226	(6,711)	129	11,993	4,113	(16,104)	(11,991)	2
335,056,825	340,636,031	34,103,818	6,437,022,137	143,525,415	440,322,031	583,847,446	7,020,869,583

# Public Employees' Retirement Board

*A Component Unit of the State of Montana*

## Notes to the Financial Statements

*for the Fiscal Year Ended June 30, 2015*

The Public Employees' Retirement Board (PERB) is an independent, seven-member board, appointed by the Governor. The members are assigned five-year, staggered terms. The PERB consists of two members at large, two active defined benefit public employees, one active defined contribution public employee, one member experienced in investments, and one retired public employee. The PERB approves the annual operating budget, developed by the Montana Public Employee Retirement Administration (MPERA) management, before the beginning of the fiscal year. As governed by statute, the PERB's defined benefit administrative expenses may not exceed 1.5 percent of the total defined benefit plan retirement benefits paid. In addition, the PERB decides legislative policy and priorities, hires the executive director, establishes the policies and procedures that govern operations at MPERA, and hears and rules on appeal matters of disabilities, retirees, and members. Board members do not receive compensation for their service to MPERA, but are reimbursed for necessary expenses incurred while serving.

The PERB oversees ten retirement plans, an OPEB, and the related member education funds. The Public Employees' Retirement System Defined Contribution Disability Other Post-Employment Benefit (PERS-DCRP Disability OPEB) is a trust fund providing a defined benefit. The retirement plans are eight defined benefit plans and two defined contribution plans. The defined benefit retirement plans are the Public Employees' Retirement System (PERS-DBRP), Judges' Retirement System (JRS), Highway Patrol

Officers' Retirement System (HPORS), Sheriffs' Retirement System (SRS), Game Wardens' and Peace Officers' Retirement System (GWPORS), Municipal Police Officers' Retirement System (MPORS), Firefighters' Unified Retirement System (FURS), and the Volunteer Firefighters' Compensation Act (VFCA). The defined contribution retirement plans are the Public Employees' Retirement System (PERS-DCRP) and the Deferred Compensation (457) Plan, governed by IRC §457.

The PERS-DCRP was implemented July 1, 2002. All new PERS members, after July 1, 2002, have a 12-month window to file an irrevocable plan choice election. PERS members are provided education regarding their decision to participate in the Defined Benefit Retirement Plan (PERS-DBRP) or the Defined Contribution Retirement Plan (PERS-DCRP). If members are employees of the university system they have a third choice, the Montana University System Retirement Program (MUS-RP). Further education is provided for the members who choose the PERS-DCRP, including information on investment choices.

The PERB began oversight of the Deferred Compensation (457) Plan on July 1, 1999. The Deferred Compensation Plan is available to all employees of the State, the Montana University System and contracting political subdivisions. The MPERA, as a state agency, participates as an employer in the PERS-DBRP, PERS-DCRP and the Deferred Compensation Plan.

The assets of each plan are maintained separately, including member education funds. The assets may be used only for the payment of benefits to the members and administrative expenses of the appropriate plan, in accordance with the terms of each plan as prescribed in Title 19 of the Montana Code Annotated (MCA). The financial statements are presented by combining the PERS-DBRP and the DBRP Education Fund and by combining the PERS-DCRP and the DCRP Education Fund. A presentation of the individual funds is shown at the end of the financial section on pages 136 to 139.

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. BASIS OF ACCOUNTING**

The PERB is a discretely presented component unit Pension Trust Fund of the State of Montana financial reporting entity. The MPERA, staff of the PERB, prepares the accounting records and financial statements for the fiduciary pension trust funds using the accrual basis of accounting. For the pension trust funds, member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Revenues are recognized in the accounting period in which they are earned and become measurable. Benefits and refunds/distributions are recognized in the accounting period in which they are due and payable. Expenses are recognized in the period incurred. Administrative expenses are financed through investment earnings on the pension trust fund for the defined benefit plans. Interfund receivables

and payables exist at year-end for defined benefit administrative expenses that are accounted for within PERS-DBRP and allocated to the other defined benefit plans at year-end. Costs specifically related to the MPERAtiv program are charged directly to the individual plans.

The PERB adheres to Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements — and Management’s Discussion and Analysis — for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements — and Management’s Discussion and Analysis — for State and Local Governments: Omnibus*; GASB Statement No. 38, *Certain Financial Statement Note Disclosures*; GASB Statement No. 40, *Deposit and Investment Risk Disclosures*; GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*; GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*; GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*; GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*; GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*; GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*; GASB Statement No. 67, *Financial Reporting for Pension Plans*; and GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

## FINANCIAL SECTION

---

Implementation of GASB Statement No. 67 addresses accounting and financial requirements for pension plans. GASB No. 67 requires improvements in financial reporting primarily through enhanced notes to the financial statements, and schedules of required supplementary information. Significant changes include an actuarial calculation of total and net pension liability. It also includes comprehensive footnote disclosures regarding the pension liability, the sensitivity of the net pension liability to the discount rate, and increased investment activity disclosures. The PERB is required to report under GASB No. 67.

For fiscal year 2015, the PERB has implemented GASB Statement No. 68 in separate audited reports and additional unaudited disclosures. Implementation of this Statement addresses accounting and financial reporting requirements for pensions that are provided to employees of state and local governmental employers through pension plans administered through trusts. GASB No. 68 establishes standards for measuring and recognizing the employer's proportionate share of the net pension liability, deferred outflows and deferred inflows of resources, and pension expense. The employers are also required to disclose additional information in their financial notes pertaining to the pension plan. With the PERB administering the trust pension plans, they are not required to report under GASB Statement No. 68.

Participants of the PERS-DCRP are charged, on a quarterly basis, a flat basis point fee based on their individual account balances. The record keeper, Empower Retirement™, withholds the basis point fees from participant accounts and deducts their contractual expenses. Any remaining

fees are remitted to the PERB to cover the PERB's plan administrative expenses. The excess basis point fees remitted to the PERB are recorded as *Miscellaneous Revenue* in the financial statements.

Participants of the Deferred Compensation Plan are charged, on a quarterly basis, a basis point fee based on their individual account balances. The record keeper, Empower Retirement, withholds the basis point fees from the participant accounts and deducts their contractual expenses. Any remaining fees are remitted to the PERB to cover the PERB's administrative expenses of the plan. The excess basis point fees remitted to the PERB are recorded as *Miscellaneous Revenue* in the financial statements.

### **2. CAPITAL ASSETS AND EQUIPMENT USED IN OPERATIONS**

Assets under \$5,000 are expensed in the year purchased. Assets (equipment) valued at \$5,000 or more are recorded at cost less straight-line depreciation over the estimated useful life of five to ten years. Assets (other intangibles) valued at \$100,000 or more are recorded at cost less straight-line depreciation over the estimated useful life of five to ten years. Equipment consists of two servers purchased for the data cleansing project which is part of the MPERAtiv program, and a primary file server. Property consists of a remodel to the office space.

The \$3,288,328 *Construction Work in Progress* on the Statement of Fiduciary Net Position consists of the development of the MPERAtiv software. This is an intangible asset and the intangible asset will be amortized over 10 years.

MPERA has been working since March 2011 on the MPERAtiv program. MPERAtiv includes the implementation of a document imaging system completed in May 2012; a data cleansing project; a new line of business application named Public Employee Retirement Information System (PERIS), set to be implemented May 2016; and web portals for members, employers, and vendors. During this process, several phases will be implemented to improve operational efficiency, provide better service to the plan members, employers, other customers, and address disaster recovery concerns surrounding the current paper driven processes.

The PERIS application was prompted by members' expectations of web-based services; the age and limitations of the existing systems that are increasingly difficult to maintain; and recommendations from the State's Information Technology Services Division (SITSD) to move away from the old Integrated Database Management System (IDMS) platform. MPERA's IDMS platforms were put in place in 1985 (retiree), 1993 (active), and 2006 (volunteer fire). The PERIS application will replace the IDMS platforms as well as the Oracle Web Reporting applications implemented in two phases between 2002 (payroll reporting) and 2004 (457 Plan).

### 3. OPERATING LEASE

Operating leases are rental agreements where the payments are chargeable as rent and recorded as administrative expenses. MPERA renegotiated a 7-year lease for office space in November 2013, at the location of 100 North Park Avenue, Helena, MT. The lease is payable monthly

and includes inflationary adjustments over the period of the lease.

### 4. NET PENSION LIABILITY OF EMPLOYERS

GASB Statement No. 67 addresses accounting and financial reporting requirements for pension plans. GASB No. 67 requires improvements in financial reporting primarily through enhanced notes to the financial statements, and schedules of required supplementary information. Significant changes include an actuarial calculation of total and net pension liability. It also includes comprehensive footnote disclosures regarding the pension liability, the sensitivity of the net pension liability to the discount rate, and increased investment activity disclosures.

The reporting date for the retirement systems is June 30, 2015. Measurements as of the reporting date are based on the fair value of assets as of June 30, 2015 and the Total Pension Liability (TPL) is based on the results of an actuarial valuation date of June 30, 2014, and rolled forward to June 30, 2015 using generally accepted actuarial procedures. Because the TPL shown in the prior report was measured as of June 30, 2013 and rolled forward to June 30, 2014, it will not match the amounts measured as of June 30, 2014 and reported for this fiscal year.

The net pension liability (the retirement systems' total pension liability determined in accordance with GASB Statement No. 67 less the fiduciary net position at fair value) as of June 30, 2015, is shown in the Schedule of Employers' Net Pension Liability (NPL) on the top of the following page.



## FINANCIAL SECTION

<b>Employers' Net Pension Liability / (Asset) as of June 30, 2015</b>						
(dollar amounts are in thousands)						
System	Total Pension Liability (a)	Plan Fiduciary Net Position <sup>1</sup> (b)	Employers' Net Pension Liability / (Asset) (a-b)	Plan Fiduciary Net Position as a % of the Total Pension Liability (b/a)	Pensionable Payroll (c)	Net Pension Liability / (Asset) as a % of Pensionable Employee Payroll ((a-b)/c)
PERS-DBRP	\$6,458,930	\$5,061,058	\$1,397,872	78.36%	\$1,154,867	121.04%
JRS	53,146	87,107	(33,961)	163.90%	6,525	(520.51)%
HPORS	192,966	129,067	63,899	66.89%	14,549	439.18%
SRS	392,094	295,695	96,399	75.41%	68,046	141.67%
GWORS	169,649	148,638	21,011	87.61%	44,885	46.81%
MPORS	500,478	335,057	165,421	66.95%	45,736	361.69%
FURS	442,913	340,636	102,277	76.91%	41,627	245.70%
VFCA	44,608	34,104	10,504	76.45%	N/A <sup>2</sup>	N/A <sup>2</sup>

<sup>1</sup>The PERS-DB Education Fund balance is not included in the GASB 67 reporting for fiscal year ending June 30, 2015.

<sup>2</sup>Pensionable payroll is not applicable to VFCA because members are unpaid volunteers.

The Schedule of Employers' Net Pension Liability, presented as Required Supplementary Information (RSI) following the notes to the statements, presents multi-year trend information about whether the plan fiduciary net positions are increasing or decreasing over time relative to the TPL.

Actuarial valuations of the ongoing systems involve estimates of the reported amounts and assumptions about probability of occurrence of events far into the future. The information used includes, but is not limited to, the plan provisions, employee data, and financial information provided by the PERB. Amounts determined regarding the NPL are subject to revision with each study as actual results are compared with past expectations and new estimates are made about the future.

A summary of the actuarial assumptions for fiscal year 2015 GASB No. 68 employer

reporting as of June 30, 2014, is shown in the table at the top of the next page. A summary of the actuarial assumptions for the retirement system's GASB No. 67 reporting as of the latest actuarial valuation on June 30, 2015 is shown in the Notes to the RSI on page 124 and 125.

The long-term expected rate of return on pension plan investments was determined by considering information from various sources, including historical rates of return, rate of return assumptions adopted by similar public sector systems, and by using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target

Summary of Actuarial Assumptions

	PERS	JRS	HPORS	SRS	GWPORS	MPORS	FURS	VFCA
Valuation date	6/30/2014	6/30/2014	6/30/2014	6/30/2014	6/30/2014	6/30/2014	6/30/2014	6/30/2014
Actuarial Cost Method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open	Level dollar, open
Remaining amortization period for Actuarial Contribution	30	30	30	30	30	30	30	20
Amortization growth rate	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Asset valuation method	4-year smoothed, market	4-year smoothed, market	4-year smoothed, market	4-year smoothed, market	4-year smoothed, market	4-year smoothed, market	4-year smoothed, market	4-year smoothed, market
<b>Actuarial assumptions:</b>								
Investment rate of return compounded annually (net of investment expenses)	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%
Projected salary increases:								
General Wage Growth*	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	N/A
Merit	0% - 6%	None	0% - 7.3%	0% - 7.3%	0% - 7.3%	0% - 7.3%	0% - 7.3%	N/A
*Includes inflation at	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Administrative Expenses as a Percentage of Payroll	0.27%	0.15%	0.23%	0.17%	0.17%	0.20%	0.19%	\$61,000
Mortality (healthy): RP-2000 Combined Mortality projected to 2015								
<b>Benefit Adjustments</b>								
GABA	3% or 1.5% for new hires on or after July 1, 2007, after 1 year	3% after 1 year	3% after 1 yr or 1.5% if hired on or after July 1, 2013, after 3 years	3% or 1.5% for new hires on or after July 1, 2007, after 1 year	3% or 1.5% for new hires on or after July 1, 2007, after 1 year	3% after 1 year	3% after 1 year	N/A
Non-GABA	N/A	Biennial increase to salary of active member in like position	2% per yr service, not to exceed 5%, of probationary officer's base pay	N/A	N/A	50% newly confirmed officer	50% newly confirmed officer	N/A

asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of June 30, 2015, are summarized in the table below.

The discount rate used to measure the TPL for all Systems, except SRS, was 7.75% which is the assumed long-term expected rate of return on investments. The projection of cash flows used to determine the discount rate assumed that member,

employer, and state contributions will be made at the contribution rates specified in the applicable Montana statutes, which can only be changed by the Legislature. Based on those assumptions, all the Systems', except SRS, fiduciary net position was projected to be available to make all the projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Target Allocations as of June 30, 2015		
Asset Class	Target Asset Allocation	Long-term Expected Real Rate of Return
Cash equivalents	2.0%	-0.25%
Domestic equity	36.0%	4.55%
Foreign equity	18.0%	6.10%
Fixed income	24.0%	1.25%
Private equity	12.0%	8.00%
Real estate	8.0%	4.25%

## FINANCIAL SECTION

The discount rate used to measure the TPL for SRS was 6.86%, which is a blend of the assumed long-term expected rate of return of 7.75% on investments and a municipal bond index rate of 3.80%. The projection of the SRS fiduciary net position has indicated that it is not expected to be sufficient to make projected benefit payments for current members after 2057. Therefore, the portion of future projected benefit payments after 2057 are discounted at the municipal bond index rate.

In accordance with GASB No. 67 regarding the disclosure of the sensitivity of the NPL to changes in the discount rate, the NPL of the participating employers is presented as using the discount rate of 7.75%, as well as what the employers' NPL would be if it were calculated using a discount rate that is 1.00% lower (6.75%) or 1.00% higher (8.75%) than the current rate. For SRS, the discount rates used are current rate 6.86%, 1.00% lower (5.86%) or 1.00% higher (7.86%) than the current rate. The table below presents the sensitivity disclosures for each plan.

Sensitivity of NPL / (Asset) based on Changes in Discount Rate as of June 30, 2015 (dollar amounts are in thousands)			
System	1% Decrease 6.75% or 5.86%*	Current Discount Rate 7.75% or 6.86%*	1% Increase 8.75% or 7.86%*
PERS-DBRP	\$ 2,155,216	\$ 1,397,872	\$ 758,312
JRS	(28,958)	(33,961)	(38,300)
HPORS	89,975	63,899	42,629
SRS*	154,810	96,399	48,516
GWPORS	46,738	21,011	(125)
MPORS	233,549	165,421	104,940
FURS	164,998	102,277	51,164
VFCA	14,777	10,504	6,865

\*SRS discount rate is a blended rate of the long-term expected rate of return of 7.75% and a municipal bond index rate of 3.80%.

As can be seen from the above table, changes in the discount rate affect the measurement of the TPL. Lower discount rates produce a higher TPL and higher discount rates produce a lower TPL. Because the discount rate does not affect

the measurement of assets, the percentage change in the NPL can be very significant for a relatively small change in the discount rate.

The annual money-weighted rate of return on plan investments expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. A schedule of the annual money-weighted rate of return for all Systems is presented in the table below and in the RSI on pages 122 and 123.

Annual Money-Weighted Rate of Return as of June 30, 2015	
PERS-DBRP	4.60%
JRS	4.60%
HPORS	4.61%
SRS	4.59%
GWPORS	4.59%
MPORS	4.66%
FURS	4.66%
VFCA	4.63%

### GASB Statement No. 68 Employer Allocations and Pension Reporting

For fiscal year 2015, the PERB implemented GASB Statement No. 68 for employers of state, local governments and other contracted agencies who provide pensions to their employees through trust administered pension plans. This information regarding the employer's proportionate share of the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense was mailed to employers for their pension disclosures for financial statement purposes. The information is also available to employers and auditors through

MPERA's website [www.MPERA.mt.gov](http://www.MPERA.mt.gov). GASB No. 68 is not required reporting for the PERB due to the PERB being the administrator of the trust pension plans.

**5. OTHER POST-EMPLOYMENT BENEFITS (OPEB FOR HEALTH CARE)**

The State of Montana implemented Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. This statement requires the disclosure of employer liability for retiree medical subsidies and other post-employment benefits. The OPEB liability for MPERA, staff of the PERB, at June 30, 2015 and June 30, 2014 was \$575,413 and \$499,205, respectively.

*Plan Descriptions:* MPERA employees and dependents are eligible to receive health care through the State Group Benefits Plan administered by the Montana Department of Administration. In accordance with section 2-18-704, MCA, the State provides optional post-employment medical, vision, and dental health care benefits to the following employees and dependents who elect to continue coverage and pay administratively established premiums: (1) employees who retire under applicable retirement provisions and their dependents; and (2) surviving dependents of deceased employees. For GASB Statement No. 45 reporting, the State Group Benefits Plan is considered an agent multiple-employer plan and MPERA is considered to be a separate employer participating in the plan.

In addition to the employee benefits, the following post-employment benefits

are provided. The Montana Department of Administration established retiree medical premiums varying between \$371 and \$1,345 per month depending on the medical plan selected, family coverage, and Medicare eligibility. Retirees pay 100% of the premiums for medical, dental, and vision. Administratively established monthly dental premiums vary between \$22.00 and \$68.50; monthly vision premiums vary between \$5.76 and \$16.76; both premiums vary depending on the coverage selected. Basic life insurance in the amount of \$14,000 is provided until age 65 at a cost of \$1.90 per month. The State Benefit Plans reimburse all validated medical claims net of member obligations (annual deductibles and coinsurance of the members' selected medical plan). Dental claims are reimbursed at 50% to 100% of the allowable charges, depending on the services provided. The State acts as secondary payer for retired Medicare-eligible claimants.

*Benefits Not Included in the Actuarial Valuation:* The dental and vision benefits are fully-insured and retirees pay 100% of the cost for both dental and vision; therefore, no liability for these benefits is calculated in the actuarial valuation. Continuation of the life insurance benefit is not available as an employer-provided group insurance benefit for retirees; therefore, no liability for life insurance is calculated in this valuation.

*Funding Policy:* The following estimates were prepared based on an actuarial valuation prepared as of the year ending December 31, 2013 for the Department of Administration. The resulting State of Montana Actuarial Valuation of Other Post-Employment Benefits Plan (Plan)

## FINANCIAL SECTION

---

contains the MPERA data and is available through the following address.

Montana Department of Administration  
State Accounting Division  
Room 255, Mitchell Bldg  
125 N Roberts Street  
PO Box 200102  
Helena, MT 59620-0102

GASB Statement No. 45 requires the Plan's participants, including MPERA, to report each year the Annual Required Contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year of retiree health care costs and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The 2013 ARC is calculated for all the State Plan's participants and then allocated to individual participants. MPERA's 2015 allocated portion of the ARC is estimated at \$100,397 and is based on the Plan's current ARC rate of 5.69% of participants' annual covered payroll. MPERA's 2015 ARC is equal to an annual amount required each year to fully fund the liability over 30 years.

*Actuarial Methods and Assumptions:* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include

techniques that are designed to reduce short-term volatility in the actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for OPEB, presented as RSI following the notes to the statements, presents information concerning the actuarial value of plan assets and liabilities. In the January 1, 2013 actuarial valuation date, the projected unit cost funding method is used. The actuarial assumptions did not include an investment rate of return since no assets meet the definition of plan assets under GASB Statements No. 43 or No. 45. Annual healthcare costs trend rates of 10% were used for both medical and prescription claims. These rates decrease by 0.5% per year down to 5.0% at 2023 and beyond for medical and by 1.0% per year down to 5.0% at 2018 and beyond for prescription costs. The unfunded actuarial accrued liability is amortized following a 30-year level percent of pay amortization on an open basis, using a 4.25% discount rate and a 2.50% payroll growth rate assumption.

The State finances claims on a pay-as-you-go basis and does not advance-fund the OPEB liability. While this liability is

disclosed for financial statement purposes, it does not represent a legal liability of the State of Montana or MPERA. Therefore, the following cost information shows no value for Plan Assets made by MPERA.

*Annual Other Post-Employment Benefits (OPEB) Cost:* For the fiscal year ending June 30, 2015, the annual OPEB cost (expense) allocated to MPERA for the year ended June 30, 2015 increased to \$106,126 from the June 30, 2014 amount of \$99,906. For fiscal year ending June 30, 2015, the interest on the net OPEB obligation increased to \$6,174 from \$3,719 in fiscal year 2014.

The PERB annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and prior are as follows.

<b>Annual OPEB Cost</b>			
Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2013	98,535	11.99%	419,384
6/30/2014	99,906	19.12%	499,205
6/30/2015	106,126	28.19%	575,413

<b>Net OPEB Obligation</b>	
Annual Required Contribution	\$ 100,397
Cumulative Interest on Net OPEB	26,562
Less Amortization	20,833
Annual OPEB cost	106,126
Less Contributions Made	29,918
Change in Net OPEB for Year	76,208
FY2014 Net OPEB obligation -	
Beginning of Year	499,205
Net OPEB obligation -	
End of Year	\$ 575,413

*Funded Status and Funding Progress:* The most recent actuarial valuation available was completed by the State of Montana as of January 1, 2013 for the calendar year ending December 31, 2013. This actuarial valuation is completed every two years with the next valuation to be completed as of January 1, 2015 for the calendar year ending December 31, 2015.

The MPERA allocation of the plan as of the calendar year ending December 31, 2013 was as follows: Actuarial Liability (AL) is \$969,127; Actuarial Value of Plan Assets is \$0; Unfunded Actuarial Liability (UAL) is \$969,127; Funded Ratio (Actuarial Value of Plan Assets/AL) is 0 percent; Covered Payroll (Active Plan Members) is \$1,991,739; and the UAL as a Percentage of Covered Payroll is 48.66%.

Annual OPEB Cost, Percentage of Annual OPEB Cost Contributed, and Net OPEB Obligation for fiscal years prior to 2014 have been restated due to a change in the calculation of the annual OPEB costs, which did not previously include the adjustments for amortization and contributions.

**6. METHOD USED TO VALUE INVESTMENTS**

According to Article VIII, section 13 of the Montana Constitution and section 19-2-504, MCA, the Board of Investments (BOI) has a fiduciary responsibility for investing the defined benefit plan assets on behalf of the defined benefit plan members. Investments are determined in accordance with the statutorily and constitutionally mandated “prudent expert principle.” Pursuant to Article VIII, section 15 of the Montana Constitution and sections 19-2-502 and

## FINANCIAL SECTION

---

19-2-503, MCA, the PERB has a fiduciary responsibility for the administration of the pension trust funds. For the defined benefit pools, the PERB relies on the Investment Policy Statements that are drafted and approved by the BOI with the assistance of RV Kuhns & Associates, Inc., the investment consultant. Investments are reported at fair value. As of June 30, 2015, there were six major diversified pools, Montana Short Term Investment Pool (STIP), Montana Domestic Equity Pool (MDEP), Retirement Funds Bond Pool (RFBP), Montana International Equity Pool (MTIP), Montana Private Equity Pool (MPEP) and Montana Real Estate Investment Pool (MTRP).

The PERS-DCRP and Deferred Compensation Plan's Montana Fixed Fund is a stable value investment option, administered through outside vendors; Pacific Investment Management Company (PIMCO), custodial bank State Street Bank Kansas City (SSKC), and a third-party insurer, Transamerica. All money invested in the Montana Fixed Fund investment option of the PERS-DCRP and Deferred Compensation Plan are in a Pooled Trust.

For both the PERS-DCRP and Deferred Compensation Plan, the third party record keeper, Empower Retirement, tracks and reports the daily trading and valuations of all investment options including the assets held by the individual mutual fund companies.

In addition to the laws cited previously, the PERS-DCRP investments are also governed by section 19-3-2122, MCA and the Deferred Compensation Plan investments are governed by section 19-50-102, MCA.

There are separate investment policy statements for the PERS-DCRP and Deferred Compensation plans. The investment policies are reviewed by the PERB on an annual basis and the investment options are reviewed quarterly by an independent third party consultant and investment analyst. In the review, each investment alternative is compared to its peers and the appropriate benchmark. In addition, each investment alternative is reviewed for other indicators including, but not limited to: style drift, duplication, and fund manager or other organizational changes. Investment alternatives that are determined to have a sub-standard performance rating or other negative indicators may be recommended for probation or termination. During the reviews, the PERB may decide to retain, replace or place in a probation status any of the offered mutual funds. Investments are reported at fair value as of June 30, 2015.

The following are the summaries of the BOI's fiscal year-end statements, the Stable Value Group Trust contracts and a statement about the variable investments. The BOI fiscal year statements and information on the income can be obtained by contacting BOI at the following address:

Montana Department of Commerce  
Board of Investments  
2401 Colonial Drive, 3rd Floor  
PO Box 200126  
Helena, MT 59620-0126.

**STIP** portfolio may include asset-backed securities, commercial paper, corporate and U.S. Government direct obligations, U.S. Government agency securities, repurchase agreements, institutional money market funds, certificates of deposit and variable-

rate (floating rate) instruments. The purpose of STIP is the preservation of principal, while obtaining money market type returns and 24-hour liquidity. The BOI manages the STIP consistent with the SEC's rule 2a7 of the Investment Company Act of 1940. In meeting certain conditions, STIP, as a 2a7-like pool, is allowed to use an amortized cost rather than fair value to report net assets to compute unit values. The portfolio is carried at amortized cost or book value with a constant unit value of \$1.00. State agencies with accounts that retain interest earnings are legally required to invest in STIP and the PERB elects to have all STIP income automatically reinvested. For fiscal year 2015, income was distributed on the first calendar day of each month. *Credit Risk* is the risk that the issuer of a STIP security may default in making timely principal and interest payments. Obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk and do not require disclosure of credit quality. The PERB does not have an investment policy for *Credit Risk*. The total investments credit quality rating for STIP is not rated (NR). The PERB portion of STIP is \$115.8 million or 4.61%.

At June 30, 2015, the STIP balance included Structured Investment Vehicles (SIVs) that were no longer liquid. This STIP Reserve account was established in November 2007. Income is distributed to STIP participants based on accrued interest and discount amortization. The accrued income and interest in this account is used as part of any incidental direct expenses incurred as a part of any SIV restructuring activity and to offset any potential principal loss on these securities in the future.

**MDEP** may include common stock, equity index shares, preferred stock, convertible equity securities, American Depositary Receipts (ADR's), equity derivatives and commingled funds. The MDEP portfolio is limited to domestic stock or ADR investments. ADR investments are receipts issued by a U.S. depository bank representing shares of a foreign stock or bonds held abroad by the foreign sub-custodian of the American depository bank. For *Custodial Credit Risk* as of June 30, 2015, all the MDEP securities were registered in the nominee name for the BOI and held in the possession of the BOI's custodial bank, State Street Bank. The PERB does not have an investment policy for *Custodial Credit Risk*. The PERB portion of MDEP is \$2.5 billion or 63.50%.

**RFBP** portfolio includes U.S. Treasury securities, U.S. agency and government related securities, asset backed securities, mortgage backed securities, commercial mortgage backed securities, and corporate securities categorized as financial, industrial or utility. Asset-back securities represent debt securities collateralized by a pool of mortgage and non-mortgage assets such as trade and loan receivables, equipment leases, credit cards, etc. U.S. Government direct-backed securities include direct obligations of the U.S. Treasury and obligations explicitly guaranteed by the U.S. Government. U.S. Government indirect-backed obligations include U.S. Government agency and mortgage-backed securities. The real estate buildings and pension residential mortgages are included in the RFBP portfolio. For *Custodial Credit Risk* as of June 30, 2015, all investments were registered in the name of the Montana



## FINANCIAL SECTION

---

BOI and held in the possession of the BOI's custodial bank, State Street Bank. The PERB does not have an investment policy for *Concentration of Credit Risk*. There is no *Concentration of Credit Risk* for the PERB. *Credit Risk* is that the issuer of a fixed income security may default in making timely principal and interest payments. With the exception of the U.S. Government securities, the RFBP fixed income instruments have credit risk as measured by major credit rating services. Obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk and do not require disclosure of credit quality. The total fixed income investments' credit quality rating for RFBP is A+. The total investments credit quality rating for RFBP is not rated (NR). The PERB does not have an investment policy for *Credit Risk*. For *Interest Rate Risk* as of June 30, 2015, in accordance with GASB Statement No. 40, the BOI has selected the effective duration method to disclose interest rate risk. The total effective duration for RFBP's fixed income investments, as of June 30, 2015, is 5.37. The PERB does not have an investment policy for *Interest Rate Risk*. The PERB portion of the entire RFBP is \$1.4 billion or 63.49%. *Foreign Currency Risk* is the risk that changes in exchange rates will adversely affect the fair value of an investment. The RFBP includes securities subject to foreign currency risk. The PERB does not have an investment policy for *Foreign Currency Risk*. The PERB portion of the foreign currency risk is \$837.3 thousand or 50.20%.

**MTIP** may include common stock, equity index shares, preferred stock, convertible equity securities, American Depository

Receipts (ADR's), equity derivatives, and commingled funds. ADR investments are receipts issued by a U.S. depository bank representing shares of a foreign stock or bonds held abroad by the foreign sub-custodian of the American depository bank. The MTIP portfolio includes holdings of securities of foreign-based corporations listed on legal and recognized foreign exchanges as well as domestic exchanges as depository receipts. The MTIP portfolio invests in both developed and emerging markets. For *Custodial Credit Risk* as of June 30, 2015, all MTIP securities were registered in the nominee name for the BOI and held in the possession of the BOI's custodial bank, State Street Bank. The PERB does not have an investment policy for *Custodial Credit Risk*. The PERB portion of the entire MTIP is \$1.1 billion or 63.50%. *Foreign Currency Risk* is the risk that changes in exchange rates will adversely affect the fair value of an investment. The MTIP includes securities subject to foreign currency risk. The PERB does not have an investment policy for *Foreign Currency Risk*. The PERB portion of the foreign currency risk is \$837.5 thousand or 50.21%.

**MPEP** portfolio may include venture capital, leveraged buyout, mezzanine, distressed debt, special situation, and secondary investments. These investments are made via Limited Partnership Agreements in which the BOI and other institutional investors invest as Limited Partners in funds managed by a General Partner. These investments are riskier with higher potential return than public equity investments and are less liquid because the funds are usually committed for at least ten years. Realized capital gains are not distributed unless the gains are

needed to pay management fees. Income due participants is distributed monthly on the first calendar day of each month. For *Custodial Credit Risk* as of June 30, 2015, all MPEP investments were recorded in the name of the Montana BOI and held in the possession of the BOI's custodial bank, State Street Bank. The PERB does not have an investment policy for *Custodial Credit Risk*. The PERB portion of the entire MPEP is \$682.9 million or 63.50%. *Foreign Currency Risk* is the risk that changes in exchange rates will adversely affect the fair value of an investment. The MPEP includes securities subject to foreign currency risk. The PERB does not have an investment policy for *Foreign Credit Risk*. The PERB portion of the foreign currency risk is \$12.6 million or 50.20%.

**MTRP** portfolio includes investments in private core, value-added, and opportunistic real estate. Core investments are the least risky with the lowest return and are usually managed in commingled accounts in which the investor purchases shares. Value-added and opportunistic real estate investments provide more risk and return and are less liquid than core investments. These investments are usually made through Limited Partnership Agreements. The MTRP invests its cash in STIP. Realized capital gains are not distributed unless the gains are needed to pay management fees. Income due participants is distributed monthly on the first calendar day of each month. Real estate investments held, in part, for PERS include a building at 100 North Park Avenue in Helena, MT; a building at 2273 Boot Hill Court in Bozeman, MT; a building at 2401 Colonial Drive in Helena, MT; and property located on California Street in Helena, MT. The BOI also holds

the building located at 1712 Ninth Avenue in Helena, MT. For *Custodial Credit Risk* as of June 30, 2015, all MTRP investments were recorded in the name of the Montana BOI and held in the possession of the BOI's custodial bank, State Street Bank. The PERB does not have an investment policy for *Custodial Credit Risk*. The PERB portion of the entire MTRP is \$563.4 million or 63.47%. *Foreign Currency Risk* is the risk that changes in exchange rates will adversely affect the fair value of an investment. The MTRP includes securities subject to foreign currency risk. The PERB does not have an investment policy for *Foreign Currency Risk*. The PERB portion of the foreign currency risk is \$5.5 million or 50.17%.

**Securities Lending Collateral**, governed under the provisions of state statutes, BOI authorized the custodial bank, State Street Bank, to lend the BOI's securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The custodial bank is required to maintain collateral equal to 102 percent of the fair value of domestic securities and 105 percent of the fair value of international securities while the securities are on loan. The BOI and the custodial bank split the earnings, 80%/20% respectively, on security lending activities. The securities lending collateral, securities lending collateral liability, securities lending income, and securities lending expense consist of allocations to PERB on a pro rate basis of its ownership share of each pool with securities lending activity. On any day including June 30th, the markets may move in a positive or negative direction resulting in under or over

## FINANCIAL SECTION

---

collateralization. The Bank compensates for market movement by recalculating on the following business day to meet the collateralization requirements. The private equity and real estate pools do not participate in securities lending.

**Stable Value -- Montana Fixed Fund (Fixed Investment)** The Montana Fixed Fund is a stable value investment option of the PERS-DCRP and the Deferred Compensation Plan, are administered through outside vendors Pacific Investment Management Company (PIMCO), custodial bank, State Street Bank Kansas City (SSKC), and a third-party insurer, Transamerica. When participants invest in the Montana Fixed Fund option they are guaranteed a fixed rate of return. The Montana Fixed Fund employs a synthetic stable value strategy where the investment manager, PIMCO, manages a diversified bond portfolio and a third party insurer, Transamerica, guarantees the participants' principal investments and earnings. Transamerica calculates a rate of return each quarter called the "crediting rate", which helps smooth participants' earnings over time. From July 1, 2013 through September 30, 2013, the crediting rate was used to credit earnings to participant accounts. Effective October 1, 2013, the fund's structure was changed to incorporate a money market-like liquidity strategy and calculate member investments and earnings based on a Net Asset Value (NAV).

Transamerica sets a fixed quarterly rate of return based on the investment manager's portfolio market value yield and duration.

All money invested in the Montana Fixed Fund of the PERS-DCRP and Deferred

Compensation Plan are held in a Pooled Trust. The Pooled Trust qualifies as a group trust under sections 401(a), including section 401(a)(24) and 501(a), of the IRC of 1986, as amended. The Pooled Trust assets are invested by PIMCO and are held under a custodial agreement with SSKC. The Pooled Trust assets are invested by PIMCO based on an investment guideline schedule as agreed upon in the Pooled Trust Contract and approved by the PERB, PIMCO, and any third party insurers, such as Transamerica. *Credit Risk* is that the issuer of a fixed income security may default in making timely principal and interest payments. With the exception of the U.S. Government securities, the Montana Fixed Fund fixed income instruments have credit risk as measured by major credit rating services. Obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk and do not require disclosure of credit quality. The total investments credit quality rating for Montana Fixed Fund is AA. For *Interest Rate Risk* as of June 30, 2015, in accordance with GASB Statement No. 40, PIMCO has selected the effective duration method to disclose interest rate risk. The total effective duration for Montana Fixed Funds fixed income investments, as of June 30, 2015, is 3.51. *Foreign Currency Risk* is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Montana Fixed Fund includes securities subject to foreign currency risk.

**Variable Investments** for the PERS-DCRP and Deferred Compensation Plan are held and managed in a selection of retail and institutional mutual funds, which cover all standard asset classes and

categories. The selection of offered mutual funds is designed to provide participants with the ability to diversify investments and meet their individual investment goals and strategies. With advice from an independent investment analyst and assistance from the statutorily-created Employee Investment Advisory Council (EIAC), the PERB conducts annual reviews of the offered mutual funds. The goal of the reviews is to ensure that the offered mutual funds meet standards established in the Investment Policy Statements adopted by the PERB. Each investment alternative is compared to its peers and an appropriate benchmark. In addition, each investment alternative is reviewed for other indicators including, but not limited to: style drift, duplication, and fund manager or other organizational changes. Investment alternatives that are determined to have a sub-standard performance rating or other negative indicators may be recommended for probation or termination. During the reviews the PERB may decide to retain, replace or place in a probation status any of the offered mutual funds. *Concentration of Credit Risk* is not addressed in the investment policy statements and investments in mutual funds are not required to be disclosed.

Investments are reported at fair value as of June 30, 2015. Available funds in the PERS-DCRP and Deferred Compensation Plan are listed on pages 102 and 105, respectively. A current listing may also be obtained by contacting MPERA.

### B. LITIGATION

Each of the plans administered by the PERB may be involved in various claims and legal actions arising in the ordinary course

of business. In the opinion of management and legal counsel, the disposition of those matters should not have a material, adverse affect on any plan's financial position as a whole. The Wrzesien case could impact PERS' financial position as a whole but management and legal counsel believe it only reasonably possible, at the most, that claimants will prevail before the Montana Supreme Court. The First Judicial District Court has already ruled against them and in favor of PERB and the State. The AMRPE lawsuit has been settled. The guaranteed annual benefit adjustment will remain at 3% for PERS members hired prior to July 1, 2007 and at 1.5% for PERS members hired between July 1, 2007 and June 30, 2013. PERS members hired on or after July 1, 2013 will have an adjustable GABA as provided for in HB 454 (2013). These are the same GABA rates currently paid to PERS retirees and reflected in PERS' actuarial valuation. Finally, management and legal counsel believe the possibility plaintiff will prevail in Tadman to be remote as the predominant claim in the Complaint was mandated in a Private Letter Ruling PERB obtained from the Internal Revenue Service.

***Wrzesien v. State.*** Three members of PERS who elected to participate in either the PERS Defined Contribution Retirement Plan or the University System's Optional Retirement Program (now known as the Montana University System Retirement Program (MUS-RP)) have sued the State of Montana and MPERA over the PERS plan choice rate (PCR). The complaint alleges equal protection and due process violations, and requests issuance of a declaratory judgment granting plaintiffs the employer contributions paid toward the plan choice rate. Class action certification

## FINANCIAL SECTION

---

is also requested. The plaintiffs are represented by Travis Dye of Kalkstein, Johnson & Dye in Missoula, Montana. The State and MPERA are represented by J. Stuart Segrest of the Montana Attorney General's Office. The complaint was subsequently amended to include the 1% in employer contributions for DCRP plan members that, pursuant to HB 454 (2013), go to the PERS defined benefit retirement plan starting July 1, 2013. The First Judicial District Court, Judge Reynolds presiding, ruled against the plaintiffs and found that neither the PCR nor the allocation of the additional 1% employer contribution to the defined benefit plan's unfunded actuarial liability violated the plaintiffs' equal protection or substantive due process rights. Equal protection is not violated because defined benefit and defined contribution members are not "similarly situated" classes. Substantive due process is not violated because the PCR and the 1% allocation are rationally related to maintaining the PERS DB plan's actuarial soundness. Plaintiffs recently appealed Judge Reynolds' decision to the Montana Supreme Court. In the event the Montana Supreme Court reverses Judge Reynolds' decision and class action certification is granted, over 3,000 PERS-DCRP and MUS-RP participants will be paid the contributions previously directed to the plan choice rate. At June 30, 2015, MPERA calculated the contributions from the MUS-RP Plan Choice at \$5,484,190 and the contributions from the DCRP Plan Choice at \$24,235,369.

***Association of Montana Retired Public Employees (AMRPE) v. State.*** Four Public Employees' Retirement System (PERS) retired members and their retiree association (AMRPE) sued the State

of Montana, MPERA, the PERB and Governor Bullock over the reduction of the PERS guaranteed annual benefit adjustment (GABA) enacted by the 2013 Montana Legislature through HB 454. Plaintiffs were represented by Leo Berry, Chad E. Adams and Jessie L. Luther from Browning, Kaleczyc, Berry & Hoven P.C., in Helena, MT. The State, MPERA, PERB and Governor Bullock were represented by J. Stuart Segrest and Michael G. Black of the Montana Attorney General's Office. In November 2014, MPERA's actuary determined that if plaintiffs prevailed and the GABA remained at 3%, PERS' funding ratio would be 74.4% as opposed to 83.9% should the plaintiffs been unsuccessful. Similarly, if plaintiffs prevailed, PERS would amortize over 29.3 years as opposed to 10.5 years under HB 454 (2013). Plaintiffs moved for and, following briefing and oral argument, received a Preliminary Injunction blocking implementation of the GABA decrease pending resolution of the underlying lawsuit. Following discovery, both parties moved for summary judgment. The motions were fully briefed and a hearing on the cross-motions for summary judgment was held January 13, 2015. The First Judicial District Court, Judge Reynolds presiding, issued a decision March 4, 2015, concluding that Section 5 of HB 454 substantially impairs contract rights and is in violation of the contract clause of both the Montana and the United States Constitutions. A permanent injunction prohibiting the State from reducing the GABA paid to PERS retirees was issued.

The State appealed to the Montana Supreme Court on March 6, 2015 and plaintiffs cross-appealed, seeking attorney fees. The parties entered into a Stipulation

agreement in July 2015 whereby the parties agreed to dismiss both the appeal and the cross-appeal and to seek clarification from Judge Reynolds regarding the scope of his original order. Specifically, parties requested clarification that the permanent injunction does not apply to public employees hired on or after July 1, 2013. Judge Reynolds issued an order on August 19, 2015, clarifying that the permanent injunction is only applicable to public employees that were hired prior to July 1, 2013, the effective date of HB 454. The permanent injunction does not apply to public employees hired on or after July 1, 2013.

***Tadman, et al. v. State of Montana.*** A retired member of the Sheriffs’ Retirement System filed a class action against the State of Montana on October 6, 2015, alleging the inappropriate payment of state and federal income tax on certain line-of-duty disability benefits. Plaintiff is represented by Lawrence A. Anderson, an attorney located in Great Falls, Montana. The State was served with the Complaint on November 25, 2015, and will be

represented by Eric Biehl and Hanna Warhank from Church, Harris, Johnson & Williams PC, in Great Falls, Montana and the Board’s legal counsel. As of the date of the printing of this document, no further action has taken place in this matter. The State’s response to the Complaint is due January 25, 2016.

**C. PLAN MEMBERSHIP, DESCRIPTIONS AND CONTRIBUTION INFORMATION**

The plans are established and amended statutorily by the Legislature. In all defined benefit plans (except VFCA), if a member leaves covered employment before retirement, the member contributions plus accrued interest (accumulated contributions) may be refunded to the member. If a member returns to service and repays the withdrawn accumulated contributions plus the interest the accumulated contributions would have earned had they remained on deposit, membership service is restored. Membership in each plan as of June 30, 2015 and June 30, 2014 is detailed in the following charts.

	<b>PERS-DBRP Membership</b>				
	<u>2015</u>	<u>2014</u>		<u>2015</u>	<u>2014</u>
Number of participating employers	539	541			
Active plan members	28,237	28,229	Retirees and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	20,080	19,473
Vested	2,925	2,825	Disability Retirements	176	193
Non-vested	8,839	7,666	Survivor Benefits	425	415
	<u>11,764</u>	<u>10,491</u>		<u>20,681</u>	<u>20,081</u>

## FINANCIAL SECTION

<b>JRS Membership</b>					
	<u>2015</u>	<u>2014</u>		<u>2015</u>	<u>2014</u>
Number of participating employers	1	1			
Active plan members	55	55	Retirees and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	64	64
Vested	2	1	Disability Retirements	-	-
Non-vested	-	-	Survivor Benefits	3	3
	<u>2</u>	<u>1</u>		<u>67</u>	<u>67</u>

<b>HPORS Membership</b>					
	<u>2015</u>	<u>2014</u>		<u>2015</u>	<u>2014</u>
Number of participating employers	1	1			
Active plan members	241	229	Retirees and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	305	299
Vested	11	11	Disability Retirements	7	8
Non-vested	13	14	Survivor Benefits	15	15
	<u>24</u>	<u>25</u>		<u>327</u>	<u>322</u>

<b>SRS Membership</b>					
	<u>2015</u>	<u>2014</u>		<u>2015</u>	<u>2014</u>
Number of participating employers	57	57			
Active plan members	1,336	1,307	Retirees and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	523	478
Vested	81	73	Disability Retirements	32	35
Non-vested	342	288	Survivor Benefits	22	20
	<u>423</u>	<u>361</u>		<u>577</u>	<u>533</u>

## FINANCIAL SECTION

<b>GWPORS Membership</b>					
	<u>2015</u>	<u>2014</u>		<u>2015</u>	<u>2014</u>
Number of participating employers	7	7			
Active plan members	993	955	Retirees and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	217	193
Vested	95	87	Disability Retirements	4	2
Non-vested	235	175	Survivor Benefits	10	8
	<u>330</u>	<u>262</u>		<u>231</u>	<u>203</u>

<b>MPORS Membership</b>					
	<u>2015</u>	<u>2014</u>		<u>2015</u>	<u>2014</u>
Number of participating employers	32	32			
Active plan members	743	743	Retirees and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	694	666
Vested	60	55	Disability Retirements	21	21
Non-vested	103	90	Survivor Benefits	29	29
	<u>163</u>	<u>145</u>		<u>744</u>	<u>716</u>

<b>FURS Membership</b>					
	<u>2015</u>	<u>2014</u>		<u>2015</u>	<u>2014</u>
Number of participating employers	26	25			
Active plan members	627	616	Retirees and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	580	565
Vested	21	19	Disability Retirements	9	10
Non-vested	71	66	Survivor Benefits	20	20
	<u>92</u>	<u>85</u>		<u>609</u>	<u>595</u>



## FINANCIAL SECTION

<b>VFCA Membership</b>					
	<u>2015</u>	<u>2014</u>		<u>2015</u>	<u>2014</u>
Number of participating employers	219	217			
Active plan members	1,977	1,935	Retirees and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	1,371	1,332
Vested	905	939	Disability Retirements	-	-
			Survivor Benefits	-	-
				1,371	1,332

<b>PERS-DCRP Membership</b>					
	<u>2015</u>	<u>2014</u>		<u>2015</u>	<u>2014</u>
Number of participating employers	278	264			
Active plan members	2,284	2,188	Retirees and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Periodic Distributions	20	18
Vested	319	252	Disability Retirements	6	4
Non-vested	549	474	Survivor Benefits	4	7
	868	726		30	29

<b>Deferred Compensation (457) Membership</b>					
	<u>2015</u>	<u>2014</u>		<u>2015</u>	<u>2014</u>
Number of participating employers	42*	36*	Number of participating plan members	8,708	8,519
Number of participating employers that provide contributions on members' behalf	6	6	Number of participating plan members that are actively contributing to their deferred compensation accounts	4,708	4,699

\*All State agencies are counted as one employer.

This page intentionally left blank

## FINANCIAL SECTION

---

### ***Public Employees' Retirement System-DBRP (PERS-DBRP)***\_\_\_\_\_

*Plan Description:* The PERS-Defined Benefit Retirement Plan (DBRP) is a multiple-employer, cost-sharing plan established July 1, 1945, and governed by Title 19, chapters 2 & 3, Montana Code Annotated (MCA). This plan covers the State, local governments, certain employees of the Montana University System and school districts.

All new members are initially members of the PERS-DBRP and have a 12-month window during which they may choose to remain in the PERS-DBRP or join the PERS-DCRP by filing an irrevocable election. Members may not be members of both the defined benefit and defined contribution retirement plans. All new members from the universities also have

a third option to join the university system's Montana University System Retirement Program (MUS-RP). For members that choose to join the PERS-DCRP or the MUS-RP, a percentage of the employer contribution will be used to pay down the liability of the PERS-DBRP.

The PERS-DBRP provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are established by state law and can only be amended by the Legislature. Benefits are based on eligibility, years of service, and highest average compensation. Member rights are vested after five years of service. A brief summary of eligibility and benefits follows.

#### **PERS-DBRP Summary of Benefits**

##### **Member's highest average compensation (HAC)**

Hired prior to July 1, 2011 - highest average compensation during any consecutive 36 months;

Hired on or after July 1, 2011 - highest average compensation during any consecutive 60 months;

Hired on or after July 1, 2013 - 110% annual cap on compensation considered as part of a member's highest average compensation.

##### **Eligibility for benefit**

Service retirement:

Hired prior to July 1, 2011:      Age 60, 5 years of membership service;  
Age 65, regardless of membership service; or  
Any age, 30 years of membership service.

Hired on or after July 1, 2011:      Age 65, 5 years of membership service;  
Age 70, regardless of membership service.

Early retirement, actuarially reduced:

Hired prior to July 1, 2011:      Age 50, 5 years of membership service; or  
Any age, 25 years of membership service.

Hired on or after July 1, 2011:      Age 55, 5 years of membership service.

**PERS-DBRP Summary of Benefits (continued)**

**Vesting**      5 years of membership service

**Monthly benefit formula**

Members hired prior to July 1, 2011:

- Less than 25 years of membership service: 1.785% of HAC per year of service credit;
- 25 years of membership service or more: 2% of HAC per year of service credit.

Members hired on or after July 1, 2011:

- Less than 10 years of membership service: 1.5% of HAC per year of service credit;
- 10 years or more, but less than 30 years of membership service: 1.785% of HAC per year of service credit;
- 30 years or more of membership service: 2% of HAC per year of service credit.

**Guaranteed Annual Benefit Adjustment (GABA)**

After the member has completed 12 full months of retirement, the member’s benefit increases by the applicable percentage (provided below) each January, inclusive of all other adjustments to the member’s benefit.

- 3.0% for members hired prior to July 1, 2007
- 1.5% for members hired between July 1, 2007 and June 30, 2013
- Members hired on or after July 1, 2013:
  - (a) 1.5% for each year PERS is funded at or above 90%;
  - (b) 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and,
  - (c) 0% whenever the amortization period for PERS is 40 years or more.

At June 30, 2015, PERS had 539 participating employers, two less than fiscal year 2014. The participating employers consist of:

<b>PERS-DBRP EMPLOYERS</b>		
<u>Employers</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
State Agencies	34	34
Counties	55	55
Cities and Towns	98	98
Colleges and Universities	5	5
School Districts	232	232
High Schools	6	6
Other Agencies	<u>109</u>	<u>111</u>
Total	539	541

## FINANCIAL SECTION

---

*Contributions:* Member and employer contribution rates are established by state law and may be amended only by the Legislature. The member contribution rate for fiscal year 2015 was 7.9% of the member's compensation. Contributions are deducted from each member's salary and remitted by participating employers. An individual account is established for each member's contributions and interest allocations until a request for retirement or refund is processed.

The 7.9% member contributions will be decreased to 6.9% on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and additional member contribution rates. There will be no reduction to the member contributions on January 1, 2016 due to the amortization period being 27.2 years at June 30, 2015, based on the 3% GABA rate.

Each state agency and university system employer contributed 8.27% of PERS-covered payroll during fiscal year 2015. Participating local governments contributed 8.17% of PERS-covered payroll during fiscal year 2015. The State contributed the remaining 0.1% for local governments. Participating school districts contributed 7.9% of PERS-covered payroll during fiscal year 2015. The state contributed the remaining 0.37%. A percentage of the employers' contributions is used to fund the employee education program.

Following the 2013 Legislative Session, PERS employer contributions were temporarily increased. Effective July 1, 2013, employer contributions increased 1.0%. Beginning July 1, 2014, employer contributions increased an additional 0.1% a year over 10 years, through 2024. The employer additional contributions,

including the 0.27% added in 2007 and 2009, terminate on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and member contribution rates. On January 1, 2016, the additional contributions will not be terminated. (Reference Schedule of Contribution Rates on page 107).

Effective July 1, 2013, PERS-DBRP received other contributions including 1% employer contributions for DCRP and MUS-RP participants and additional Plan Choice Rate contributions. As a result of the 2015 Legislative Session and effective July 1, 2015, with the first fiscal year 2016 payroll pay date, the additional 1% employer contribution will be directed to the Plan Choice Rate Unfunded Actuarial Liability rather than the Defined Benefit Unfunded Actuarial Liability.

Effective July 1, 2013, PERS-DBRP received additional contributions from the coal severance tax fund and interest income from the coal severance tax permanent fund. The coal severance taxes collected are credited to the general fund of the State of Montana and are statutorily appropriated on July 1 each year to the trust fund for the PERS-DBRP. The coal tax is transferred quarterly and the interest income is credited monthly. The amount received for fiscal year 2015 was \$31.5 million. These contributions are recorded as *Coal Tax Transfers* in the financial statements.

Effective July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.

PERS-DBRP Active Membership by Employer Type		
<u>Employer Type</u>	<u>6/30/2015</u>	<u>6/30/2014</u>
State Agencies	10,640	10,734
Counties	5,348	5,299
Cities	3,307	3,223
Universities	2,623	2,628
High Schools	62	60
School Districts	5,148	5,151
Other Agencies	<u>1,109</u>	<u>1,134</u>
Total	28,237	28,229

*Plan Membership Elections:* MPERA has included in the financial statements transfers of \$1,252,311 in Transfers to DCRP and \$125,425 in Transfers to MUS-RP. These transfers reflect the DCRP and MUS-RP contributions of participants that filed elections at or near the June 30 cutoff date. The contributions were transferred in early fiscal year 2016.

*Additional Service Purchase Due to a Reduction in Force:* Section 19-2-706, MCA allows state and university system employees who are eligible for a service retirement and whose positions have been eliminated due to a reduction in force, to have their employer pay a portion of the total cost of purchasing up to three years of “1-for-5” additional service. The employer has up to ten years to complete payment for the service purchases and is charged the actuarially required rate of return as established by the PERB on the unpaid balance. The employees participating under section 19-2-706, MCA increased from 223 in fiscal year 2014 to 233 in fiscal year 2015. The contributions received (including interest) during fiscal year 2015 totaled \$118,681. The outstanding balance at June 30, 2015, totaled \$18,133.

*Public Employees’ Retirement System-DBRP Education Fund:* Education is provided to all members of the PERS regardless of plan choice as governed by section 19-3-112, MCA. The education must be presented with impartial and balanced information about plan choices, investments and retirement planning.

The education program consists of ongoing transfer education for new members and investment/retirement planning education for all active members.

The education program was funded by 0.04% of PERS-covered payroll in fiscal year 2015.

*GASB Statement No. 67 Reporting:* The membership data, actuarial assumptions and plan provisions are the same as were described in the June 30, 2014 Actuarial Valuation Report for PERS-DBRP.

The discount rate as of June 30, 2015 is 7.75% which is the assumed long-term expected rate of return on PERS-DBRP investments. Projections of the fiduciary net position have indicated that it is expected to be sufficient to make projected benefit payments for current members.

The Total Pension Liability (TPL) at the end of the measurement year, June 30, 2015, is measured as of a valuation date of June 30, 2014, rolled forward to June 30, 2015. The rolled forward procedures include the addition of service cost and interest cost offset by actual benefit payments, adjusted for liability gains or losses due to the experience as well as significant events occurring between the valuation date and the measurement date, if applicable. The TPL at June 30, 2015 is \$6.5 billion.

## FINANCIAL SECTION

---

During the measurement year there were no changes in benefits or changes in assumptions. Because the beginning and end of year TPL are based on different actuarial valuations, the differences between expected and actual experience reported this year was an actuarial experience gain of \$11.3 million. The service cost, interest cost, and administrative expenses exceeded the total contributions and investment income combined with favorable plan experience, resulting in an increase in the Net Pension Liability (NPL) of \$151.9 million. The NPL remaining as of June 30, 2015 is \$1.4 billion.

Changes in the discount rate affect the measurement of the TPL. Lower discount rates produce a higher TPL and higher discount rates produce a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the NPL can be very significant for a relatively small change in the discount rate. At June 30, 2015, the TPL using the current discount rate of 7.75% is \$6.5 billion and NPL of \$1.4 billion. A 1.00% decrease in the discount rate increases the TPL to \$7.2 billion (11.2%) and increases the NPL to \$2.1 billion (52.1%). A 1.00% increase in the discount rate decreases the TPL to \$5.8 billion (11.3%) and decreases the NPL to \$743 million (53.1%).

*Actuarial Status:* The statutory funding rate is tested in the valuation to determine if it is sufficient to cover the Normal Cost Rate plus an amortization payment of the Unfunded Actuarial Liability, if any, over no more than 30 years. As of June 30, 2015, the statutory contribution rates are sufficient to amortize the unfunded actuarial liability.

With the enactment of HB 454 during the 2013 Legislative Session and the changes resulting from the permanent injunction issued in March

2015 to prevent the PERB from implementing the decrease in GABA from 3% to a maximum of 1.5%, there were supplemental valuations performed in each of the past two fiscal years using the 3% GABA and one supplemental valuation using the 1.5%.

This permanent injunction is only applicable to PERS members hired before July 1, 2013. Accordingly, PERS members hired before July 1, 2007 keep the 3% GABA, those hired between July 1, 2007 and June 30, 2013 will keep the 1.5% GABA, and members hired on or after July 1, 2013 will be subject to the "sliding scale" GABA ranging from 0% to 1.5% as provided in HB 454 (2013).

When comparing the valuations, using the 3% GABA, on June 30, 2015 and June 30, 2014 the number of years to amortize the unfunded actuarial liability are 27.2 years and 29.3 years, respectively.

Under the provisions of HB 454, the additional member and employer contributions, effective July 1, 2013, will remain in effect on January 1, 2016.

During the fiscal year ended June 30, 2015, the PERS assets gained 4.60% on a market value basis. However, due to the asset-smoothing technique which recognizes only a portion of the gains and losses, the return on the actuarial asset value was 9.63%. This return was above the assumed rate of return of 7.75% and resulted in an actuarial gain on investments of \$85 million.

## Public Employees' Retirement System-DCRP Disability OPEB (DCRP Disability OPEB)

*Plan Description:* For GASB Statement No. 43, *Financial Reporting by Employers for Post-Employment Benefits Other Than Pension Plans* reporting, the DCRP Disability OPEB is considered a cost-sharing multiple-employer plan that provides an other post-employment defined benefit for the PERS-DCRP members.

All new PERS members are initially members of the PERS-DBRP and have a 12-month window during which they may choose to remain in the PERS-DBRP or join the PERS-DCRP by filing an irrevocable election. Members may not be members of both the

defined benefit and defined contribution retirement plans. The PERS-DCRP provides disability to eligible members who elect the PERS-DCRP.

The DCRP Disability OPEB Trust Fund was established on July 1, 2002, and is governed by section 19-3-2141, MCA. Benefits of this long-term disability plan are established by state law and can only be amended by the Legislature. This benefit is based on eligibility, years of service, and compensation. Member rights are vested after five years of service. A brief summary of eligibility and benefits follows.

### **PERS-DCRP Disability OPEB Summary of Benefits**

#### **Member's highest average compensation (HAC)**

Hired prior to July 1, 2011 - HAC during the highest 36 consecutive months.

Hired on or after July 1, 2011 - HAC during the highest 60 consecutive months.

#### **Eligibility for benefit**

Any age with 5 years of membership service.

**Vesting**      5 years of membership service

#### **Monthly benefit formula**

Members hired prior to July 1, 2011:

Less than 25 years of membership service: 1.785% of HAC per year of service credit;

25 years of membership service or more: 2% of HAC per year of service credit.

Benefit is payable to later of age 65 for disabilities occurring prior to age 60, or five years for disabilities occurring after age 65.

Members hired on or after July 1, 2011:

Less than 10 years of membership service: 1.5% of HAC per year of service credit;

10 years or more, but less than 30 years of membership service: 1.785% of HAC per year of service credit;

30 years or more of membership service: 2% of HAC per year of service credit.

Benefit is payable to age 70 for disabilities occurring prior to age 65, or five years for disabilities occurring after age 65.



## FINANCIAL SECTION

### **PERS-DCRP Disability OPEB Summary of Benefits (continued)**

Members cannot receive distributions from their individual defined contribution account while receiving payments from the DCRP Disability OPEB Trust Fund. Participants may choose to receive a distribution from their individual account instead of applying for or receiving a disability benefit.

*Contributions:* Under section 19-3-2117, MCA the employers are the only contributors to the DCRP Disability OPEB. The employer contribution rate is 0.30% of a member's compensation, which is allocated to the long-term disability plan trust fund to provide disability benefits to eligible DCRP members. (Reference Schedule of Contribution Rates on page 107).

As of June 30, 2015, there are six members taking advantage of the disability plan, two more than as of June 30, 2014.

Below is a table with the DCRP active membership by employer type as of June 30, 2015. This data was used in the June 30, 2015 actuarial valuation of the DCRP Disability OPEB.

PERS-DCRP Active Membership by Employer Type	
Employer Type	6/30/2015
State Agencies	1,080
Counties	353
Cities	282
Universities	122
High Schools	4
School Districts	257
Other Agencies	186
Total	2,284

*Funding Policy:* The following estimates were prepared based on an actuarial valuation as of June 30, 2015. This is the second valuation performed on this plan.

GASB Statement No. 43 requires the PERB to report each year the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The present statutory contribution rates are not sufficient to amortize the unfunded liability. Thus the plan does not amortize within 30 years as required by Montana constitution and section 19-2-409, MCA.

*Actuarial Methods and Assumptions:* Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and plan members, and includes the type of benefits provided at the time of each valuation and the historical pattern of costs to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in the actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new

estimates are made about the future. Given insufficient DCRP member experience, the actuarial assumptions used were based on those used for the PERS-DBRP members, except for the assumed investment return and an exception to the retirement and disability assumptions. Because the assets are invested entirely in short-term fixed income securities, the assumed rate of return of 3.50% was used. This assumed rate of return is 0.50% in excess of the assumed rate of inflation.

In the June 30, 2015 actuarial valuation, the entry age normal funding method is used. The unfunded actuarial liability is amortized using an open 30-year period, level percent of pay, an investment rate of return of 3.50%, and general wage growth of 4.00% which includes inflation at 3.00% and merit salary increases of 0.00% to 6.00%.

*Funded Status and Funding Progress:* The Schedule of Funding Progress for DCRP Disability OPEB, presented as RSI following the notes to the statements, presents information concerning the actuarial value of plan assets and liabilities. The most recent actuarial valuation available was completed by Cheiron, the PERB's actuary, as of June 30, 2015 for the fiscal year ending June 30, 2015. This actuarial valuation is completed every year with the next valuation to be completed as of June 30, 2016.

The allocation of the DCRP Disability OPEB as of the fiscal year ending June 30, 2015 was as follows: Actuarial Liability (AL)

is \$3,235,065; Actuarial Value of Assets is \$2,781,120; Unfunded Actuarial Liability (UAL) is \$453,945; Funded Ratio (Actuarial Value of Assets/AL) is 86%; Covered Payroll (Active Plan Members) is \$106,518,524; and the UAL as a Percentage of Covered Payroll is 1%.

*Actuarial Status:* The statutory funding rate is tested in the valuation to determine if it is sufficient to cover the Normal Cost Rate plus an amortization payment of the Unfunded Actuarial Liability, if any, over no more than 30 years. As of June 30, 2015, the most recent actuarial valuation, the statutory contribution rates are not sufficient to amortize the unfunded actuarial liability. The DCRP Disability OPEB assets gained 0.14% on an annualized market value basis during the year ended June 30, 2015. This return was below the assumed rate of return of 3.50%, resulting in an investment loss of about \$169,000 for year ended June 30, 2015. Because this is the second valuation for DCRP Disability OPEB, the actuarial value of assets is set equal to the market value of assets. As of the June 30, 2015 Actuarial Valuation, the DCRP Disability OPEB unfunded actuarial liability was \$0.45 million and the funded ratio was 86.0%. At the June 30, 2013 actuarial valuation, the Plan's unfunded liability was \$0.53 million, and the funded ratio was 80.5%.

*GASB Statement No. 67 Reporting* does not pertain to the disability benefit plan trust fund.

## Judges' Retirement System (JRS)

*Plan Description:* The JRS is a single-employer defined benefit plan established in 1967, and governed by Title 19, chapters 2 & 5 of the MCA. This system provides benefits

for all Montana judges of the district courts, justices of the Supreme Court, the Chief Water Judge and the Associate Water Judge. Benefits are established by state law and can only be

## FINANCIAL SECTION

amended by the Legislature. The JRS provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service, and

compensation. Member rights are vested after five years of service. A brief summary of eligibility and benefits follows.

### **JRS Summary of Benefits**

#### **Member's current salary<sup>1</sup> or highest average compensation (HAC)<sup>2</sup>**

<sup>1</sup>Hired prior to July 1, 1997 and non-GABA - monthly compensation at time of retirement;

<sup>2</sup>Hired on or after July 1, 1997 or electing GABA - HAC during any consecutive 36 months.

Hired on or after July 1, 2013 - 110% annual cap on compensation considered as part of a members' highest average compensation.

#### **Eligibility for benefit**

Age 60, 5 years of membership service;

Any age with 5 years of membership service - involuntary termination, actuarially reduced.

**Vesting**            5 years of membership service

#### **Monthly benefit formula**

3-1/3% of current salary<sup>1</sup> (non-GABA) or HAC<sup>2</sup> (GABA) per year of service credit for the first 15 years of service credit, plus 1.785% per year for each year after 15 years.

#### **Guaranteed Annual Benefit Adjustment (GABA)**

Hired on or after July 1, 1997, or those electing GABA - after the member has completed 12 full months of retirement, the member's benefit increases by a maximum of 3.0% each January, inclusive of all other adjustments to the member's benefit.

#### **Minimum benefit adjustment (non-GABA)**

If hired prior to July 1, 1997 and member did not elect GABA - current salary of an active member in same position is used in the calculation of the monthly benefit each time the Legislature increases salaries for active judges.

At June 30, 2015, JRS had one participating employer, the same as fiscal year 2014. The participating employer consists of:

<b>JRS EMPLOYERS</b>		
<u>Employer</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
State Agency - Supreme Court	<u>1</u>	<u>1</u>
Total	1	1

*Contributions:* Member and employer contribution rates are established by state law and may be amended only by the Legislature. The member contribution rate for fiscal year 2015 was 7.0% of the member’s monthly compensation. Contributions are deducted from each member’s salary and remitted by the participating employer. An individual account is established for each member’s contributions and interest allocations until a retirement or refund request is processed.

As the employer, the State contributed 25.81% of the total JRS-covered payroll to the retirement plan during fiscal year 2015. (Reference Schedule of Contribution Rates on page 107).

JRS Active Membership by Employee Type		
Employee Type	6/30/2015	6/30/2014
GABA	49	48
Non-GABA	6	7
Total	55	55

*GASB Statement No. 67 Reporting:* The membership data, actuarial assumptions and plan provisions are the same as were described in the June 30, 2014 Actuarial Valuation Report for JRS.

The discount rate as of June 30, 2015 is 7.75% which is the assumed long-term expected rate of return on JRS investments. Projections of the fiduciary net position have indicated that it is expected to be sufficient to make projected benefit payments for current members.

The Total Pension Liability (TPL) at the end of the measurement year, June 30, 2015, is measured as a valuation date of June 30, 2014, rolled forward to June 30, 2015. The rolled forward procedures include the addition of

service cost and interest cost offset by actual benefit payments, adjusted for liability gains or losses due to the experience as well as significant events occurring between the valuation date and the measurement date, if applicable. The TPL at June 30, 2015 is \$53.1 million.

During the measurement year there were no changes in benefits or changes in assumptions. Because the beginning and end of year TPL are based on different actuarial valuations, the differences between expected and actual experience reported this year were \$1 million. The total contributions and investment income combined with the favorable plan experience exceeded the service cost, interest cost, and administrative expenses, resulting in a decrease in the Net Pension Asset (NPA) of \$1.4 million. The NPA remaining as of June 30, 2015 is \$34.0 million.

Changes in the discount rate affect the measurement of the TPL. Lower discount rates produce a higher TPL and higher discount rates produce a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the NPL or NPA can be very significant for a relatively small change in the discount rate. At June 30, 2015, the TPL using the current discount rate of 7.75% is \$53.1 million and NPA of \$34.0 million. A 1.00% decrease in the discount rate increases the TPL to \$58.1 million (9.4%) and increases the NPA to \$29.0 million (14.7%). A 1.00% increase in the discount rate decreases the TPL to \$48.8 million (8.2%) and decreases the NPA to \$38.3 million (12.8%).

*Actuarial status:* The statutory funding rate is tested in the valuation to determine if it is sufficient to cover the Normal Cost Rate plus an amortization payment of the Unfunded Actuarial Liability, if any, over no more than

## FINANCIAL SECTION

---

30 years. As of June 30, 2015, the statutory contribution rates are sufficient to amortize the unfunded actuarial liability. During the fiscal year ended June 30, 2015, the JRS' assets gained 4.59% on a market value basis. However, due to the asset-smoothing technique which recognizes only a portion

of the gains and losses, the return on the actuarial asset value continues to reflect prior year investment gains and losses resulting in a return of 9.53%. This return was above the assumed rate of return of 7.75% and resulted in an actuarial gain on investments of \$1.4 million.

### ***Highway Patrol Officers' Retirement System (HPORS)***

---

*Plan Description:* The HPORS is a single-employer, defined benefit plan established July 1, 1945, and governed by Title 19, chapters 2 & 6 of the MCA. This system provides retirement benefits to all members of the Montana Highway Patrol, including supervisory personnel. Benefits are established by state law and can only be amended by the Legislature. The HPORS provides retirement,

disability, and death benefits to plan members and their statutory beneficiaries. Benefits are based on eligibility, years of service, and highest average compensation. Member rights for death and disability are vested immediately. All other rights are vested after five or ten years of service. A brief summary of eligibility and benefits follows.

#### **HPORS Summary of Benefits**

##### **Member's highest average compensation (HAC)**

Highest average compensation during any consecutive 36 months.

Hired on or after July 1, 2013 - 110% annual cap on compensation considered as part of a member's highest average compensation.

##### **Eligibility for benefit**

20 years of membership service, regardless of age.

##### **Early Retirement**

Hired prior to July 1, 2013 - 5 years of membership service, actuarially reduced from age 60.

Hired on or after July 1, 2013 - 10 years of membership service, actuarially reduced from age 60.

##### **Vesting**

Hired prior to July 1, 2013 - 5 years of membership service

Hired on or after July 1, 2013 - 10 years of membership service

##### **Monthly benefit formula**

Retire prior to July 1, 2013 - 2.5% of HAC per year of service credit.

Retire on or after July 1, 2013 - 2.6% of HAC per year of service credit.

##### **Guaranteed Annual Benefit Adjustment (GABA)**

Hired on or after July 1, 1997, or those electing GABA - after the member has completed 12 full months of retirement, the member's benefit increases by a maximum of 3.0% each January, inclusive of all other adjustments to the member's benefit.

**HPORS Summary of Benefits (continued)**

Hired on or after July 1, 2013 - after the member has completed 36 full months of retirement, the member's benefit increases by a maximum of 1.5% each January, inclusive of all other adjustments to the member's benefit.

**Minimum monthly benefit (non-GABA)**

If hired prior to July 1, 1997 and member did not elect GABA - monthly benefits are increased each July when they fall below a statutorily guaranteed minimum. Any annual increase is limited to 5.0% over the current benefit and may not exceed 60% of the current base salary of a probationary officer.

At June 30, 2015, HPORS had one participating employer, the same as fiscal year 2014. The participating employer consists of:

<b>HPORS EMPLOYERS</b>		
<u>Employer</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
State Agency - Department of Justice	<u>1</u>	<u>1</u>
Total	1	1

*Contributions:* Member and employer contribution rates are established by state law and may be amended only by the Legislature. The member contribution rate for fiscal year 2015 is 11.05% of the member's total compensation if hired on or after July 1, 1997 or for members electing GABA, and 11.0% for those members hired prior to July 1, 1997 and not electing GABA (all active members hired prior to July 1, 1997 have elected GABA).

Effective July 1, 2013 and ending July 1, 2016, all HPORS member contributions, regardless of hire date, will increase 1.0% annually.

Contributions are deducted from each member's salary and remitted by the participating employer. An individual account is established for each member's contributions and interest allocations until a retirement or refund request is processed.

As the employer, the State contributed 38.33% of the total HPORS-covered payroll during fiscal year 2015. The first 28.15% is payable from the same source used to pay members' compensation. The remaining amount, equal to 10.18%, is payable from the general fund through a statutory appropriation.

Effective July 1, 2013, the State employer contributions increased from 36.33% to 38.33%. (Reference Schedule of Contribution Rates on page 107).

<b>HPORS Active Membership by Employee Type</b>		
<u>Employee Type</u>	<u>6/30/2015</u>	<u>6/30/2014</u>
GABA	241	229
Non-GABA	<u>0</u>	<u>0</u>
Total	241	229

## FINANCIAL SECTION

---

*Additional Service Purchase Due to a Reduction in Force:* Section 19-2-706, MCA allows state and university system employees who are eligible for a service retirement and whose positions have been eliminated to have their employer pay a portion of the total cost of purchasing up to three years of “1-for-5” additional service. The employer has up to ten years to complete payment for the service purchases and is charged the actuarially required rate of return as established by the PERB on the unpaid balance. No employees have taken advantage of this provision to date.

*Supplemental Benefit for Retirees:* Section 19-6-709, MCA provides eligible Montana highway patrol officers retired prior to July 1, 1991, or their survivors, an annual supplemental lump-sum payment distributed each September. This lump-sum payment is funded by a statutory appropriation requested by the PERB from the general fund. Factors impacting eligibility include the number of years the recipient has received a service retirement benefit or disability benefit, the recipient’s age, and whether the recipient is employed in a position covered by a retirement system under Title 19. The average annual supplemental payment for non-GABA retirees was \$2,856 in November 2015.

*Deferred Retirement Option Program (DROP):* Beginning October 1, 2015, eligible members of HPORS can participate in the DROP by filing a one-time irrevocable election with the PERB. The DROP is governed by Title 19, chapter 6, part 10. A member must have completed at least twenty years of membership service to be eligible. The member may elect to participate in the DROP for a minimum of one month and a maximum of 60 months and may participate

in the DROP only once. A participant remains a member of the HPORS, but will not receive membership service or service credit in the system for the duration of the member’s DROP period. During participation in the DROP, all mandatory contributions continue to the retirement system. A monthly benefit is calculated based on salary and years of service to date as of the beginning of the DROP period. The monthly benefit is paid into the member’s DROP account until the end of the DROP period. At the end of the DROP period, the participant may receive the balance of the DROP account in a lump-sum payment or in a direct rollover to another eligible plan, as allowed by the IRS. If the participant continues employment after the DROP period ends, they will again accrue membership service and service credit. The DROP account cannot be distributed until the employment is formally terminated.

*GASB Statement No. 67 Reporting:* The membership data, actuarial assumptions and plan provisions are the same as were described in the June 30, 2014 Actuarial Valuation Report for HPORS.

The discount rate as of June 30, 2015 is 7.75%, which is the assumed long-term expected rate of return on HPORS investments. Projections of the fiduciary net position have indicated that it is expected to be sufficient to make projected benefit payments for current members.

The Total Pension Liability (TPL) at the end of the measurement year, June 30, 2015, is measured as a valuation date of June 30, 2014, rolled forward to June 30, 2015. During the rolled forward period, Senate Bill 238 was passed which established a Deferred Retirement Option (DROP) for eligible members and added approximately \$1.9 million to the TPL. The rolled forward

procedures include the addition of service cost and interest cost offset by actual benefit payments, adjusted for liability gains or losses due to the experience as well as significant events occurring between the valuation date and the measurement date, if applicable. The TPL at June 30, 2015 is \$193 million.

During the measurement year there was a change in benefits adding the DROP (SB 238) increasing the TPL by approximately \$1.9 million and there were no changes in assumptions. Because the beginning and end of year TPL are based on different actuarial valuations, the differences between expected and actual experience reported this year were an actuarial experience loss of \$267.3 thousand. The service cost, interest cost, and administrative expenses combined with unfavorable plan experience and the addition of the DROP exceeded the total contributions and investment income, resulting in an increase in the Net Pension Liability (NPL) of \$6.8 million. The NPL remaining as of June 30, 2015 is \$63.9 million.

Changes in the discount rate affect the measurement of the TPL. Lower discount rates produce a higher TPL and higher discount rates produce a lower TPL. Because the discount rate does not affect the measurement of assets,

the percentage change in the NPL can be very significant for a relatively small change in the discount rate. At June 30, 2015, the TPL using the current discount rate of 7.75% is \$193 million and the NPL is \$63.9 million. A 1.00% decrease in the discount rate increases the TPL to \$219 million (13.5%) and increases the NPL to \$90 million (40.8%). A 1.00% increase in the discount rate decreases the TPL to \$171.7 million (11.0%) and decreases the NPL to \$42.6 million (33.3%).

*Actuarial Status:* The statutory funding rate is tested in the valuation to determine if it is sufficient to cover the Normal Cost Rate plus an amortization payment of the Unfunded Actuarial Liability, if any, over no more than 30 years. As of June 30, 2015, the HPORS amortizes in 28.5 years. During the fiscal year ended June 30, 2015, the HPORS' assets gained 4.60% on a market value basis. However, due to the asset-smoothing technique which recognizes only a portion of the gains and losses, the return on the actuarial asset value was 9.61%. This return was above the assumed rate of return of 7.75% and resulted in an actuarial gain on investments of \$2.1 million.

### ***Sheriffs' Retirement System (SRS)***

*Plan Description:* The SRS is a multiple-employer, cost-sharing defined benefit plan established July 1, 1974, and governed by Title 19, chapters 2 & 7, MCA. This plan provides retirement benefits to all Department of Justice criminal and gambling investigators hired after July 1, 1993, all detention officers hired after July 1, 2005, and to all Montana sheriffs. Benefits are established by state law

and can only be amended by the Legislature. The SRS provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service, and highest average compensation. Member rights are vested after five years of service. A brief summary of eligibility and benefits follows at the top of the next page.



## FINANCIAL SECTION

### SRS Summary of Benefits

#### **Member's highest average compensation (HAC)**

Hired prior to July 1, 2011 - highest average compensation during any consecutive 36 months;  
 Hired on or after July 1, 2011 - highest average compensation during any consecutive 60 months.  
 Hired on or after July 1, 2013 - 110% annual cap on compensation considered as a part of a member's highest average compensation.

#### **Eligibility for benefit**

20 years of membership service, regardless of age.

#### **Early Retirement**

Age 50, 5 years of membership service, actuarially reduced.

**Vesting** 5 years of membership service

#### **Monthly benefit formula**

2.5% of HAC per year of service credit.

#### **Guaranteed Annual Benefit Adjustment (GABA)**

After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage (provided below) each January, inclusive of all other adjustments to the member's benefit.

- 3.0% for members hired prior to July 1, 2007
- 1.5% for members hired on or after July 1, 2007

At June 30, 2015, SRS had 57 participating employers, the same as fiscal year 2014. The participating employers consist of:

<b>SRS EMPLOYERS</b>		
<u>Employers</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
State Agencies - Department of Justice	1	1
Counties	<u>56</u>	<u>56</u>
Total	57	57

*Contributions:* Member and employer contribution rates are established by state law and may be amended only by the Legislature. The member contribution rate for fiscal year

2015 was 9.245% of member's compensation. Contributions are deducted from each member's salary and remitted by participating employers. An individual account is

established for each member’s contributions and interest allocations until a retirement or refund request is processed.

The employer contribution rate for fiscal year 2015 was 10.115%. (Reference Schedule of Contribution Rates on page 107).

Effective July 1, 2013, employer contributions are required to be paid on working retiree compensation. Member contributions are not required for working retirees.

SRS Active Membership by Employer Type		
Employer Type	6/30/2015	6/30/2014
Dept of Justice	61	61
Counties	1,275	1,246
Total	1,336	1,307

*Additional Service Purchase Due to a Reduction in Force:* Section 19-2-706, MCA allows state employees who are eligible for a service retirement and whose positions have been eliminated to have their employer pay a portion of the total cost of purchasing up to three years of “1-for-5” additional service. The employer has up to ten years to complete payment for the service purchases and is charged the actuarial rate of return as established by the PERB on the unpaid balance. Three employees have taken advantage of this provision to date. All purchases are paid in full.

*GASB Statement No. 67 Reporting:* The membership data, actuarial assumptions and plan provision are the same as were described in the June 30, 2014 Actuarial Valuation Report for SRS.

The discount rate as of June 30, 2015 is 6.86%, which is a blend of the assumed long-

term expected rate of return of 7.75% on SRS investments and a municipal bond index rate of 3.80%. The municipal bond index rate is a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). Projections of the fiduciary net position have indicated that assets are not expected to be sufficient to make projected benefit payments for current members after 2057. Therefore, the portion of future projected benefit payments after 2057 are discounted at the municipal bond index rate.

The Total Pension Liability (TPL) at the end of the measurement year, June 30, 2015, is measured as a valuation date of June 30, 2014, rolled forward to June 30, 2015. The rolled forward procedures include the addition of service cost and interest cost offset by actual benefit payments, an adjustment for the change in discount rate from 7.75% to 6.86%, and adjusted for liability gains or losses due to the experience as well as significant events occurring between the valuation date and the measurement date, if applicable. The TPL at June 30, 2015 is \$392.1 million.

During the measurement year there were no changes in benefits or in demographic assumptions. However, there was a change of assumptions due to the blended discount rate of 6.86% explained earlier. This change resulted in an increase in the liability of \$43.1 million. Because the beginning and end of year TPL are based on different actuarial valuations, the differences between expected and actual experience reported this year was an actuarial experience gain of \$195 thousand. The combination of service cost, interest cost, and administrative expenses, as well as a decrease in the discount rate, exceeded the total contributions, investment income,

## FINANCIAL SECTION

---

and favorable plan experience resulting in an increase in the Net Pension Liability (NPL) of \$54.8 million. The NPL remaining as of June 30, 2015 is \$96.4 million.

Changes in the discount rate affect the measurement of the TPL. Lower discount rates produce a higher TPL and higher discount rates produce a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the NPL can be very significant for a relatively small change in the discount rate. At June 30, 2015, the TPL using the current blended discount rate of 6.86% is \$392.1 million and the NPL is \$96.4 million. A 1.00% decrease in the blended discount rate increases the TPL to \$450.5 million (14.9%) and increases the NPL to \$154.8 million (60.6%). A 1.00% increase in the discount rate decreases the TPL to \$344.2 million (12.2%) and decreases the NPL to \$48.5 million (49.7%).

*Actuarial Status:* The statutory funding rate is tested in the valuation to determine if it is sufficient to cover the Normal Cost Rate plus an amortization payment of the Unfunded Actuarial Liability, if any, over no more than 30 years. As of June 30, 2015, the statutory contribution rates are not sufficient to amortize the unfunded actuarial liability as required by the Montana constitution and section 19-2-409, MCA. During the fiscal year ending June 30, 2015, the SRS' assets gained 4.60% on a market value basis. However, due to the asset-smoothing technique which recognizes only a portion of the gains and losses, the return on the actuarial asset value was 9.60%. This return was above the assumed rate of return of 7.75% and resulted in an actuarial gain on investments of \$4.9 million.

### ***Game Wardens' and Peace Officers' Retirement System (GWPORS)***\_\_

*Plan Description:* The GWPORS is a multiple-employer, cost-sharing defined benefit plan established in 1963 and governed by Title 19, chapters 2 & 8, MCA. This system provides retirement benefits to all persons employed as a game warden, warden supervisory personnel, or state peace officer. Benefits are established by state law and can

only be amended by the Legislature. The GWPORS provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service, and highest average compensation. Member rights are vested after five years of service. A brief summary of eligibility and benefits follows.

#### **GWPORS Summary of Benefits**

##### **Member's highest average compensation (HAC)**

Hired prior to July 1, 2011 - highest average compensation during any consecutive 36 months;  
Hired on or after July 1, 2011 - highest average compensation during any consecutive 60 months.  
Hired on or after July 1, 2013 - 110% annual cap on compensation considered as a part of a member's highest average compensation.

##### **Eligibility for benefit**

Age 50, 20 years of membership service.

**GWPORS Summary of Benefit (continued)**

**Early Retirement (reduced benefit)**

Age 55, vested members who terminate employment prior to 20 years of membership service.

**Vesting** 5 years of membership service

**Monthly benefit formula**

2.5% of HAC per year of service credit.

**Guaranteed Annual Benefit Adjustment (GABA)**

After the member has completed 12 full months of retirement, the member’s benefit increases by the applicable percentage (provided below) each January, inclusive of all other adjustments to the member’s benefit.

- 3.0% for members hired prior to July 1, 2007
- 1.5% for members hired on or after July 1, 2007

At June 30, 2015, GWPORS had seven participating employers, the same as fiscal year 2013. The participating employers consist of:

<b>GWPORS EMPLOYERS</b>		
<u>Employers</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
State Agencies	4	4
Colleges and Universities	<u>3</u>	<u>3</u>
Total	7	7

*Contributions:* Member and employer contribution rates are established by state law and may be amended only by the Legislature. The member contribution rate for fiscal year 2015 was 10.56% of member’s compensation. Contributions are deducted from each member’s salary and remitted by participating employers. An individual account is established for each member’s contributions and interest allocations until a retirement or refund request is processed.

Each state agency and university employer contributed 9.0% of total GWPORS-covered

payroll to the retirement plan during fiscal year 2015. (Reference Schedule of Contribution Rates on page 107).

<b>GWPORS Active Membership by Employer</b>		
<u>Employer</u>	<u>6/30/2015</u>	<u>6/30/2014</u>
Dept of Corrections	724	698
Dept FW&P	107	101
Dept of Livestock	34	38
Dept of Transportation	83	75
Universities	<u>45</u>	<u>43</u>
Total	993	955

## FINANCIAL SECTION

---

*Additional Service Purchase Due to a Reduction in Force:* Section 19-2-706, MCA allows state and university system employees who are eligible for a service retirement and whose positions have been eliminated to have their employer pay a portion of the total cost of purchasing up to three years of “1-for-5” additional service. The employer has up to ten years to complete payment for the service purchases and is charged the actuarially required rate of return as established by the PERB on the unpaid balance. No employees have taken advantage of this provision to date.

*GASB Statement No. 67 Reporting:* The membership data, actuarial assumptions and plan provisions are the same as were described in the June 30, 2014 Actuarial Valuation Report for GWPORS.

The discount rate as of June 30, 2015 is 7.75%, which is the assumed long-term expected rate of return on GWPORS investments. Projections of the fiduciary net position have indicated that it is expected to be sufficient to make projected benefit payments for current members.

The Total Pension Liability (TPL) at the end of the measurement year, June 30, 2015, is measured as a valuation date of June 30, 2014, rolled forward to June 30, 2015. The rolled forward procedures include the addition of service cost and interest cost offset by actual benefit payments, adjusted for liability gains or losses due to the experience as well as significant events occurring between the valuation date and the measurement date, if applicable. The TPL at June 30, 2015 is \$169.6 million.

During the measurement year there were no changes in benefits or changes in assumptions.

Because the beginning and end of year TPL are based on different actuarial valuations, the differences between expected and actual experience reported this year was an actuarial experience loss of \$730.8 thousand. The service cost, interest cost, and administrative expenses along with adverse plan experience exceeded the total contributions and investment income, resulting in an increase in the Net Pension Liability (NPL) of \$5.9 million. The NPL remaining as of June 30, 2015 is \$21 million.

Changes in the discount rate affect the measurement of the TPL. Lower discount rates produce a higher TPL and higher discount rates produce a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the NPL can be very significant for a relatively small change in the discount rate. At June 30, 2015, the TPL using the current discount rate of 7.75% is \$169.6 million and the NPL is \$21 million. A 1.00% decrease in the discount rate increases the TPL to \$195.4 million (15.2%) and increases the NPL to \$46.7 million (122.4%). A 1.00% increase in the discount rate decreases the TPL to \$148.5 million (12.5%) and decreases the NPL to a Net Pension Asset (NPA) of \$125.1 thousand (100.6%).

*Actuarial Status:* The statutory funding rate is tested in the valuation to determine if it is sufficient to cover the Normal Cost Rate plus an amortization payment of the Unfunded Actuarial Liability, if any, over no more than 30 years. As of June 30, 2015, the statutory contribution rates are not sufficient to amortize the unfunded actuarial liability as required by Montana constitution and section 19-2-409, MCA. During the fiscal year ending June 30, 2015, the GWPORS' assets gained 4.58% on a market value basis. However, due to the asset-smoothing technique which recognizes only

a portion of the gains and losses, the return on the actuarial asset value was 9.47%. This return was above the assumed rate of return

of 7.75% and resulted in an actuarial gain on investments of \$2.3 million.

***Municipal Police Officers’ Retirement System (MPORS)***

*Plan Description:* The MPORS is a multiple-employer, cost-sharing defined benefit plan established in 1974 and is governed by Title 19, chapters 2 & 9 of the MCA. This plan covers all municipal police officers employed by first- and second-class cities and other cities that adopt the plan. Benefits are established by state law and can only be amended by the Legislature. The

MPORS provides retirement, disability, and death benefits to plan members and their statutory beneficiaries. Benefits are based on eligibility, years of service, and compensation. Member rights for death and disability are vested immediately. All other rights are vested after five years of service. A brief summary of eligibility and benefits follows at the top of the next page.

**MPORS Summary of Benefits**

**Member’s final average compensation (FAC)**

Hired prior to July 1, 1977 - average monthly compensation of final year of service;  
 Hired on or after July 1, 1977 - final average compensation (FAC) for last consecutive 36 months.  
 Hired on or after July 1, 2013 - 110% annual cap on compensation considered as a part of a member’s final average compensation.

**Eligibility for benefit**

20 years of membership service, regardless of age.

**Early Retirement**

Age 50, 5 years of membership service.

**Vesting** 5 years of membership service

**Monthly benefit formula**

2.5% of FAC per year of service credit.

**Guaranteed Annual Benefit Adjustment (GABA)**

Hired on or after July 1, 1997, or those electing GABA - after the member has completed 12 full months of retirement, the member’s benefit increases by a maximum of 3.0% each January, inclusive of all other adjustments to the member’s benefit.

**Minimum benefit adjustment (non-GABA)**

If hired before July 1, 1997 and member did not elect GABA - the monthly retirement, disability or survivor’s benefit may not be less than ½ the compensation of a newly confirmed officer in the city where the member was last employed.

## FINANCIAL SECTION

At June 30, 2015, MPORS had 32 participating employers, the same as fiscal year 2014. The participating employers consist of:

<b>MPORS EMPLOYERS</b>		
<u>Employers</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Cities	<u>32</u>	<u>32</u>
Total	32	32

*Contributions:* Member and employer contribution rates are established by state law and may be amended only by the Legislature. Member contribution rates are dependent upon date of hire as a police officer. For fiscal year 2015, member contributions as a percentage of salary are 7.0% if employed after June 30, 1975 and prior to July 1, 1979; 8.5% if employed after June 30, 1979 and prior to July 1, 1997; and 9.0% if employed on or after July 1, 1997 and for members electing GABA. Contributions are deducted from each member's salary and remitted by participating employers. An individual account is established for each member's contributions and interest allocations until a retirement or refund request is processed.

Each employer contributed 14.41% of total MPORS-covered payroll to the retirement plan during fiscal year 2015.

The State contributed 29.37% of total compensation for all covered police officers in fiscal year 2015. The State contributions are requested at the beginning of the fiscal year based on the previous fiscal year compensation and are due no later than November 1. (Reference Schedule of Contribution Rates on page 107).

<b>MPORS Active Membership by Employee Type</b>		
<u>Employee Type</u>	<u>6/30/2015</u>	<u>6/30/2014</u>
GABA	738	736
Non-GABA	<u>6</u>	<u>7</u>
Total	744	743

*Deferred Retirement Option Plan (DROP):* Beginning July 2002, eligible members of MPORS can participate in the DROP by filing a one-time irrevocable election with the PERB. The DROP is governed by Title 19, chapter 9, part 12, MCA. A member must have completed at least twenty years of membership service to be eligible. They may elect to participate in the DROP for a minimum of one month and a maximum of 60 months and may participate in the DROP only once. A participant remains a member of the MPORS, but will not receive membership service or service credit in the system for the duration of the member's DROP period. During participation in the DROP, all mandatory contributions continue to the retirement system. A monthly benefit is calculated based on salary and years of service to date as of the beginning of the DROP period. The monthly benefit is paid into the member's DROP account until the end of the DROP period. At the end of the DROP period, the participant may receive the balance of the

DROP account in a lump-sum payment or in a direct rollover to another eligible plan, as allowed by the IRS. If the participant continues employment after the DROP period ends, they will again accrue membership service and service credit. The DROP account cannot be distributed until employment is formally terminated. As of June 30, 2015, there are 50 DROP participants. Since program inception, a total of 127 members have participated in the DROP. The balance of the DROP accounts is \$6.9 million.

DROP Participation		
	6/30/2015	6/30/2014
Participants		
Beginning of Year	47	38
Participants Added	13	14
Completed DROP	10	5
Participants		
End of Year	50	47
DROP Distributions	\$1,445,727	\$468,766

*GASB Statement No. 67 Reporting:* The membership data, actuarial assumptions and plan provisions are the same as were described in the June 30, 2014 Actuarial Valuation Report for MPORS.

The discount rate as of June 30, 2015 is 7.75%, which is the assumed long-term expected rate of return on MPORS investments. Projections of the fiduciary net position have indicated that it is expected to be sufficient to make projected benefit payments for current members.

The Total Pension Liability (TPL) at the end of the measurement year, June 30, 2015, is measured as a valuation date of June 30, 2014, rolled forward to June 30, 2015. The rolled forward procedures include the addition of service cost and interest cost offset by actual

benefit payments, adjusted for liability gains or losses due to the experience as well as significant events occurring between the valuation date and the measurement date, if applicable. The TPL at June 30, 2015 is \$500.5 million.

During the measurement year there were no changes in benefits or changes in assumptions. Because the beginning and end of year TPL are based on different actuarial valuations, the differences between expected and actual experience reported this year was an actuarial experience gain of \$2 million. The service cost, interest cost, and administrative expenses exceeded the total contributions and investment income combined with the favorable plan experience, resulting in an increase in the Net Pension Liability (NPL) of \$8.3 million. The NPL remaining as of June 30, 2015 is \$165.4 million.

Changes in the discount rate affect the measurement of the TPL. Lower discount rates produce a higher TPL and higher discount rates produce a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the NPL can be very significant for a relatively small change in the discount rate. At June 30, 2015, the TPL using the current discount rate of 7.75% is \$500.5 million and the NPL is \$165.4 million. A 1.00% decrease in the discount rate increases the TPL to \$568.6 million (13.6%) and increases the NPL to \$233.5 million (41.2%). A 1.00% increase in the discount rate decreases the TPL to \$440.0 million (12.1%) and decreases the NPL to \$105.0 million (36.6%).

*Actuarial Status:* The statutory funding rate is tested in the valuation to determine if it is sufficient to cover the Normal Cost Rate plus an amortization payment of the Unfunded Actuarial Liability, if any, over no



## FINANCIAL SECTION

---

more than 30 years. As of June 30, 2015, the MPORS amortizes in 18.3 years. During the fiscal year ended June 30, 2015, the MPORS' assets gained 4.52% on a market value basis. However, due to the asset-smoothing technique which recognizes only a portion of

the gains and losses, the return on the actuarial asset value was 9.32%. This return was above the assumed rate of return of 7.75% and resulted in an actuarial gain on investments of \$4.7 million.

### ***Firefighters' Unified Retirement System (FURS)***

---

**Plan Description:** The FURS is a multiple-employer, cost-sharing defined benefit plan established in 1981, and governed by Title 19, chapters 2 & 13, MCA. This system provides retirement benefits to firefighters employed by first- and second-class cities, other cities and rural fire district departments that adopt the plan, and to firefighters hired by the Montana Air National Guard (MANG) on or after October 1, 2001. Benefits are established

by state law and can only be amended by the Legislature. The FURS provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service, and compensation. Member rights for death and disability are vested immediately. All other member rights are vested after five years of service. A brief summary of eligibility and benefits follows.

#### **FURS Summary of Benefits**

##### **Member's compensation**

Hired prior to July 1, 1981 and not electing GABA - highest monthly compensation (HMC);  
Hired on or after July 1, 1981 and those electing GABA - highest average compensation (HAC) during any consecutive 36 months.  
Hired on or after July 1, 2013 - 110% annual cap on compensation considered as a part of a member's highest average compensation.

##### **Eligibility for benefit**

20 years of membership service, regardless of age.

##### **Early Retirement**

Age 50, 5 years of membership service.

**Vesting** 5 years of membership service

##### **Monthly benefit formula**

- 1) Members hired prior to July 1, 1981 and not electing GABA are entitled to the greater of:
  - 2.5% of HMC per year of service; OR
  - i) if less than 20 years of service -
    - 2% of HMC for each year of service;
  - ii) if more than 20 years of service -
    - 50% of the member's HMC plus 2% of the member's HMC for each year of service over 20 years

**FURS Summary of Benefits (continued)**

2) Members hired on or after July 1, 1981 and those electing GABA:  
2.5% of HAC per year of service.

**Guaranteed Annual Benefit Adjustment (GABA)**

Hired on or after July 1, 1997, or those electing GABA - after the member has completed 12 full months of retirement, the member’s benefit increases by a maximum of 3.0% each January, inclusive of all other adjustments to the member’s benefit.

**Minimum benefit adjustment (non-GABA)**

If hired before July 1, 1997 and member did not elect GABA, the monthly retirement, disability or survivor’s benefit may not be less than ½ the compensation of a newly confirmed firefighter employed by the city that last employed the member (provided the member has at least ten years of membership service).

At June 30, 2015, FURS had 26 participating employers, one more than fiscal year 2014. The participating employers consist of:

<b>FURS EMPLOYERS</b>		
<u>Employers</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
State Agencies - Department of Military Affairs	1	1
Cities	16	16
Rural Fire Districts	<u>9</u>	<u>8</u>
Total	26	25

*Contributions:* Member and employer contribution rates are established by state law and may be amended only by the Legislature. The member contribution rates for fiscal year 2015 were 9.5% for members hired prior to July 1, 1997 and not electing GABA, and 10.7% for members hired on or after July 1, 1997 and members electing GABA. Contributions are deducted from each member’s salary and remitted by participating employers. An individual account is established for each member’s contributions and interest allocations until a retirement or refund request is processed.

Employer contribution rates for fiscal year 2015 were 14.36% of the total FURS-covered payroll.

The State contributed 32.61% of total compensation for all covered firefighters in fiscal year 2015. State contributions are requested at the beginning of each fiscal year based on previous fiscal year salary and are due no later than November 1. (Reference Schedule of Contribution Rates on page 107).

Effective July 1, 2013, employer and state contributions are required to be paid on working retiree compensation. Member

## FINANCIAL SECTION

contributions are not required for working retirees.

FURS Active Membership by Employee Type		
Employee Type	6/30/2015	6/30/2014
GABA	622	611
Non-GABA	5	5
Total	627	616

*Additional Service Purchase Due to a Reduction in Force:* Section 19-2-706, MCA allows state and university system employees who are eligible for a service retirement and whose positions have been eliminated to have their employer pay a portion of the total cost of purchasing up to three years of “1-for-5” additional service. The employer has up to ten years to complete payment for the service purchases and is charged the actuarially required rate of return as established by the PERB on the unpaid balance. No employees have taken advantage of this provision to date.

*GASB Statement No. 67 Reporting:* The membership data, actuarial assumptions and plan provisions are the same as were described in the June 30, 2014 Actuarial Valuation Report for FURS.

The discount rate as of June 30, 2015 is 7.75%, which is the assumed long-term expected rate of return on FURS investments. Projections of the fiduciary net position have indicated that it is expected to be sufficient to make projected benefit payments for current members.

The Total Pension Liability (TPL) at the end of the measurement year, June 30, 2015, is measured as a valuation date of June 30, 2014,

rolled forward to June 30, 2015. The rolled forward procedures include the addition of service cost and interest cost offset by actual benefit payments, adjusted for liability gains or losses due to the experience as well as significant events occurring between the valuation date and the measurement date, if applicable. The TPL at June 30, 2015 is \$442.9 million.

During the measurement year there were no changes in benefits or changes in assumptions. Because the beginning and end of year TPL are based on different actuarial valuations, the differences between expected and actual experience reported this year was an actuarial gain of \$159.9 thousand. The service cost, interest cost, and administrative expenses exceeded the total contributions and investment income combined with favorable plan experience, resulting in an increase in the Net Pension Liability (NPL) of \$4.7 million. The NPL remaining as of June 30, 2015 is \$102.3 million.

Changes in the discount rate affect the measurement of the TPL. Lower discount rates produce a higher TPL and higher discount rates produce a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the NPL can be very significant for a relatively small change in the discount rate. At June 30, 2015, the TPL using the current discount rate of 7.75% is \$442.9 million and the NPL is \$102.3 million. A 1.00% decrease in the discount rate increases the TPL to \$505.6 million (14.2%) and increases the NPL to \$165.0 million (61.3%). A 1.00% increase in the discount rate decreases the TPL to \$391.8 million (11.5%) and decreases the NPL to \$51.2 million (50.0%).

*Actuarial Status:* The statutory funding rate is tested in the valuation to determine if

it is sufficient to cover the Normal Cost Rate plus an amortization payment of the Unfunded Actuarial Liability, if any, over no more than 30 years. As of June 30, 2015, the FURS amortizes in 9.7 years. During the fiscal year ended June 30, 2015, the FURS' assets gained 4.52% on a market value basis. However,

due to the asset-smoothing technique which recognizes only a portion of the gains and losses, the return on the actuarial asset value was 9.32%. This return was above the assumed rate of return of 7.75% and resulted in an actuarial gain on investments of \$4.7 million.

### ***Volunteer Firefighters' Compensation Act (VFCA)***

*Plan Description:* The VFCA is a statewide retirement and disability plan. This compensation plan was established in 1965 and is governed by Title 19, chapter 17, MCA. All members are unpaid volunteers and the State of Montana is the only contributor to the plan. Benefits are established by state law and can only be amended by the Legislature. The VFCA provides pension, disability, and survivorship benefits for all eligible volunteer firefighters who are members of qualified volunteer fire companies in unincorporated areas, towns or villages and includes volunteer fire departments, fire districts, and fire service areas under the laws of the State of Montana.

Benefits are based on eligibility and years of service. Member rights are vested after ten years of credited service. VFCA also provides limited benefits for death or injuries incurred in the line of duty.

A member who chooses to retire and draw a pension benefit may return to service with a volunteer fire department without loss of benefits. However, a returning retired member may not be considered an active member accruing credit for service.

A brief summary of eligibility and benefits follows.

#### **VFCA Summary of Benefits**

##### **Eligibility for benefit**

Age 55, 20 years of credited service;  
Age 60, 10 years of credited service.

##### **Additional benefit**

As of April 25, 2005, all retirees may receive a benefit per month equal to \$7.50 for each year of credited service, for up to 30 years of credited service (maximum benefit \$225).

Effective July 1, 2011, members who retire on or after July 1, 2011 and have greater than 30 years of credited service will receive \$7.50 per month for each additional year of credited service over 30 years if the pension trust fund is actuarially sound, amortizing any unfunded liabilities in 20 years or less. This determination will be made annually and a member's benefit will be capped at \$225 a month (30 years of credited service) if the amortization period grows to greater than 20 years.

**Vesting** 10 years of credited service

## FINANCIAL SECTION

---

### Monthly benefit formula

\$7.50 per year of credited service

Effective January 1, 2016, the monthly base benefit increases to \$8.75 from \$7.50 for each year of credited service, up to 20 years. Credited service after 20 years remains at \$7.50 per year. This applies to all retirees, current and future.

*Contributions:* The State is the only contributor to the VFCA. Contributions are 5% of fire insurance premium taxes collected on certain fire risks. The State Auditor makes annual payments from the general fund to the Volunteer Firefighters' Compensation Act fund. (Reference Schedule of Contribution Rates on page 107).

*Group Insurance Payments:* Supplemental payments are available to qualified volunteer fire companies that provide additional group medical insurance for their members in case of death or injury incurred while in the line of duty. The payment is made to the volunteer fire companies and is equal to \$75 per year for each mobile firefighting unit owned by the volunteer fire company, up to a maximum of two units.

*GASB Statement No. 67 Reporting:* The membership data, actuarial assumptions and plan provisions are the same as were described in the June 30, 2014 Actuarial Valuation Report for VFCA.

The discount rate as of June 30, 2015 is 7.75%, which is the assumed long-term expected rate of return on VFCA investments. Projections of the fiduciary net position have indicated that it is expected to be sufficient to make projected benefit payments for current members.

The Total Pension Liability (TPL) at the end of the measurement year, June 30, 2015, is measured as a valuation date of June 30, 2014, rolled forward to June 30, 2015. The rolled

forward procedures include the addition of service cost and interest cost offset by actual benefit payments, adjusted for liability gains or losses due to the experience as well as significant events occurring between the valuation date and the measurement date, if applicable. Except for active members, the TPL is based upon a normal cost that increases with the inflation rate rather than being at a level dollar. The TPL at June 30, 2015 is \$44.6 million.

During the measurement year there were changes in benefits as a result of the 2015 Legislative Session. House Bill (HB) 483 increases the monthly base benefit for 20 years to \$8.75 from \$7.50, effective January 1, 2016. This change in benefits adds \$6.2 million to the TPL and NPL at June 30, 2015. There were no changes in assumptions. Because the beginning and end of year TPL are based on different actuarial valuations, the differences between expected and actual experience reported this year was an actuarial gain of \$618.9 thousand. The benefit change, service cost, interest cost, and administrative expenses exceeded the experience gain, total contributions and investment income, resulting in an increase in the Net Pension Liability (NPL) of \$5.4 million. The NPL remaining as of June 30, 2015 is \$10.5 million.

Changes in the discount rate affect the measurement of the TPL. Lower discount rates produce a higher TPL and higher discount rates produce a lower TPL. Because the discount rate does not affect the measurement

of assets, the percentage change in the NPL can be very significant for a relatively small change in the discount rate. At June 30, 2015, the TPL using the current discount rate of 7.75% is \$44.6 million and the NPL of \$10.5 million. A 1.00% decrease in the discount rate increases the TPL to \$48.9 million (9.6%) and increases the NPL to \$14.8 million (40.7%). A 1.00% increase in the discount rate decreases the TPL to \$41.0 million (8.2%) and decreases the NPL to \$6.9 million (34.7%).

*Actuarial Status:* The actuarial contribution increased from \$890,358 at the June 30, 2014 valuation to \$1,331,372 at the June 30, 2015 valuation. The actuarial contribution is determined as the normal cost, administrative expense, and a 20-year open amortization

of the unfunded actuarial liability. During the year ended June 30, 2015, the VFCA's assets gained 4.49% on a market value basis. However, due to the asset-smoothing method which recognizes only a portion of the gains and losses, the return on the actuarial asset value was 8.95%. This return was above the assumed rate of return of 7.75% and resulted in an actuarial gain on investments of \$0.4 million.

The actuarial liability and number of years to amortize increased due to the passage of HB 483. As of June 30, 2015, the VFCA amortizes in 9.3 years with HB 483 (2015) and 3.5 years without HB 483 (2015), and adds \$5.8 million to the actuarial liability.

### ***Public Employees' Retirement System-DCRP (PERS-DCRP)***

*Plan Description:* The PERS-Defined Contribution Retirement Plan (DCRP) is a multiple-employer plan established July 1, 2002 and governed by Title 19, chapters 2 & 3, MCA. This plan is available to eligible employees of the State, Montana University System, local governments, and school districts. All new PERS members are initially members of the PERS-DBRP and have a 12-month window during which they may choose to transfer to the PERS-DCRP

or remain in the PERS-DBRP by filing an irrevocable election. If an election is not filed, the member remains in the PERS-DBRP. Members may not be members of both the defined contribution and defined benefit retirement plans. The PERS-DCRP provides retirement, disability, and death benefits to plan members and their beneficiaries.

A brief summary of eligibility and benefits follows.

#### **PERS-DCRP Summary of Benefits**

##### **Eligibility for benefit**

Termination of Service

##### **Vesting**

Immediate for participant's contributions and attributable income;  
5 years of membership service for the employer's contributions to individual accounts and attributable income.

## FINANCIAL SECTION

### **PERS-DCRP Summary of Benefits (continued)**

#### **Benefit**

Depends upon eligibility and individual account balance;  
 Various payout options are available, including: taxable lump sums, periodic payments per participant direction and IRS-permitted rollovers.

*Contributions:* Member and employer contribution rates are established by state law and may be amended only by the Legislature. The member contribution rate for fiscal year 2015 was 7.9% of the member's compensation. Contributions are deducted from each member's salary and remitted by participating employers. The entire amount of the member's contribution is credited to the individual account and maintained by the record keeper.

The 7.9% member contributions will be decreased to 6.9% on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below 25 years

following the reduction of both the additional employer and additional member contribution rates. There is no reduction to the member contributions on January 1, 2016.

Each state agency and university system employer contributed 8.27% of PERS-covered payroll during fiscal year 2015. Participating local government employers contribute 8.17% of PERS-covered payroll during fiscal year 2015. The State contributed the remaining 0.1% for local governments. Participating school districts contributed 7.9% of PERS-covered payroll during fiscal year 2015. The State contributed the remaining 0.37%. (Reference Schedule of Contribution Rates on page 107).

At June 30, 2015, PERS-DCRP had 278 reporting employers, 14 more than in fiscal year 2014. The participating employers consist of:

<b>PERS-DCRP EMPLOYERS</b>		
<u>Employers</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
State Agencies	31	31
Counties	49	44
Cities and Towns	53	51
Universities	5	5
School Districts	98	91
High Schools	3	2
Other Agencies	<u>39</u>	<u>40</u>
Total	278	264

PERS-DCRP Active Membership by Employer Type		
Employer Type	6/30/2015	6/30/2014
State Agencies	1,080	1,022
Counties	353	360
Cities	282	272
Universities	122	114
High Schools	4	3
School Districts	257	247
Other Agencies	186	170
Total	2,284	2,188

The total employer rate of 8.27% is allocated as follows: 4.19% to the member’s retirement account, 2.74% to the defined benefit plan choice rate, 0.04% to the defined contribution education fund, 0.3% to the long term disability plan and 1.0% to the defined benefit plan unfunded liability.

As a result of the 2015 Legislative Session and effective July 1, 2015, with the first fiscal year 2016 payroll pay date, the additional 1.0% employer contribution will be directed to the Plan Choice Rate Unfunded Actuarial Liability rather than the Defined Benefit Unfunded Actuarial Liability.

Following the 2013 Legislative Session, PERS employer contributions were increased. Effective July 1, 2013, employer contributions increased 1.0%. Beginning July 1, 2014, employer contributions increased an additional 0.1% a year over 10 years, through 2024. The employer additional contributions, including the 0.27% added in 2007 and 2009, terminate on January 1 following actuary valuation results that show the amortization period of the PERS-DBRP has dropped below 25 years and would remain below 25 years following the reduction of both the additional

employer and member contribution rates. On January 1, 2016, the additional contributions will not be terminated.

*Plan Membership Elections:* Included in the financial statements are employer contribution transfers of \$2,450 and member contribution transfers of \$4,619. These transfers reflect the contribution transfers of DCRP participants that filed elections at or near the June 30 cutoff date, although the contributions were not moved until early fiscal year 2016.

*DCRP Education Fund:* Implemented July 1, 2002, the DCRP Education Fund (DCEd), as governed by section 19-3-112, MCA, was established to provide funding for the required education programs for members who have joined the PERS-DCRP. The DCEd was funded by 0.04% of the employers’ contributions in fiscal year 2015.

*DCRP Disability Fund:* Implemented July 1, 2002, the DCRP Disability Fund (DC Disability), as governed by section 19-3-2117, MCA, provides disability benefits to eligible members who elect the PERS-DCRP. The DCRP Disability Fund received 0.3% of the employers’ contribution in fiscal year 2015. The DC Disability OPEB is reported on the financial statements under the column heading *PERS-DCRP Disability OPEB*.

Participants of the PERS-DCRP direct their contributions and a portion of their employer’s contribution among the offered investment options. Participants may invest in any or all of the offered options and transfer between options on a daily basis, if desired. The remaining portion of the employer’s contributions is used to reduce the Plan Choice Rate unfunded actuarial liability, to fund the



## FINANCIAL SECTION

---

long-term disability benefits to participants of the DCRP, to fund an employee education program and to reduce the defined benefit plan's unfunded liability. The investment options offered are selected by the PERB in compliance with their Investment Policy Statement, the advice of an independent investment consultant, and assistance from the statutorily-created Employee Investment Advisory Council.

The offered investment options fall into two primary types: (1) the variable investment options and (2) the fixed investment option.

*Variable investments:* The variable investment options include a variety of Large, Mid and Small Cap mutual funds, as well as a fixed income bond fund and Target Date Retirement Funds. Options range from conservative to aggressive. The mutual funds cover all standard asset classes and categories. The investment options as of June 30, 2015 are as follows.

### PERS-DCRP Investment Options

#### ***International Stock Funds***

American Funds New Perspective A  
Oakmark International I  
Vanguard Total International Stock Index Inv  
Oppenheimer Developing Markets Y

#### ***Small Company Stock Funds***

Vanguard Small Cap Growth Index Inv  
Vanguard Small Cap Index Signal Adm  
Prudential Small Cap Value Z

#### ***Mid-Sized Company Stock Funds***

Victory Munder Mid-Cap Core Growth A  
MFS Mid-Cap Value

#### ***Large Company Stock Funds***

Alger Capital Appreciation Z  
BlackRock Equity Index - Collective F  
Vanguard Equity Income - Adm  
JP Morgan US Equity R5

#### ***Balanced Funds***

Vanguard Balanced Index - I

#### ***Bond Funds***

Prudential Total Bond Q

#### ***Target Date Funds***

T. Rowe Price Retirement 2005 through 2055

#### ***Fixed Investment Options***

Montana Fixed Fund

*Fixed Investment: Montana Fixed Fund.* The Montana Fixed Fund is a stable value investment option, administered through outside vendors: Pacific Investment Management Company (PIMCO); custodial bank, State Street Bank Kansas City (SSKC); and a third-party insurer, Transamerica. When participants invest in the Montana Fixed Fund option, they are guaranteed a fixed rate of return. The Montana Fixed Fund employs a synthetic stable value strategy where the investment manager, PIMCO, manages a diversified bond portfolio and Transamerica guarantees the participants' principal investments and earnings. Transamerica sets a fixed quarterly rate of return based on the portfolio market value, yield, and duration.

All money invested in the Montana Fixed Fund of the PERS-DCRP and Deferred Compensation Plan are invested in the Pooled Trust. The Pooled Trust qualifies as a group trust under sections 401(a), including section 401(a)(24) and 501(a), of the IRC of 1986, as amended. Under the Pooled Trust agreement, Transamerica provides a guarantee of principal

and sets a fixed quarterly crediting rate. The Pooled Trust assets are invested by PIMCO and are held under a custodial agreement with SSKC. The Pooled Trust assets are invested by PIMCO based on an investment guideline schedule as agreed upon in the Pooled Trust Contract and approved by the PERB, PIMCO, and Transamerica.

Administrative expenses and revenues are accounted for within the plan. Expenses for the DCRP can generally be classified as 1) administrative, including miscellaneous or 2) investment management. Following is a summary of revenues and expenses.

*Administrative funding:* The PERB's administrative fee is a basis point (or percent) fee charged on participants account balances. On a quarterly basis, the record keeper, Empower Retirement, withholds the fee from each plan participant's account. Empower Retirement withholds a portion of the fee collected from the participant to pay their contract fee and submits the remainder to the PERB. The PERB records this as *Miscellaneous Revenue* in the financial statements.

*Record keeping fees:* The record keeper, Empower Retirement, charges a set

administrative fee to the PERB for all plan participants. These amounts are recorded as *Miscellaneous Expense* in the financial statements.

*Montana Fixed Fund fees:* The Montana Fixed Fund's crediting rate is declared net of expenses. Fees on the fund are charged by each of the three providers, PIMCO, SSKC, and Transamerica. The fees are defined under each contract for specific services. The fees charged by PIMCO and SSKC for the externally managed fixed investments are classified as *Investment Expense*. The fees charged by Transamerica are classified as *Miscellaneous Expense*.

*Mutual funds/variable investments fees:* The variable investments have investment management fees and some may have additional administrative fees. These fees are not presented in the financial statements. Mutual fund earnings are declared net of expenses, both investment management and administrative, in accordance with the Securities and Exchange Commission and other regulatory authorities. Current reporting standards for mutual fund companies do not require costs be made available in the detailed cost reports.

### ***Deferred Compensation Plan (457)***

---

*Plan Description:* The Deferred Compensation (457) Plan is a voluntary supplemental retirement savings plan established in 1974. The Deferred Compensation Plan is governed by Title 19, chapter 50, MCA, in accordance with Internal Revenue Code (IRC) §457. This plan is available to all employees of the State, Montana University System, and contracting political subdivisions.

Assets of the Deferred Compensation Plan are required to be held in trusts, custodial accounts or insurance company contracts for the exclusive benefit of participants and their beneficiaries. Empower Retirement is the record keeper for the plan. Participants elect to defer a portion of their salary, within Internal Revenue Code limits. The deferred salary is not available to employees until separation from service, retirement, death, or

## FINANCIAL SECTION

---

upon an unforeseeable emergency while still employed, provided IRS-specified criteria are met.

A brief summary of eligibility and benefits follows.

### **Deferred Compensation Plan Summary**

#### **Contribution**

Voluntary, pre-tax deferral or designated Roth contribution

#### **Eligibility for benefit**

Not available to participant until separation from service, retirement, death, or upon an unforeseeable emergency, while still employed, provided IRS-specified criteria are met.

### **Deferred Compensation Plan Summary (continued)**

#### **Vesting**

Participants are fully vested in their accounts immediately.

#### **Benefit**

Lump sum or periodic benefit payment, at the option of the participant. Based on individual account balances and plan provisions. IRS permitted rollovers are also possible.

At June 30, 2015, the Deferred Compensation Plan had 42 participating employers, an increase of six from fiscal year 2014. The participating employers consist of:

<b>DEFERRED COMPENSATION EMPLOYERS</b>		
<u>Employers</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
State of Montana*	1	1
Counties	4	4
Colleges and Universities	5	5
School Districts	9	6
Cities	10	10
Other Agencies	<u>13</u>	<u>10</u>
Total	42	36

\*The State of Montana includes 34 agencies; however, due to the nature of the reporting for the 457 plan we are unable to specifically determine which agencies have participating employees.

## FINANCIAL SECTION

---

*Contributions:* The Deferred Compensation Plan is a voluntary retirement plan designed to supplement retirement, Social Security and other retirement plans and savings. Participants designate the amount to contribute within IRC limitations.

Plan participants direct their deferred salary among the offered investment options. The investment options offered are selected by the PERB in compliance with their Investment Policy Statement, the advice of an independent investment analyst, and the statutorily-created Employee Investment Advisory Council. Participants may invest in any or all of the offered options and transfer between options on a daily basis, if desired.

The offered investment options fall into two primary types: (1) the variable investment options and (2) the fixed investment option.

*Variable investments:* The variable investment options include a variety of Large, Mid and Small Cap mutual funds, as well as a fixed income bond fund and Target Date Retirement funds. Options range from aggressive to conservative. The mutual funds cover all standard asset classes and categories. The investment options as of June 30, 2015 are as follows.

### Deferred Compensation (457) Plan Investment Options

#### ***International Stock Funds***

Artisan International Inv  
Franklin Mutual Global Discovery Z  
Dodge & Cox International Stock  
American Funds New Perspective R4  
Oppenheimer Developing Markets Y

#### ***Small Company Stock Funds***

Vanguard Small Cap Growth Index Adm  
Vanguard Small Cap Index Inv

#### ***Mid Cap Company Stock Funds***

Neuberger Berman Genesis-Trust  
Victory Munder Mid-Cap Core Growth A  
MFS Mid Cap Value R5  
Parnassus Core Equity Inst

#### ***Large Cap Stock Funds***

Vanguard Equity Income Adm  
Fidelity Contrafund  
Vanguard Institutional Index I

#### ***Balanced Funds***

Vanguard Balanced Index I

#### ***Bond Funds***

Neuberger Berman High Income Bond Inv  
Prudential Total Return Bond Q

#### ***Target Date Funds***

T. Rowe Price Retirement 2005 through 2055

#### ***Fixed Investment Options***

Montana Fixed Fund

In addition to the investments listed, plan participants previously had the option to direct a portion of their deferrals to a term life insurance policy provided through Allianz Life Insurance. The ability to invest in life insurance is allowed under the IRC and was offered to plan participants prior to life insurance being offered as a standard component of health insurance benefit packages. This investment option has been discontinued; however, plan participants who had previously elected this option may continue.

*Fixed Investment: Montana Fixed Fund.* The Montana Fixed Fund is a stable value investment option, administered through outside vendors: Pacific Investment Management Company (PIMCO); custodial bank, State Street Bank Kansas City (SSKC); and a third-party insurer, Transamerica. When

## FINANCIAL SECTION

---

participants invest in the Montana Fixed Fund option, they are guaranteed a fixed rate of return. The Montana Fixed Fund employs a synthetic stable value strategy where the investment manager, PIMCO, manages a diversified bond portfolio and Transamerica guarantees the participants' principal investments and earnings. Transamerica sets a fixed quarterly rate of return based on the portfolio market value, yield, and duration.

All money invested in the Montana Fixed Fund of the PERS-DCRP and Deferred Compensation Plan is invested in the Pooled Trust. The Pooled Trust qualifies as a group trust under sections 401(a), including section 401(a)(24) and 501(a), of the IRC of 1986, as amended. Under the Pooled Trust agreement, Transamerica provides a guarantee of principal and sets a fixed quarterly crediting rate. The Pooled Trust assets are invested by PIMCO and are held under a custodial agreement with SSKC. The Pooled Trust assets are invested by PIMCO based on an investment guideline schedule as agreed upon in the Pooled Trust Contract and approved by the PERB, PIMCO, and Transamerica.

Administrative expenses and revenues are accounted for within the plan. Expenses for the Deferred Compensation Plan can generally be classified as 1) administrative, including miscellaneous or 2) investment management. Following is a summary of all revenues and expenses.

*Administrative funding:* The PERB's administrative fee is a basis point (or percent) fee based on account balances. On a quarterly basis, the record keeper, Empower Retirement, withholds the fee from each plan participant's account. Empower Retirement withholds a portion of the fee collected from the participants to pay their contract fee and

submits the remainder to the PERB. The PERB records this as *Miscellaneous Revenue* in the financial statements.

*Record keeping fees:* The record keeper, Empower Retirement, charges a set administrative fee to the PERB for all plan participants. These amounts are recorded as *Miscellaneous Expense* in the financial statements.

*Montana Fixed Fund fees:* The Montana Fixed Fund's crediting rate is declared net of expenses. Fees on the fund are charged by each of the three providers, PIMCO, SSKC, and Transamerica. The fees are defined under each contract for specific services. The fees charged by PIMCO and SSKC for the externally managed fixed investments are classified as *Investment Expense*. The fees charged by Transamerica are classified as *Miscellaneous Expense*.

*Mutual fund/variable investments fee:* The variable investments have investment management fees and some may have additional administrative fees. These fees are not presented on the financial statements. Mutual fund earnings are declared net of expenses, both investment management and administrative, in accordance with the Securities Exchange Commission and other regulatory authorities. Current reporting standards for mutual companies do not require costs be made available in the detailed cost reports.

**FINANCIAL SECTION**

<b>FY 2015 Schedule of Contribution Rates</b>			
<b>System</b>	<b>Member</b>	<b>Employer</b>	<b>State</b>
<b>PERS-DBRP*</b>	7.9% [19-3-315(1)(a)(i), MCA]	8.27% State & University 8.17% Local Governments 7.9% School Districts (K-12) [19-3-316, MCA]	0.1% of local government payroll – paid from the General Fund 0.37% School Districts (K-12) payroll – paid from the General Fund [19-3-319, MCA]
<b>PERS-DCRP*</b>	7.9% [19-3-315(1)(a)(i), MCA]	8.27% State & University 8.17% Local Governments 7.9% School Districts (K-12) [19-3-316, MCA]	0.1% of local government payroll – paid from the General Fund 0.37% School Districts (K-12) payroll – paid from the General Fund [19-3-319, MCA]
<b>PERS-DCRP Disability OPEB</b>		0.3% - an allocation of the DCRP employer contribution [19-3-2117, MCA]	
<b>JRS</b>	7.0% [19-5-402, MCA]	25.81% [19-5-404, MCA]	
<b>HPORS*</b>	11.0% - hired prior to 7/01/97 & not electing GABA 11.05% - hired after 6/30/97 & members electing GABA [19-6-402, MCA]	28.15% [19-6-404(1), MCA]	10.18% of salaries – paid from the General Fund [19-6-404(2), MCA]
<b>SRS</b>	9.245% [19-7-403, MCA]	10.115% [19-7-404, MCA]	
<b>GWPORS</b>	10.56% [19-8-502, MCA]	9.0% [19-8-504, MCA]	
<b>MPORS</b>	7.0% - hired after 6/30/75 & prior to 7/1/79 & not electing GABA [19-9-710(a), MCA] 8.5% - hired after 6/30/79 and prior to 7/1/97 & not electing GABA [19-9-710(b), MCA] 9.0% - hired after 6/30/97 & members electing GABA [19-9-710(c), MCA & 19-9-710(2), MCA]	14.41% [19-9-703, MCA]	29.37% of salaries – paid from the General Fund [19-9-702, MCA]
<b>FURS</b>	9.5% - hired prior to 7/1/97 & not electing GABA [19-13-601(2)(a), MCA] 10.7% - hired after 06/30/97 & members electing GABA [19-13-601(2)(b), MCA]	14.36% [19-13-605, MCA]	32.61% of salaries – paid from the General Fund [19-13-604, MCA]
<b>VFCA</b>			5.0% of fire insurance against risk premiums, paid from the General Fund [19-17-301, MCA]
*The employer and/or member contribution rates increase on July 1, 2015 for PERS-DBRP, PERS-DCRP and HPORS.			

# FINANCIAL SECTION

## Public Employees' Retirement Board

A Component Unit of the State of Montana

### Required Supplementary Information

#### Schedule of Changes in Multiple-Employer Plans

#### Net Pension Liability / (Asset)

as of June 30, 2015

Last 10 Fiscal Years<sup>1</sup>

Fiscal Year	2014	2015
<b>PERS-DBRP</b>		
<b>Total pension liability</b>		
Service cost (Beginning of year)	\$ 137,452,701	\$ 138,049,956
Interest (includes interest on service cost)	456,406,491	476,777,225
Changes of benefit terms		
Differences between expected and actual experience		(11,276,266)
Changes of assumptions		
Benefit payments, including refunds of member contributions	(307,741,308)	(333,401,463)
Net change in total pension liability	\$ 286,117,884	\$ 270,149,452
Total pension liability / (asset) - beginning	5,902,662,931	6,188,780,815
Total pension liability / (asset) - ending (a)	\$ 6,188,780,815	\$ 6,458,930,267
<b>Plan fiduciary net position</b>		
Contributions - employer <sup>2</sup>	\$ 95,820,397	\$ 100,175,856
Contributions - non-employer	34,561,721	34,466,719
Contributions - member <sup>3</sup>	92,160,048	95,424,031
Net investment income	732,253,062	225,106,692
Benefit payments, including refunds of member contributions	(307,741,308)	(333,401,463)
Administrative expense	(3,522,346)	(3,483,531)
Net change in plan fiduciary net position	\$ 643,531,574	\$ 118,288,304
Plan fiduciary net position - beginning	\$ 4,299,238,343	4,942,769,917
Plan fiduciary net position - ending (b)	\$ 4,942,769,917	\$ 5,061,058,221
Net pension liability / (asset) - ending (a-b)	\$ 1,246,010,898	\$ 1,397,872,046
<b>SRS</b>		
<b>Total pension liability</b>		
Service cost (Beginning of year)	\$ 15,117,708	\$ 12,574,185
Interest (includes interest on service cost)	23,976,049	25,664,435
Changes of benefit terms		
Differences between expected and actual experience		(194,994)
Changes of assumptions <sup>2</sup>	(49,542,278)	43,058,238
Benefit payments, including refunds of member contributions	(13,943,335)	(15,280,070)
Net change in total pension liability	\$ (24,391,856)	\$ 65,821,794
Total pension liability / (asset) - beginning	350,664,155	326,272,299
Total pension liability / (asset) - ending (a)	\$ 326,272,299	\$ 392,094,093
<b>Plan fiduciary net position</b>		
Contributions - employer <sup>2</sup>	\$ 6,689,311	\$ 6,902,448
Contributions - non-employer		
Contributions - member <sup>3</sup>	6,447,179	6,623,175
Net investment income	41,789,437	13,041,786
Benefit payments, including refunds of member contributions	(13,943,335)	(15,280,070)
Administrative expense	(203,493)	(247,405)
Net change in plan fiduciary net position	\$ 40,779,099	\$ 11,039,934
Plan fiduciary net position - beginning	243,876,180	284,655,279
Plan fiduciary net position - ending (b)	\$ 284,655,279	\$ 295,695,213
Net pension liability / (asset) - ending (a-b)	\$ 41,617,020	\$ 96,398,880

<sup>1</sup>This Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

<sup>2</sup>The Contributions - employer consists of the Employer, Membership Fees and Retirement Incentive Program. PERS amount is less the DB Education contributions of \$449,358, which is contained in the Employer Contribution amount shown on the financial statements.

<sup>3</sup>The Contributions - member consists of the Plan Member and Interest Reserve Buyback on the financial statements.

<sup>4</sup>The Changes in assumptions for SRS is the adjustment in the discount rate from 7.75% to 6.68% at June 30, 2015.

**Public Employees' Retirement Board**

*A Component Unit of the State of Montana*

**Required Supplementary Information**

**Schedule of Changes in Multiple-Employer Plans**

**Net Pension Liability / (Asset)**

**as of June 30, 2015**

Last 10 Fiscal Years<sup>1</sup>

Fiscal Year	2014	2015
<b>GWPORS</b>		
<b>Total pension liability</b>		
Service cost (Beginning of year)	\$ 7,849,828	\$ 8,008,155
Interest (includes interest on service cost)	11,258,354	12,398,209
Changes of benefit terms		
Differences between expected and actual experience		730,818
Changes of assumptions		
Benefit payments, including refunds of member contributions	(5,229,489)	(5,351,847)
Net change in total pension liability	\$ 13,878,693	\$ 15,785,335
Total pension liability / (asset) - beginning	139,985,218	153,863,911
Total pension liability / (asset) - ending (a)	\$ 153,863,911	\$ 169,649,246
<b>Plan fiduciary net position</b>		
Contributions - employer <sup>2</sup>	\$ 3,762,217	\$ 4,088,117
Contributions - non-employer		
Contributions - member <sup>3</sup>	4,461,889	4,924,265
Net investment income	20,069,398	6,434,871
Benefit payments, including refunds of member contributions	(5,229,489)	(5,351,847)
Administrative expense	(161,663)	(200,745)
Net change in plan fiduciary net position	\$ 22,902,352	\$ 9,894,661
Plan fiduciary net position - beginning	115,840,754	138,743,106
Plan fiduciary net position - ending (b)	\$ 138,743,106	\$ 148,637,767
Net pension liability / (asset) - ending (a-b)	\$ 15,120,805	\$ 21,011,479
<b>MPORS</b>		
<b>Total pension liability</b>		
Service cost (Beginning of year)	\$ 11,794,994	\$ 12,083,166
Interest (includes interest on service cost)	35,011,854	36,830,426
Changes of benefit terms		
Differences between expected and actual experience		(2,014,310)
Changes of assumptions		
Benefit payments, including refunds of member contributions	(20,527,874)	(22,743,995)
Net change in total pension liability	\$ 26,278,974	\$ 24,155,287
Total pension liability / (asset) - beginning	450,043,289	476,322,263
Total pension liability / (asset) - ending (a)	\$ 476,322,263	\$ 500,477,550
<b>Plan fiduciary net position</b>		
Contributions - employer <sup>2</sup>	\$ 6,459,488	\$ 6,629,915
Contributions - non-employer	13,048,938	13,432,838
Contributions - member <sup>3</sup>	4,133,021	4,291,826
Net investment income	45,230,427	14,471,898
Benefit payments, including refunds of member contributions	(20,527,874)	(22,743,995)
Administrative expense	(166,807)	(212,017)
Net change in plan fiduciary net position	\$ 48,177,193	\$ 15,870,465
Plan fiduciary net position - beginning	271,009,167	319,186,360
Plan fiduciary net position - ending (b)	\$ 319,186,360	\$ 335,056,825
Net pension liability / (asset) - ending (a-b)	\$ 157,135,903	\$ 165,420,725

<sup>1</sup>This Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

<sup>2</sup>The Contributions - employer consists of the Employer, Membership Fees and Retirement Incentive Program on the financial statements.

<sup>3</sup>The Contributions - member consists of the Plan Member and Interest Reserve Buyback on the financial statements.



# FINANCIAL SECTION

## Public Employees' Retirement Board

A Component Unit of the State of Montana

### Required Supplementary Information

#### Schedule of Changes in Multiple-Employer Plans

#### Net Pension Liability / (Asset)

as of June 30, 2015

Last 10 Fiscal Years<sup>1</sup>

Fiscal Year	2014	2015
<b>FURS</b>		
<b>Total pension liability</b>		
Service cost (Beginning of year)	\$ 10,608,895	\$ 11,066,391
Interest (includes interest on service cost)	30,847,306	32,580,262
Changes of benefit terms		
Differences between expected and actual experience		(159,885)
Changes of assumptions		
Benefit payments, including refunds of member contributions	(19,052,130)	(19,747,008)
Net change in total pension liability	\$ 22,404,071	\$ 23,739,760
Total pension liability / (asset) - beginning	396,769,177	419,173,248
Total pension liability / (asset) - ending (a)	\$ 419,173,248	\$ 442,913,008
<b>Plan fiduciary net position</b>		
Contributions - employer <sup>2</sup>	\$ 6,006,863	\$ 6,100,252
Contributions - non-employer <sup>3</sup>	12,767,624	13,572,990
Contributions - member <sup>4</sup>	4,697,333	4,710,082
Net investment income	45,464,858	14,640,156
Benefit payments, including refunds of member contributions	(19,052,130)	(19,747,008)
Administrative expense	(153,622)	(197,110)
Net change in plan fiduciary net position	\$ 49,730,926	\$ 19,079,362
Plan fiduciary net position - beginning	271,825,743	321,556,669
Plan fiduciary net position - ending (b)	\$ 321,556,669	\$ 340,636,031
Net pension liability / (asset) - ending (a-b)	\$ 97,616,579	\$ 102,276,977
<b>VFCA</b>		
<b>Total pension liability</b>		
Service cost (Beginning of year)	\$ 237,639	\$ 221,969
Interest (includes interest on service cost)	2,843,095	2,851,618
Changes of benefit terms		6,173,245
Differences between expected and actual experience		(618,854)
Changes of assumptions		
Benefit payments, including refunds of member contributions	(2,294,676)	(2,379,353)
Net change in total pension liability	\$ 786,058	\$ 6,248,625
Total pension liability / (asset) - beginning	37,573,382	38,359,440
Total pension liability / (asset) - ending (a)	\$ 38,359,440	\$ 44,608,065
<b>Plan fiduciary net position</b>		
Contributions - employer <sup>2</sup>		
Contributions - non-employer	\$ 1,818,237	1,913,482
Contributions - member <sup>4</sup>		
Net investment income	4,815,491	1,479,954
Benefit payments, including refunds of member contributions	(2,294,676)	(2,379,353)
Administrative expense	(136,079)	(180,466)
Net change in plan fiduciary net position	\$ 4,202,973	\$ 833,617
Plan fiduciary net position - beginning	29,067,228	33,270,201
Plan fiduciary net position - ending (b)	\$ 33,270,201	\$ 34,103,818
Net pension liability / (asset) - ending (a-b)	\$ 5,089,239	\$ 10,504,247

<sup>1</sup>This Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

<sup>2</sup>The Contributions - employer consists of the Employer, Membership Fees and Retirement Incentive Program on the financial statements.

<sup>3</sup>The fiscal year 2014 contribution differences for FURS are due to considering all of the State's contribution for the Department of Military Affairs as an employer contribution rather than a non-employer contribution.

<sup>4</sup>The Contributions - member consists of the Plan Member and Interest Reserve Buyback on the financial statements.

**Public Employees' Retirement Board**

*A Component Unit of the State of Montana*

**Required Supplementary Information**

**Schedule of Changes in Single-Employer Plans**

**Net Pension Liability / (Asset)**

**as of June 30, 2015**

Last 10 Fiscal Years<sup>1</sup>

Fiscal Year	2014	2015
<b>JRS</b>		
<b>Total pension liability</b>		
Service Cost (Beginning of year)	\$ 1,593,854	\$ 1,652,926
Interest (includes interest on service cost)	3,824,389	3,933,947
Changes of benefit terms		
Differences between expected and actual experience		(1,032,091)
Changes of assumptions		
Benefit payments, including refunds of member contributions	(3,022,512)	(3,040,988)
Net change in total pension liability	\$ 2,395,731	\$ 1,513,794
Total pension liability / (asset) - beginning	49,236,164	51,631,895
Total pension liability / (asset) - ending (a)	\$ 51,631,895	\$ 53,145,689
<b>Plan fiduciary net position</b>		
Contributions - employer	\$ 1,651,483	\$ 1,683,990
Contributions - non-employer		
Contributions - member	481,461	534,091
Net investment income	12,420,597	3,842,387
Benefit payments, including refunds of member contributions	(3,022,512)	(3,040,988)
Administrative expense	(100,567)	(135,815)
Net change in plan fiduciary net position	\$ 11,430,462	\$ 2,883,665
Plan fiduciary net position - beginning	\$ 72,792,380	\$ 84,222,842
Plan fiduciary net position - ending (b)	\$ 84,222,842	\$ 87,106,507
Net pension liability / (asset) - ending (a-b)	\$ (32,590,947)	\$ (33,960,818)
<b>HPORS</b>		
<b>Total pension liability</b>		
Service Cost (Beginning of year)	\$ 3,464,399	\$ 3,598,464
Interest (includes interest on service cost)	13,517,924	14,112,116
Changes of benefit terms		1,855,618
Differences between expected and actual experience		267,336
Changes of assumptions		
Benefit payments, including refunds of member contributions	(9,443,007)	(10,000,856)
Net change in total pension liability	\$ 7,539,316	\$ 9,832,678
Total pension liability / (asset) - beginning	175,593,829	183,133,145
Total pension liability / (asset) - ending (a)	\$ 183,133,145	\$ 192,965,823
<b>Plan fiduciary net position</b>		
Contributions - employer <sup>2</sup>	\$ 5,735,507	\$ 5,839,336
Contributions - non-employer <sup>2</sup>		
Contributions - member <sup>3</sup>	1,458,042	1,624,327
Net investment income	18,678,284	5,738,373
Benefit payments, including refunds of member contributions	(9,443,007)	(10,000,856)
Administrative expense	(109,140)	(144,253)
Net change in plan fiduciary net position	\$ 16,319,686	\$ 3,056,927
Plan fiduciary net position - beginning	109,690,706	126,010,392
Plan fiduciary net position - ending (b)	\$ 126,010,392	\$ 129,067,319
Net pension liability / (asset) - ending (a-b)	\$ 57,122,753	\$ 63,898,504

<sup>1</sup>This Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

<sup>2</sup>The fiscal year 2014 HPORS employer and non-employer contribution differences are due to considering all non-employer contributions as employer.

<sup>3</sup>The HPORS Contributions - member consists of Plan Member and Interest Reserve Buyback on the financial statements.

## FINANCIAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### Required Supplementary Information

#### Schedule of Net Pension Liability / (Asset) for Multiple-Employer Plans

as of June 30, 2015

Last 10 Fiscal Years<sup>1</sup>

Fiscal Year	2014	2015
<b>PERS-DBRP</b>		
Total Pension Liability	\$ 6,188,780,815	\$ 6,458,930,267
Plan Fiduciary Net Position	4,942,769,917	5,061,058,221
Multiple-Employers' Net Pension Liability / (Asset)	\$ 1,246,010,898	\$ 1,397,872,046
Plan fiduciary net position as a percentage of the total pension liability	79.87%	78.36%
Pensionable Payroll <sup>2</sup>	\$ 1,120,266,025	\$ 1,154,866,605
Net pension liability / (asset) as a percentage of pensionable payroll <sup>2</sup>	111.22%	121.04%
<b>SRS</b>		
Total Pension Liability	\$ 326,272,299	\$ 392,094,093
Plan Fiduciary Net Position	284,655,279	295,695,213
Multiple-Employers' Net Pension Liability / (Asset)	\$ 41,617,020	\$ 96,398,880
Plan fiduciary net position as a percentage of the total pension liability	87.24%	75.41%
Pensionable Payroll	\$ 64,672,635	\$ 68,045,517
Net pension liability / (asset) as a percentage of pensionable payroll	64.35%	141.67%
<b>GWPORS</b>		
Total Pension Liability	\$ 153,863,911	\$ 169,649,246
Plan Fiduciary Net Position	138,743,106	148,637,767
Multiple-Employers' Net Pension Liability / (Asset)	\$ 15,120,805	\$ 21,011,479
Plan fiduciary net position as a percentage of the total pension liability	90.17%	87.61%
Pensionable Payroll	\$ 41,636,566	\$ 44,884,739
Net pension liability / (asset) as a percentage of pensionable payroll	36.32%	46.81%

<sup>1</sup>This Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

<sup>2</sup>The fiscal year 2014 compensation of PERS-DBRP has been re-stated due to the transfer of compensation from the PERS-DBRP to the PERS-DCRP. This also affected the dollar amount of the Actuarially Determined Contribution (ADC) because it was determined as a percentage of payroll.

**Public Employees' Retirement Board**

*A Component Unit of the State of Montana*

**Required Supplementary Information**

**Schedule of Net Pension Liability / (Asset) for Multiple-Employer Plans**

**as of June 30, 2015**

Last 10 Fiscal Years<sup>1</sup>

Fiscal Year	2014	2015
<b>MPORS</b>		
Total Pension Liability	\$ 476,322,263	\$ 500,477,550
Plan Fiduciary Net Position	319,186,360	335,056,825
Multiple-Employers' Net Pension Liability / (Asset)	\$ 157,135,903	\$ 165,420,725
Plan fiduciary net position as a percentage of the total pension liability	67.01%	66.95%
Pensionable Payroll	\$ 44,426,617	\$ 45,736,127
Net pension liability / (asset) as a percentage of pensionable payroll	353.70%	361.69%
<b>FURS</b>		
Total Pension Liability	\$ 419,173,248	\$ 442,913,008
Plan Fiduciary Net Position	321,556,669	340,636,031
Multiple-Employers' Net Pension Liability / (Asset)	\$ 97,616,579	\$ 102,276,977
Plan fiduciary net position as a percentage of the total pension liability	76.71%	76.91%
Pensionable Payroll	\$ 39,891,869	\$ 41,627,233
Net pension liability / (asset) as a percentage of pensionable payroll	244.70%	245.70%
<b>VFCA</b>		
Total Pension Liability	\$ 38,359,440	\$ 44,608,065
Plan Fiduciary Net Position	33,270,201	34,103,818
Multiple-Employers' Net Pension Liability / (Asset)	\$ 5,089,239	\$ 10,504,247
Plan fiduciary net position as a percentage of the total pension liability	86.73%	76.45%
Pensionable Payroll	N/A	N/A
Net pension liability / (asset) as a percentage of pensionable payroll	N/A	N/A

<sup>1</sup>This Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

## FINANCIAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### Required Supplementary Information

#### Schedule of Net Pension Liability / (Asset) for Single-Employer Plans

*as of June 30, 2015*

Last 10 Fiscal Years<sup>1</sup>

Fiscal Year	2014	2015
<b>JRS</b>		
Total Pension Liability	\$ 51,631,895	\$ 53,145,689
Plan Fiduciary Net Position	84,222,842	87,106,507
Single-Employers' Net Pension Liability / (Asset)	\$ (32,590,947)	\$ (33,960,818)
Plan fiduciary net position as a percentage of the total pension liability	163.12%	163.90%
Pensionable Payroll	\$ 6,354,763	\$ 6,524,569
Net pension liability / (asset) as a percentage of pensionable payroll	(512.86)%	(520.51)%
<b>HPORS</b>		
Total Pension Liability	\$ 183,133,145	\$ 192,965,823
Plan Fiduciary Net Position	126,010,392	129,067,319
Single-Employers' Net Pension Liability / (Asset)	\$ 57,122,753	\$ 63,898,504
Plan fiduciary net position as a percentage of the total pension liability	68.81%	66.89%
Pensionable Payroll	\$ 14,149,269	\$ 14,549,378
Net pension liability / (asset) as a percentage of pensionable payroll	403.72%	439.18%

<sup>1</sup>This Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

This page intentionally left blank

## FINANCIAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### Required Supplementary Information

#### Schedule of Employer and Non-Employer (State) Contributions

#### for Cost-Sharing Multiple-Employer Plans

**as of June 30, 2015**

(in thousands)

Last 10 Fiscal Years<sup>1</sup>

Fiscal Year	2014	2015
<b>PERS-DBRP</b>		
Actuarially Determined Contribution <sup>2</sup>	\$ 137,681	\$ 131,424
Contributions in Relation to the Actuarially Determined Contribution		
Employer Contributions	95,820	100,176
Non-Employer Contributions (State)	34,562	34,467
Total Contributions	\$ 130,382	\$ 134,643
<b>Contribution Deficiency / (Excess)</b>	<b>\$ 7,299</b>	<b>\$ (3,219)</b>
Pensionable Payroll <sup>2</sup>	\$ 1,120,266	\$ 1,154,867
Contributions as a Percentage of Pensionable Payroll <sup>2</sup>	11.64%	11.66%
<b>SRS</b>		
Actuarially Determined Contribution	\$ 9,779	\$ 9,737
Contributions in Relation to the Actuarially Determined Contribution		
Employer Contributions	6,689	6,902
Non-Employer Contributions (State)		
Total Contributions	\$ 6,689	\$ 6,902
<b>Contribution Deficiency / (Excess)</b>	<b>\$ 3,090</b>	<b>\$ 2,835</b>
Pensionable Payroll	\$ 64,673	\$ 68,046
Contributions as a Percentage of Pensionable Payroll	10.34%	10.14%

<sup>1</sup> This Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

<sup>2</sup> The fiscal year 2014 compensation of PERS-DBRP has been re-stated due to the transfer of compensation from the PERS-DBRP to the PERS-DCRP. This also affected the dollar amount of the Actuarially Determined Contribution (ADC) because it was determined as a percentage of payroll.

**Public Employees' Retirement Board**

*A Component Unit of the State of Montana*

**Required Supplementary Information**

**Schedule of Employer and Non-Employer (State) Contributions**

**for Cost-Sharing Multiple-Employer Plans**

**as of June 30, 2015**

(in thousands)

Last 10 Fiscal Years<sup>1</sup>

Fiscal Year	2014	2015
<b>GWPORS</b>		
Actuarially Determined Contribution	\$ 4,976	\$ 5,256
Contributions in Relation to the Actuarially Determined Contribution		
Employer Contributions	3,762	4,088
Non-Employer Contributions (State)		
Total Contributions	\$ 3,762	\$ 4,088
<b>Contribution Deficiency / (Excess)</b>	<b>\$ 1,214</b>	<b>\$ 1,168</b>
Pensionable Payroll	\$ 41,637	\$ 44,885
Contributions as a Percentage of Pensionable Payroll	9.04%	9.11%
<b>MPORS</b>		
Actuarially Determined Contribution	\$ 17,922	\$ 17,229
Contributions in Relation to the Actuarially Determined Contribution		
Employer Contributions	6,459	6,630
Non-Employer Contributions (State)	13,049	13,433
Total Contributions	\$ 19,508	\$ 20,063
<b>Contribution Deficiency / (Excess)</b>	<b>\$ (1,586)</b>	<b>\$ (2,834)</b>
Pensionable Payroll	\$ 44,427	\$ 45,736
Contributions as a Percentage of Pensionable Payroll	43.91%	43.87%

<sup>1</sup> This Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.



## FINANCIAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### Required Supplementary Information

#### Schedule of Employer and Non-Employer (State) Contributions

#### for Cost-Sharing Multiple-Employer Plans

**as of June 30, 2015**

(in thousands)

Last 10 Fiscal Years<sup>1</sup>

Fiscal Year	2014	2015
<b>FURS</b>		
Actuarially Determined Contribution	\$ 13,699	\$ 13,279
Contributions in Relation to the		
Actuarially Determined Contribution		
Employer Contributions <sup>2</sup>	6,007	6,100
Non-Employer Contributions (State) <sup>2</sup>	12,767	13,573
<b>Total Contributions</b>	<b>\$ 18,774</b>	<b>\$ 19,673</b>
<b>Contribution Deficiency / (Excess)</b>	<b>\$ (5,075)</b>	<b>\$ (6,394)</b>
Pensionable Payroll	\$ 39,892	\$ 41,627
Contributions as a Percentage of		
Pensionable Payroll	47.06%	47.26%
<b>VFCA</b>		
Actuarially Determined Contribution	\$ 1,116	\$ 890
Contributions in Relation to the		
Actuarially Determined Contribution	1,818	1,913
Employer Contributions		
Non-Employer Contributions (State)		
<b>Total Contributions</b>	<b>\$ 1,818</b>	<b>\$ 1,913</b>
<b>Contribution Deficiency / (Excess)</b>	<b>\$ (702)</b>	<b>\$ (1,023)</b>
Pensionable Payroll	N/A	N/A
Contributions as a Percentage of		
Pensionable Payroll	N/A	N/A

<sup>1</sup>This Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

<sup>2</sup>The fiscal year 2014 contribution differences for FURS are due to considering all of the State's contribution for the Department of Military Affairs as an employer contribution rather than a non-employer contribution.

**Public Employees' Retirement Board**

*A Component Unit of the State of Montana*

**Notes to the Required Supplementary Information**

The information presented in the GASB Statement No. 67 required supplementary schedules was determined as part of the actuarial valuations for accounting purposes at the dates indicated.

Valuation date: June 30, 2014

Key Methods and Assumptions Used to Determine the Actuarially Determined Contribution (ADC)  
for fiscal year end 2015:

Timing	ADC rates are calculated based on the actuarial valuation just prior to the beginning of the year
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
Amortization growth rate	4.00%
Asset valuation method	4-year smoothed market
Inflation	3.00%
Salary increases	4.00% plus merit/seniority increases, where applicable
Investment rate of return	7.75% net of investment expenses
Mortality (Healthy)	Male and Female RP-2000 Combined Mortality projected to 2015 using Scale AA

# FINANCIAL SECTION

## Public Employees' Retirement Board

*A Component Unit of the State of Montana*

### Required Supplementary Information

### Schedule of Employer and Non-Employer (State) Contributions for Single-Employer Plans

**as of June 30, 2015**

(in thousands)

Last 10 Fiscal Years<sup>1</sup>

Fiscal Year	2014	2015
<b>JRS<sup>2</sup></b>		
Actuarially Determined Contribution		
Contributions in Relation to the Actuarially Determined Contribution:		
Employer Contributions	\$ 1,651	\$ 1,684
<b>Total Contributions</b>	<b>\$ 1,651</b>	<b>\$ 1,684</b>
<b>Contribution Deficiency / (Excess)</b>	<b>\$ (1,651)</b>	<b>\$ (1,684)</b>
Pensionable Payroll	\$ 6,355	\$ 6,525
Contributions as a Percentage of Pensionable Payroll	25.98%	25.81%
<b>HPORS<sup>2</sup></b>		
Actuarially Determined Contribution	\$ 6,121	\$ 5,706
Contributions in Relation to the Actuarially Determined Contribution:		
Employer Contributions <sup>3</sup>	5,736	5,839
<b>Total Contributions</b>	<b>\$ 5,736</b>	<b>\$ 5,839</b>
<b>Contribution Deficiency / (Excess)</b>	<b>\$ 385</b>	<b>\$ (133)</b>
Pensionable Payroll	\$ 14,149	\$ 14,549
Contributions as a Percentage of Pensionable Payroll	40.54%	40.13%

<sup>1</sup>This Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

#### <sup>2</sup>Notes to Schedule

Valuation date: June 30, 2014

Key Methods and Assumptions Used to Determine the Actuarially Determined Contribution (ADC) for fiscal year end 2015.

Timing	ADC rates are calculated based on the actuarial valuation just prior to the beginning of the plan year
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
Amortization growth rate	4.00%
Asset valuation method	4-year smoothed market
Inflation	3.00%
Salary increases	4.00% plus merit/seniority increases, where applicable
Investment rate of return	7.75%, net of investment and administrative expenses
Mortality (Healthy)	Male and Female RP-2000 Combined Mortality projected to 2015 using Scale AA

<sup>3</sup> For fiscal year 2014, the HPORS contributions for the supplemental benefit payment were classified as a non-employer contribution. It has been determined that the supplemental contribution should be classified as an employer contribution.

This page intentionally left blank

## FINANCIAL SECTION

---

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### Required Supplementary Information

#### Schedule of Investment Returns for Multiple-Employer Plans

*as of June 30, 2015*

Last 10 Fiscal Years<sup>1</sup>

	Year Ended			
	June 30	PERS-DBRP	SRS	GWPORS
Annual money-weighted rate of return, net investment expense	2014	17.18%	17.15%	17.12%
	2015	4.60%	4.59%	4.59%

	Year Ended			
	June 30	MPORS	FURS	VFCA
Annual money-weighted rate of return, net investment expense	2014	17.16%	17.15%	17.23%
	2015	4.66%	4.66%	4.63%

---

<sup>1</sup>This Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**Public Employees' Retirement Board**

*A Component Unit of the State of Montana*

**Required Supplementary Information**

**Schedule of Investment Returns for Single-Employer Plans**

*as of June 30, 2015*

Last 10 Fiscal Years<sup>1</sup>

	<b>Year Ended</b>	<b>JRS</b>	<b>HPORS</b>
	<b>June 30</b>		
Annual money-weighted rate of return, net investment expense	2014	17.17%	17.19%
	<b>2015</b>	<b>4.60%</b>	<b>4.61%</b>

<sup>1</sup>This Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

## FINANCIAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### Notes to the Required Supplementary Information

The information presented in the required supplementary schedules was determined as part of the actuarial valuations for funding purposes at the dates indicated. Additional information as of latest actuarial valuation follows:

	PERS-DBRP	JRS	HPORS
Valuation date	June 30, 2015	June 30, 2015	June 30, 2015
Actuarial cost method	Entry Age	Entry Age	Entry Age
Amortization method	Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open
Remaining amortization period in years:			
Unfunded Liability <sup>1</sup>	27.2		28.5
Unfunded Credit <sup>2</sup>		0	
Asset valuation method	4-Year smoothed market	4-Year smoothed market	4-Year smoothed market
<b>Actuarial assumptions:</b>			
Investment rate of return compounded annually (net of investment expense)	7.75%	7.75%	7.75%
Projected salary increases			
General Wage Growth*	4.00%	4.00%	4.00%
Merit	0% - 6%	None	0% - 7.3%
*Includes inflation at	3.00%	3.00%	3.00%
Administrative Expenses as a Percentage of Payroll <sup>3</sup>	0.27%	0.15%	0.23%
Benefit Adjustments			
GABA	3% if hired prior to July 1, 2007; or 1.5% if hired between July 1, 2007 and June 30, 2013; or 1.5% to 0% if hired on or after July 1, 2013; after 1 year	3% after 1 yr	3% after 1 yr or 1.5% if hired on or after July 1, 2013, after 3 years
Non-GABA	N/A	Biennial increase to salary of active member in like position	2% per yr service, not to exceed 5%, for probationary officer's base pay

<sup>1</sup> The amortization period for the unfunded actuarial liability in the SRS and GWPORS does not amortize.

<sup>2</sup> Assets are larger than the past service liability – creating an unfunded credit; the credit is amortized over future costs.

<sup>3</sup> The administrative expense assumption is now explicitly stated as a cost element rather than being included implicitly within the investment return.

## FINANCIAL SECTION

SRS	GWPORS	MPORS	FURS	VFCA
June 30, 2015	June 30, 2015	June 30, 2015	June 30, 2015	June 30, 2015
Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open	Level percent of inflation, open
Does not amortize <sup>1</sup>	Does not amortize <sup>1</sup>	18.3	9.7	9.3 Based on Current Revenue
4-Year smoothed market	4-Year smoothed market	4-Year smoothed market	4-Year smoothed market	4-Year smoothed market
7.75%	7.75%	7.75%	7.75%	7.75%
4.00%	4.00%	4.00%	4.00%	N/A
0% - 7.3%	0% - 7.3%	0% - 7.3%	0% - 7.3%	N/A
3.00%	3.00%	3.00%	3.00%	
0.17%	0.17%	0.20%	0.19%	\$63,440
3% or 1.5% for new hires on or after July 1, 2007, after 1 year	3% or 1.5% for new hires on or after July 1, 2007, after 1 year	3% after 1 yr	3% after 1 yr	N/A
N/A	N/A	50% newly confirmed officer	50% newly confirmed officer	N/A



## FINANCIAL SECTION

---

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### Required Supplementary Information

#### Schedule of Funding Progress for PERS-DCRP Disability OPEB<sup>1</sup>

(in thousands)

System	Actuarial Valuation Date <sup>2</sup>	Actuarial Value of Assets	Actuarial Liability (AL)	Unfunded AL (UAL)	Funded Ratio %	Covered Payroll	UAL as a Percentage of Covered Payroll
<b>PERS-DCRP</b>							
<b>DISABILITY OPEB</b>	6/30/2013	\$ 2,184	\$ 2,715	\$ 531	80.5%	\$ 90,128	1%
	<b>6/30/2015</b>	<b>\$ 2,781</b>	<b>\$ 3,235</b>	<b>\$ 454</b>	<b>86.0%</b>	<b>\$ 113,750</b>	<b>0%</b>

---

<sup>1</sup>This schedule is intended to show two years' previous information.

<sup>2</sup>The actuarial valuation for the PERS-DCRP Disability OPEB is performed on an annual basis. There were two years between the first two valuations due to the timing of the first valuation. The most recent actuarial valuation being as of June 30, 2015, with the next valuation to be completed for fiscal year ending June 30, 2016.

**Public Employees' Retirement Board**

*A Component Unit of the State of Montana*

**Required Supplementary Information**

**Schedule of Employer Contributions & Other Contributing Entities**

**for PERS-DCRP Disability OPEB<sup>1</sup>**

<b>System</b>	<b>Year Ended<sup>2</sup> June 30</b>	<b>Annual Required Contributions</b>	<b>Employer Percentage Contributed</b>	<b>Annual Required Contribution Rate</b>	<b>Annual Required State Contribution</b>	<b>State Percentage Contributed</b>
<b>PERS-DCRP</b>						
<b>DISABILITY OPEB</b>	2013	\$ 315,446	91.42%	0.35%	\$ 532,014	100.00
	<b>2015</b>	<b>\$ 398,135</b>	<b>86.26%</b>	<b>0.33%</b>	<b>\$ 919,303</b>	<b>100.00</b>

Refer to the "Notes to the Required Supplementary Information" (Page 128).

<sup>1</sup> This schedule is intended to show information for 6 years. Additional years will be displayed as they become available.

<sup>2</sup> The actuarial valuation for the PERS-DCRP Disability OPEB is performed on an annual basis. There were two years between the first two valuations due to the timing of the first valuation. The most recent actuarial valuation being as of June 30, 2015, with the next valuation to be completed for fiscal year ending June 30, 2016.

## FINANCIAL SECTION

---

### **Public Employees' Retirement Board**

*A Component Unit of the State of Montana*

#### **Notes to Required Supplementary Information for PERS-DCRP Disability OPEB**

Valuation Date	June 30, 2015
Actuarial cost method	Entry age funding method
Amortization method	Level percent of payroll, open
Amortization period	30 years
Asset valuation method	Market Value

***Actuarial assumptions:***

Investment rate of return (net of expenses)*	3.50%
General wage growth*	4.00%
Merit Salary Increases	0.00% - 6.00%
*Includes inflation at	3.00%

This page intentionally left blank

## FINANCIAL SECTION

---

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### Required Supplementary Information

#### Schedule of Funding Progress for OPEB (Healthcare)

(in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio % (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2009		\$ 686,393	\$ 686,393	0.00%	\$1,438,749	47.71%
1/1/2011 <sup>1</sup>		\$ 733,935	\$ 733,935	0.00%	\$1,644,229	44.64%
1/1/2013		\$ 969,127	\$ 969,127	0.00%	\$1,991,739	48.66%

---

At June 30, 2015, the most recent actuarial valuation available was completed by the State of Montana January 1, 2013 for the calendar year ending December 31, 2013. This actuarial valuation is completed every two years with the next valuation to be completed as of January 1, 2015 for the calendar year ending December 31, 2015. The State of Montana finances claims on a pay-as-you-go basis and does not advance fund the OPEB liability. Therefore, the funded ratio remains at 0% at June 30, 2015. This is the OPEB obligation for MPERA as a State of Montana employer and is determined by the State of Montana.

<sup>1</sup>The Actuarial Accrued Liability (AAL) and Unfunded AAL (UAAL) were adjusted for the actuarial valuation date 1/1/2011 to show the inactive membership that was not included in the amounts reported in the FY2012 CAFR.

**Public Employees' Retirement Board**

*A Component Unit of the State of Montana*

**Notes to Required Supplementary Information for OPEB (Healthcare)**

Valuation Date	January 1, 2013
Actuarial cost method	Projected unit credit funding method
Amortization method	Level percent of payroll, open
Remaining amortization period	30 years
Asset valuation method	Not applicable because no assets meeting the definition of plan assets under GASB 45

***Actuarial assumptions:***

Projected salary increases	2.50%
Participation	
Future retirees	55.0%
Future eligible spouses	60.0%
Interest/Discount Rate	4.25%

## FINANCIAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### Schedule of Administrative Expenses

*Year Ended June 30, 2015*

	Defined Benefit Plans	PERS-DBRP Education Fund	Defined Contribution PERS-DCRP	Deferred Compensation (457) Plan
<b>Personal Services</b>				
Salaries	\$1,945,715	\$182,334	\$239,591	\$207,197
Board Members' Per Diem	2,337		410	353
Employee Benefits	667,212	69,582	79,589	67,150
<b>Total Personal Services</b>	<b>2,615,264</b>	<b>251,916</b>	<b>319,590</b>	<b>274,700</b>
<b>Other Services</b>				
Consulting & Professional Services	1,005,675		113,063	92,844
Legal Fees and Court Costs	41,491		203	115
Audit Fees	11,436		1,395	1,116
Medical Services	6,133			
Records Storage	4,480		546	437
Computer Processing	361,968	341	40,795	5,532
Printing and Photocopy Charges	15,697	3,160	1,368	1,060
Warrant Writing Services	42,087		5,133	4,106
Other	172,966	7,007	20,120	15,127
<b>Total Other Services</b>	<b>1,661,933</b>	<b>10,508</b>	<b>182,623</b>	<b>120,337</b>
<b>Communications</b>				
Recruitment Costs	120	16	13	11
Postage and Mailing	65,951	3,258	226	2,291
Telephone	52,579	7,227	5,642	4,902
<b>Total Communications</b>	<b>118,650</b>	<b>10,501</b>	<b>5,881</b>	<b>7,204</b>
<b>Other Expenses</b>				
Supplies and Materials	81,741	10,294	8,814	7,921
Travel	21,058	3,193	8,119	6,940
Rent	235,749	31,433	24,888	22,003
Repairs and Maintenance	4,750	634	507	443
Compensated Absences	31,105	4,128	8,694	8,267
OPEB Expenses	90,808	10,428	13,382	(8,491)
Miscellaneous	101,572	10,554	13,906	12,140
<b>Total Other Expenses</b>	<b>566,783</b>	<b>70,664</b>	<b>78,310</b>	<b>49,223</b>
<b>Total Administrative Expenses</b>	<b>\$4,962,630</b>	<b>\$343,589</b>	<b>\$586,404</b>	<b>\$451,464</b>

## Public Employees' Retirement Board

*A Component Unit of the State of Montana*

### Schedule of Investment Expenses

*Year Ended June 30, 2015*

<u>Plan</u>	<u>Investment Manager</u>	<u>Fees</u>
PERS-DBRP	Board of Investments	\$27,703,157
JRS	Board of Investments	475,705
HPORS	Board of Investments	707,894
SRS	Board of Investments	1,609,029
GWPORS	Board of Investments	797,034
MPORS	Board of Investments	1,766,325
FURS	Board of Investments	1,786,760
VFCA	Board of Investments	183,297
DC	PIMCO	32,707
	State Street Bank	2,051
	Transamerica	24,515
457	PIMCO	592,286
	State Street Bank	37,571
	Transamerica	448,766
	<b><i>Total Investment Expense</i></b>	<b><u>\$36,167,097</u></b>



## FINANCIAL SECTION

---

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### Schedule of Professional/Consultant Fees

*Year Ended June 30, 2015*

<u>Individual or Firm</u>	<u>Nature of Service</u>	<u>Amount Paid</u>
<b>Consultant Fees</b>		
Amdec, LTD	Computer Programming Services	\$ 143,671
Cavanaugh Macdonald Consulting	Actuarial Audit	25,000
Cheiron, Inc	Actuarial Consultant	271,182
CMS Communication & Management	HR Consulting	405
Comserv, Inc.	Death Validation Services	1,411
Genuent USA LLC	Project Management	129,981
Government Finance Officers Assoc.	CAFR Review	1,095
Ice Miller	Tax Consultants	104,950
Provaliant Retirement, LLC	Project Management	107,414
Sagitec Solutions, LLC	Pension Systems Design	218,400
Seisint, Inc.	Risk Data Management Services	360
Ventera Corporation	Data Services	117,413
Video Express Productions	Audio Consulting	1,850
Xerox Corporation dba Buck Consultants	Mutual Funds Performance Review	90,000
<b>Consultant Fees Subtotal</b>		<b>1,213,132</b>
<b>Other Professional Fees</b>		
Dean Gregg, PHD	Medical Consultant	423
Department of Justice	Legal Services	1,191
Legislative Audit Division	Independent Auditors	13,947
Timothy D. Schofield, MD PLLC	Medical Consultant	5,711
<b>Other Professional Fees Subtotal</b>		<b>21,272</b>
<b>Total Professional/Consultant Fees</b>		<b>\$ 1,234,404</b>

This page intentionally left blank

## FINANCIAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

**Detail of Fiduciary Net Position (PERS-DBRP and PERS-DBEd)**

**as of June 30, 2015**

	PERS-DBRP	PERS-DBEd	TOTAL
<b>Assets</b>			
Cash and Short-term Investments	\$ 94,135,312	\$ 2,934,694	\$ 97,070,006
Securities Lending Collateral	192,822,991	6,728	192,829,719
Receivables			
Interest	6,847,878	476	6,848,354
Accounts Receivable	1,426,093		1,426,093
Due from Other Funds	514,746		514,746
Due from Primary Government	4,133,310		4,133,310
Notes Receivable	18,133		18,133
<i>Total Receivables</i>	12,940,160	476	12,940,636
Investments, at fair value			
Montana Domestic Equity Pool (MDEP)	2,004,037,595		2,004,037,595
Retirement Fund Bond Pool (RFBP)	1,127,097,071		1,127,097,071
Montana International Pool (MTIP)	837,967,915		837,967,915
Montana Private Equity Pool (MPEP)	539,912,468		539,912,468
Montana Real Estate Pool (MTRP)	445,359,757		445,359,757
Structured Investment Vehicles (SIV)	765,786	24,987	790,773
<i>Total Investments</i>	4,955,140,592	24,987	4,955,165,579
Capital Assets			
Property and Equipment, at cost, net of Accumulated Depreciation	39,636		39,636
Construction Work in Progress	963,481		963,481
Total Capital Assets	1,003,117		1,003,117
<b>Total Assets</b>	5,256,042,172	2,966,885	5,259,009,057
<b>Liabilities</b>			
Securities Lending Liability	192,822,991	6,728	192,829,719
Accounts Payable	950,418	14,575	964,993
Unearned Revenue	107,643		107,643
Due to Other Funds	407,924	1,316	409,240
Compensated Absences	292,124	18,941	311,065
OPEB Implicit Rate Subsidy LT	402,851	46,009	448,860
<b>Total Liabilities</b>	194,983,951	87,569	195,071,520
<b>Net Position Restricted for Pension Benefits</b>	<b>\$ 5,061,058,221</b>	<b>\$ 2,879,316</b>	<b>\$ 5,063,937,537</b>

**Public Employees' Retirement Board***A Component Unit of the State of Montana***Detail of Changes in Fiduciary Net Position (PERS-DBRP and PERS-DBEd)  
for the Fiscal Year Ended June 30, 2015**

	PERS-DBRP	PERS-DBEd	TOTAL
<b>Additions</b>			
Contributions			
Employer	\$ 100,053,867	\$ 449,358	\$ 100,503,225
Plan Member	95,272,069		95,272,069
Membership Fees	7		7
Interest Reserve Buyback	151,962		151,962
Retirement Incentive Program	116,100		116,100
Miscellaneous Revenue	5,882		5,882
State Contributions	919,303		919,303
Coal Tax Transfers	33,547,416		33,547,416
<i>Total Contributions</i>	230,066,606	449,358	230,515,964
<b>Investment Income</b>			
Net Appreciation (Depreciation) in Fair Value of Investments	78,183,994		78,183,994
Interest	158,658,053	3,780	158,661,833
Dividends	14,958,827		14,958,827
Investment Expense	(27,703,157)		(27,703,157)
<i>Net Investment Income</i>	224,097,717	3,780	224,101,497
Securities Lending Income			
Securities Lending Income	1,231,870	12	1,231,882
Securities Lending Rebate and Fees	(222,895)	(1)	(222,896)
<i>Net Securities Lending Income</i>	1,008,975	11	1,008,986
<b>Total Net Investment Income</b>	225,106,692	3,791	225,110,483
<b>Total Additions</b>	455,173,298	453,149	455,626,447
<b>Deductions</b>			
Benefits	319,501,818		319,501,818
Refunds/Distributions	11,687,946		11,687,946
Refunds to Other Plans	833,963		833,963
Transfers to DCRP	1,252,311		1,252,311
Transfers to MUS-RP	125,425		125,425
OPEB Expenses	84,953	10,428	95,381
Administrative Expenses	3,551,450	333,161	3,884,611
<b>Total Deductions</b>	337,037,866	343,589	337,381,455
<b>Net Increase (Decrease)</b>	118,135,432	109,560	118,244,992
<b>Net Position Restricted for Pension Benefits</b>			
Beginning of Year	4,942,906,706	2,768,460	4,945,675,166
Prior Period Adjustment	16,083	1,296	17,379
End of Year	\$ 5,061,058,221	\$ 2,879,316	\$ 5,063,937,537

## FINANCIAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### Detail of Fiduciary Net Position (PERS-DCRP, PERS-DCEd) as of June 30, 2015

	PERS-DCRP	PERS-DCEd	TOTAL
<b>Assets</b>			
Cash and Short-term Investments	\$ 1,026,089	\$ 195,566	\$ 1,221,655
Securities Lending Collateral	2,013	447	2,460
Receivables			
Interest	147	31	178
Accounts Receivables	29,901		29,901
Due from Other Funds	398,054	1,316	399,370
<i>Total Receivables</i>	428,102	1,347	429,449
Investments, at fair value			
Defined Contributions Fixed Investments	10,196,717		10,196,717
Defined Contributions Variable Investments	131,649,150		131,649,150
Structured Investment Vehicles (SIV)	7,476	1,660	9,136
<i>Total Investments</i>	141,853,343	1,660	141,855,003
Property and Equipment, at cost, net of Accumulated Depreciation (Note A2)	5,245		5,245
Construction Work in Progress	230,183		230,183
<i>Total Capital Assets</i>	235,428		235,428
<b>Total Assets</b>	143,544,975	199,020	143,743,995
<b>Liabilities</b>			
Securities Lending Liability	2,013	447	2,460
Accounts Payable	116,287	1,568	117,855
Compensated Absences	44,445	2,723	47,168
OPEB Implicit Rate Subsidy LT	46,340	4,757	51,097
<i>Total Liabilities</i>	209,085	9,495	218,580
<b>Net Position Restricted for Pension Benefits</b>	<b>\$ 143,335,890</b>	<b>\$ 189,525</b>	<b>\$ 143,525,415</b>

**Public Employees' Retirement Board***A Component Unit of the State of Montana***Detail of Changes in Fiduciary Net Position (PERS-DCRP, PERS-DCEd)  
for the Fiscal Year Ended June 30, 2015**

	PERS-DCRP	PERS-DCEd	TOTAL
<b>Additions</b>			
<b>Contributions</b>			
Employer	\$ 4,836,032	\$ 51,389	\$ 4,887,421
Plan Member	9,369,193		9,369,193
Miscellaneous Revenue	88,784		88,784
Forfeiture of Nonvested Member	332,744		332,744
<i>Total Contributions</i>	14,626,753	51,389	14,678,142
<b>Investment Income</b>			
Net Appreciation (Depreciation) in Fair Value of Investments	954,280		954,280
Interest	5,420,539	247	5,420,786
Investment Expense	(59,273)		(59,273)
<i>Net Investment Income</i>	6,315,546	247	6,315,793
<b>Securities Lending Income</b>			
Securities Lending Income	4	1	5
Net Securities Lending Income	4	1	5
<i>Total Net Investment Income</i>	6,315,550	248	6,315,798
<b>Total Additions</b>	20,942,303	51,637	20,993,940
<b>Deductions</b>			
Distributions	6,102,598		6,102,598
OPEB Expenses	17,320		17,320
Administrative Expenses	534,512	34,572	569,084
Miscellaneous Expenses	197,971		197,971
<i>Total Deductions</i>	6,852,401	34,572	6,886,973
<b>Net Increase (Decrease)</b>	14,089,902	17,065	14,106,967
<b>Net Position Restricted for Pension Benefits</b>			
<b>Beginning of Year</b>	<b>129,236,910</b>	<b>177,425</b>	<b>129,414,335</b>
<b>Prior Period Adjustment</b>	9,077	(4,964)	4,113
<b>End of Year</b>	<b>\$ 143,335,889</b>	<b>\$ 189,526</b>	<b>\$ 143,525,415</b>

## FINANCIAL SECTION

---

This page intentionally left blank



**Forget-Me-Nots**

These tend to grow on meadows and moist, open slopes at moderate to high elevations in the mountains. (*montanaplant-life.org*)

Photo courtesy of Jeff Girton

**Bear Grass**

Typically, this plant grows along drier, open woods and clearings, montane to subalpine zone. This species was long used by Native Americans who wove it into baskets. Baskets from this plant have also been used for cooking food in. (*montanaplant-life.org*)

Photo courtesy of Barbara Quinn



**Strawberry**

Typically, this plant grows along trails and roadsides, embankments, roads, meadows, young woodlands, sparse forest, woodland edges, and clearings. (*Wikipedia*)

Photo courtesy of Jeff Girton



**MONTANA  
BOARD OF INVESTMENTS**

Department of Commerce

Street Address:  
2401 Colonial Drive, 3<sup>rd</sup> Floor  
Helena, MT 59601

Mailing Address:  
P.O. Box 200126  
Helena, MT 59620-0126



Phone: 406/444-0001  
Facsimile: 406/449-6579  
Rateline: 406/444-3557  
Website: [www.investmentmt.com](http://www.investmentmt.com)

**PERS Annual Report Investment Letter**  
For the fiscal year ended 6/30/15

The fiscal year 2015 return of 4.58% represented the sixth consecutive year of positive returns. All asset classes performed well this year with the exception of international equities which suffered a negative return in the face of economic growth challenges in many countries and a strong dollar which acts to dilute non-U.S. returns. The annualized three year plan return remains high at 11.47%, while the five year return also remains high at 11.55%. The trailing ten year and since-inception returns are within long-term expectations at 6.6% and 7.8% respectively. Relative to a public fund peer universe as reported by our investment consultant, the relative returns of the plan ranked in the first quartile over the various annualized periods for one to seven years, and the top half over ten years.

The returns by asset class this fiscal year illustrate the importance of asset allocation and diversification principles. Contrary to fiscal 2014 which saw double-digit returns from every asset class except fixed income, this year the returns by asset class were more normal and certainly subdued relative to the prior year. Only one asset class, real estate, posted a double-digit return. The positive, yet modest return this fiscal year of 4.58% was supported by a mix of performance ranging from 7.35% in domestic stocks, our largest allocation, to negative 4.20% for international equity. As in recent prior years, international stocks were pulled down by their emerging market component. These markets have suffered the most from slowing economic growth, largely due to the more resource-driven nature of their economies and the weak commodity price trends we have seen. The bond pool return of only 2.30% represented a decline versus the prior year and was hurt by the relative weakness seen in corporate credit performance, as well as the sustained level of low interest rates in general which has detracted from the income component of returns. Private equity posted a return of 8.43%, or about half the fiscal 2014 level. Still, this asset class has provided the highest absolute return over the past ten years. Aside from an absolute attractive level of long-term return, this asset pool itself is highly diversified and provides an element of diversification benefit at the overall plan level. The real estate pool continued producing strong returns with this year's return of 13.11%. The five year annualized return for the real estate pool is now 12.15%, double that of last year's trailing five year number and reflective of the general lag in performance versus other risk assets since the recovery from the recession and financial crisis began.

## INVESTMENT SECTION

---

The asset allocation changes during the fiscal year were minimal. Sales of domestic equity and private equity were made while net transactions in the international equity pool were flat. This activity combined with market performance led to a slight decrease in total equity exposure to 67.1% for PERS. Bonds were purchased under our rebalancing discipline and ended the year at a 22.3% weight in the plan, near the bottom of the 22-30% range for this asset class. Sales from the real estate pool were also made as distributions remained heavy from the underlying investments, generating excess liquidity to be used elsewhere. The allocation here ended the year at 8.8%. Overall, the allocation mix remains heavily equity-centric in character, reflecting the long term return advantage of this asset class, balanced by asset classes providing diversification benefits, specifically fixed income and real estate.

At its August meeting, the Board of Investments reaffirmed the current asset allocation ranges for the pension plans after reviewing staff's recommendation which included an analysis of the net cash needed by the plans. The fact there is a benefit outflow in excess of the contribution inflow and net income from assets is not a surprise, and in fact is to be expected of mature pension plans as the proportion of retired beneficiaries increases relative to active employees. In summary, the analysis indicates this net cash need from the investment assets is manageable, even though there has been and will continue to be a marginal deterioration of the net cash flows going forward. This situation is in fact incorporated in the actuarial analysis of PERS and though it may at some point have an impact on the asset allocation mix and implied investment returns, it is not an immediate investment issue. The naysayers of defined benefit pensions need to respect the fact that the long-term health of the plans requires discipline in contribution and benefit policies and practices over time, in which case prudent investment management of the assets will do its share of the job.

As for the current investment environment, the developed country equity markets have suffered in the last couple of months since mid-summer, while emerging market stocks have seen a continuation of weak returns that has been in place for even longer. As a result the total returns of the pension plans have turned slightly negative so far in fiscal 2016. Part of the current market anxiety can be blamed on concerns over the slowing, but still positive, growth of the Chinese economy given its now larger share of the global economy. At the same time, given improvement in our economy, there is a growing concern over the eventual increase in short-term interest rates in the U.S. as the Federal Reserve contemplates liftoff from the current level near zero.

Despite the recent stock market behavior, the overall investment backdrop remains favorable in my view. Even if the Federal Reserve increases short-term rates in the U.S., interest rate levels overall should remain low by historical standards. Further, the U.S. economy appears resilient with contributions to growth coming from most sectors, particularly the private sectors such as personal consumption, housing, and business investment. The risk of recession appears low despite international headwinds, and corporate profit growth is expected to remain positive. Inflation remains muted in the U.S., and the recent drop in energy prices is expected to be a net positive for most companies and consumers.

## INVESTMENT SECTION

---

In closing, I would like to emphasize the long-term context in which pension plan assets must be managed. The current concerns cited in the financial media are relatively minor in the context of recent decades of global economic and capital market measures. And indeed a decades-long perspective is necessary in managing a system designed to provide long term retirement security. The outlook is always clouded, but the global investment environment, especially in the U.S., continues to present opportunities that will provide the long-term growth and associated investment returns needed by Montana's pension plans.

Respectfully submitted,

/s/ Clifford A. Sheets

Clifford A. Sheets, CFA  
Chief Investment Officer  
Montana Board of Investments

## INVESTMENT SECTION

---

This page intentionally left blank.

---

## Public Employees' Retirement Board

*A Component Unit of the State of Montana*

### Report on Investment Activity

#### INTRODUCTION

The Montana Constitution and various Montana statutes govern the investment activity of the retirement funds administered by the Public Employees' Retirement Board (PERB). The "prudent expert principle" contained in the Montana Constitution and Montana statute, requires the fiduciaries of the funds, including the Montana Board of Investments (BOI), to discharge their duties in the same manner that a prudent expert acting in a fiduciary capacity with the same resources, familiar with like matters, and under the same circumstances, exercises in the conduct of an enterprise of a similar character with similar objectives.

The prudent expert principle permits diversification of the holdings of the fund to minimize the risk of loss and maximize the rate of return. The opportunity to diversify among various asset classes enables a fund to reduce volatility and increase returns.

The BOI prepares and provides information related to the defined benefit plan investments for the PERB. The Montana Public Employee Retirement Administration (MPERA), staff of the PERB, is responsible for the presentation of the report of investment activity.

#### INVESTMENT GOALS AND OBJECTIVES

The basic goals influencing the investment activity for the PERB are two-fold. The first is to realize compound rates of return sufficient to fund benefits as provided for in statute. The second is to provide services at the lowest possible cost to employers and members.

The basic investment objective of the BOI is the achievement of a total rate of return greater than the assumed actuarial return over the long term. In addition, the BOI will seek to outperform the appropriate market benchmarks for each asset class over time and provide returns comparable to those attained by similar public fund peers.

To calculate the PERB's defined benefit plan investment returns, State Street Bank, BOI's custodial bank and an independent third party, uses the time-weighted total rate of return method.

#### RISK TOLERANCE

In view of the long time horizon of the pension plans, subject to the need for sufficient liquidity to pay benefits, all funds have an above-average ability to assume risk.

#### INVESTMENT MANAGEMENT AND RESULTS

The funds of each defined benefit system are invested by the BOI as part of the unified investment program. The portfolio is broadly diversified between the various asset classes including but not limited to stocks, bonds, real estate, and private equity. A complete list of portfolio information is available through the BOI. State Street Bank compiles the rates of return for the investments. The total rates of return for fiscal year 2015 are reported by the BOI for each defined benefit fund. The following tables are a summary of the information received from the BOI.

# INVESTMENT SECTION

## TOTAL RATES OF RETURN BY ASSET CLASS

12-Month Period ending June 30, 2015

<u>Asset Class</u>	<u>INDEX</u>	<u>PERS- DBRP</u>	<u>JRS</u>	<u>HPORS</u>	<u>SRS</u>
Cash Equivalents (STIP)		0.13%	0.13%	0.13%	0.13%
<i>Libor 1 Month</i>	<i>0.17%</i>				
Equities <sup>1</sup>		3.71%	3.71%	3.71%	3.71%
<i>S&amp;P 1500 Index</i>	<i>7.31%</i>				
<i>International Equities<sup>2</sup></i>	<i>- 4.97%</i>				
Fixed Income <sup>3</sup>		2.30%	2.30%	2.30%	2.30%
<i>BC Aggregate Bond Index</i>	<i>1.86%</i>				
Private Equity <sup>4</sup>		8.43%	8.43%	8.43%	8.43%
<i>S&amp;P 1500 Index + 4%<sup>5</sup></i>	<i>16.54%</i>				
Real Estate <sup>6</sup>		13.11%	13.11%	13.11%	13.11%
<i>NFI-ODCE<sup>7</sup></i>	<i>12.40%</i>				
<b>Total Plan</b>		<b>4.58%</b>	<b>4.58%</b>	<b>4.58%</b>	<b>4.58%</b>
<b>Index Composite<sup>8</sup></b>		<b>5.15%</b>	<b>5.15%</b>	<b>5.17%</b>	<b>5.14%</b>
<u>Asset Class</u>	<u>INDEX</u>	<u>GWPORS</u>	<u>MPORS</u>	<u>FURS</u>	<u>VFCA</u>
Cash Equivalents (STIP)		0.13%	0.13%	0.13%	0.13%
<i>Libor 1 Month</i>	<i>0.17%</i>				
Equities <sup>1</sup>		3.71%	3.71%	3.71%	3.72%
<i>S&amp;P 1500 Comp Index</i>	<i>7.31%</i>				
<i>International Equities<sup>2</sup></i>	<i>- 4.97%</i>				
Fixed Income <sup>3</sup>		2.30%	2.30%	2.30%	2.29%
<i>BC Aggregate Bond Index</i>	<i>1.86%</i>				
Private Equity <sup>4</sup>		8.43%	8.43%	8.43%	8.43%
<i>S&amp;P 1500 + 4%<sup>5</sup></i>	<i>16.54%</i>				
Real Estate <sup>6</sup>		13.11%	13.11%	13.11%	13.11%
<i>NFI-ODCE<sup>7</sup></i>	<i>12.40%</i>				
<b>Total Plan</b>		<b>4.57%</b>	<b>4.57%</b>	<b>4.58%</b>	<b>4.67%</b>
<b>Index Composite<sup>8</sup></b>		<b>5.14%</b>	<b>5.16%</b>	<b>5.16%</b>	<b>5.20%</b>

<sup>1</sup> Return is a dollar-weighted combination of domestic and international common stock held in the Montana Domestic and Montana International Equity Pools.

<sup>2</sup> Montana International Equity blended benchmark.

<sup>3</sup> Retirement Fund Bond Pool.

<sup>4</sup> Montana Private Equity Pool.

<sup>5</sup> The S&P 1500 + 4% is lagged one quarter to reflect the lagged valuation nature of private equity investments.

<sup>6</sup> Montana Real Estate Pool.

<sup>7</sup> The NFI-ODCE (NCREIF Fund Index - Open-End Diversified Core Equity) is a fund-level capitalization-weighted, net of fee, time-weighted return index and includes property investments at ownership share, cash balances and leverage. This index is lagged one quarter to reflect the lagged valuation nature of private real estate investments.

<sup>8</sup> An Index Composite paralleling the Fund's Asset Allocation at market value.

The rates of return are provided by State Street Bank, the BOI's custodial bank for the plans, and are reported net of all management fees and expenses.

## INVESTMENT SECTION

### TOTAL RATES OF ANNUALIZED RETURN BY ASSET CLASS

Three-Year Period ending June 30, 2015

<u>Asset Class</u>	<u>INDEX</u>	<u>PERS- DBRP</u>	<u>JRS</u>	<u>HPORS</u>	<u>SRS</u>
Cash Equivalents (STIP)		0.17%	0.17%	0.18%	0.18%
<i>Libor 1 Month</i>	<i>0.18%</i>				
Equities <sup>1</sup>		15.43%	15.43%	15.43%	15.43%
<i>S&amp;P 1500 Comp Index</i>	<i>17.47%</i>				
<i>International Equities<sup>2</sup></i>	<i>9.68%</i>				
Fixed Income <sup>3</sup>		3.03%	3.03%	3.03%	3.03%
<i>BC Aggregate Bond Index</i>	<i>1.83%</i>				
Private Equity <sup>4</sup>		12.43%	12.43%	12.43%	12.43%
<i>S&amp;P 1500 + 4%<sup>5</sup></i>	<i>20.23%</i>				
Real Estate <sup>6</sup>		11.08%	11.08%	11.08%	11.08%
<i>NFI-ODCE<sup>7</sup></i>	<i>11.60%</i>				
<b>Total Plan</b>		<b>11.47%</b>	<b>11.46%</b>	<b>11.47%</b>	<b>11.45%</b>
<b>Index Composite<sup>8</sup></b>		<b>11.93%</b>	<b>11.92%</b>	<b>11.94%</b>	<b>11.91%</b>
<u>Asset Class</u>	<u>INDEX</u>	<u>GWPORS</u>	<u>MPORS</u>	<u>FURS</u>	<u>VFCA</u>
Cash Equivalents (STIP)		0.17%	0.17%	0.17%	0.18%
<i>Libor 1 Month</i>	<i>0.18%</i>				
Equities <sup>1</sup>		15.43%	15.43%	15.43%	15.44%
<i>S&amp;P 1500 Comp Index</i>	<i>17.47%</i>				
<i>International Equities<sup>2</sup></i>	<i>9.68%</i>				
Fixed Income <sup>3</sup>		3.03%	3.03%	3.03%	3.03%
<i>BC Aggregate Bond Index</i>	<i>1.83%</i>				
Private Equity <sup>4</sup>		12.43%	12.43%	12.43%	12.44%
<i>S&amp;P 1500 + 4%<sup>5</sup></i>	<i>20.23%</i>				
Real Estate <sup>6</sup>		11.08%	11.08%	11.08%	11.08%
<i>NFI-ODCE<sup>7</sup></i>	<i>11.60%</i>				
<b>Total Plan</b>		<b>11.44%</b>	<b>11.48%</b>	<b>11.47%</b>	<b>11.51%</b>
<b>Index Composite<sup>8</sup></b>		<b>11.90%</b>	<b>11.90%</b>	<b>11.90%</b>	<b>11.96%</b>

<sup>1</sup> Return is a dollar-weighted combination of Domestic and International Common Stock held in the Montana Domestic and Montana International Equity Pools.

<sup>2</sup> Montana International Equity blended benchmark.

<sup>3</sup> Retirement Fund Bond Pool.

<sup>4</sup> Montana Private Equity Pool.

<sup>5</sup> The S&P 1500 + 4% is lagged one quarter to reflect the lagged valuation nature of private equity investments.

<sup>6</sup> Montana Real Estate Pool.

<sup>7</sup> The NFI-ODCE (NCREIF Fund Index - Open-End Diversified Core Equity) is a fund-level capitalization-weighted, net of fee, time-weighted return index and includes property investments at ownership share, cash balances and leverage. This index is lagged one quarter to reflect the lagged valuation nature of private real estate investments.

<sup>8</sup> An Index Composite paralleling the Fund's Asset Allocation at market value.

The rates of return are provided by State Street Bank, the BOI's custodial bank for the plans, and are reported net of all management fees and expenses.

# INVESTMENT SECTION

## TOTAL RATES OF ANNUALIZED RETURN BY ASSET CLASS

Five-Year Period ending June 30, 2015

<u>Asset Class</u>	<u>INDEX</u>	<u>PERS- DBRP</u>	<u>JRS</u>	<u>HPORS</u>	<u>SRS</u>
Cash Equivalents (STIP)		0.23%	0.23%	0.23%	0.23%
<i>Libor 1 Month</i>	<i>0.21%</i>				
Equities <sup>1</sup>		14.35%	14.36%	14.35%	14.36%
<i>S&amp;P 1500 Comp Index</i>	<i>17.43%</i>				
<i>International Equities<sup>2</sup></i>	<i>7.92%</i>				
Fixed Income <sup>3</sup>		4.76%	4.77%	4.77%	4.77%
<i>BC Aggregate Bond Index</i>	<i>3.35%</i>				
Private Equity <sup>4</sup>		13.92%	13.92%	13.92%	13.92%
<i>S&amp;P 1500 + 4%<sup>5</sup></i>	<i>18.64%</i>				
Real Estate <sup>6</sup>		12.15%	12.22%	12.22%	12.21%
<i>NFI-ODCE<sup>7</sup></i>	<i>13.44%</i>				
<b>Total Plan</b>		<b>11.55%</b>	<b>11.53%</b>	<b>11.56%</b>	<b>11.52%</b>
<b>Index Composite<sup>8</sup></b>		<b>11.89%</b>	<b>11.86%</b>	<b>11.88%</b>	<b>11.85%</b>
<u>Asset Class</u>	<u>INDEX</u>	<u>GWPORS</u>	<u>MPORS</u>	<u>FURS</u>	<u>VFCA</u>
Cash Equivalents (STIP)		0.23%	0.23%	0.23%	0.23%
<i>Libor 1 Month</i>	<i>0.21%</i>				
Equities <sup>1</sup>		14.36%	14.35%	14.36%	14.35%
<i>S&amp;P 1500 Comp Index</i>	<i>17.43%</i>				
<i>International Equities<sup>2</sup></i>	<i>7.92%</i>				
Fixed Income <sup>3</sup>		4.77%	4.77%	4.77%	4.77%
<i>BC Aggregate Bond Index</i>	<i>3.35%</i>				
Private Equity <sup>4</sup>		13.92%	13.93%	13.93%	13.93%
<i>S&amp;P 1500 + 4%<sup>5</sup></i>	<i>18.64%</i>				
Real Estate <sup>6</sup>		12.21%	12.22%	12.22%	12.22%
<i>NFI-ODCE<sup>7</sup></i>	<i>13.44%</i>				
<b>Total Plan</b>		<b>11.51%</b>	<b>11.52%</b>	<b>11.52%</b>	<b>11.56%</b>
<b>Index Composite<sup>8</sup></b>		<b>11.85%</b>	<b>11.83%</b>	<b>11.83%</b>	<b>11.89%</b>

<sup>1</sup> Return is a dollar weighted combination of Domestic and International Common Stock held in the Montana Domestic and Montana International Equity Pools.

<sup>2</sup> Montana International Equity blended benchmark.

<sup>3</sup> Retirement Fund Bond Pool.

<sup>4</sup> Montana Private Equity Pool.

<sup>5</sup> The S&P 1500 + 4% is lagged one quarter to reflect the lagged valuation nature of private equity investments.

<sup>6</sup> Montana Real Estate Pool.

<sup>7</sup> The NFI-ODCE (NCREIF Fund Index - Open-End Diversified Core Equity) is a fund-level capitalization-weighted, net of fee, time-weighted return index and includes property investments at ownership share, cash balances and leverage. This index is lagged one quarter to reflect the lagged valuation nature of private real estate investments.

<sup>8</sup> An Index Composite paralleling the Fund's Asset Allocation at market value.

The rates of return are provided by State Street Bank, the BOI's custodial bank for the plans, and are reported net of all management fees and expenses.



## INVESTMENT SECTION

### TOTAL RATES OF ANNUALIZED RETURN BY ASSET CLASS

Ten-Year Period ending June 30, 2015

<u>Asset Class</u>	<u>INDEX</u>	<u>PERS- DBRP</u>	<u>JRS</u>	<u>HPORS</u>	<u>SRS</u>
Cash Equivalents (STIP)		1.72%	1.70%	1.71%	1.70%
<i>Libor 1 Month</i>	1.64%				
Equities <sup>1</sup>		6.70%	6.70%	6.70%	6.70%
<i>S&amp;P 1500 Comp Index</i>	8.10%				
<i>International Equities<sup>2</sup></i>	5.56%				
Fixed Income <sup>3</sup>		5.38%	5.37%	5.37%	5.37%
<i>BC Aggregate Bond Index</i>	4.44%				
Private Equity <sup>4</sup>		10.56%	10.56%	10.56%	10.56%
<i>S&amp;P 1500 + 4%<sup>5</sup></i>	12.26%				
Real Estate <sup>6</sup>		2.59%			
<i>NFI-ODCE<sup>7</sup></i>	6.00%				
<b>Total Plan</b>		<b>6.59%</b>	<b>6.58%</b>	<b>6.59%</b>	<b>6.57%</b>
<b>Index Composite<sup>8</sup></b>		<b>6.81%</b>	<b>6.80%</b>	<b>6.80%</b>	<b>6.79%</b>
<u>Asset Class</u>	<u>INDEX</u>	<u>GWPORS</u>	<u>MPORS</u>	<u>FURS</u>	<u>VFCA</u>
Cash Equivalents (STIP)		1.68%	2.10%	1.73%	1.77%
<i>Libor 1 Month</i>	1.64%				
Equities <sup>1</sup>		6.71%	6.69%	6.69%	6.72%
<i>S&amp;P 1500 Comp Index</i>	8.10%				
<i>International Equities<sup>2</sup></i>	5.56%				
Fixed Income <sup>3</sup>		5.36%	5.37%	5.37%	5.37%
<i>BC Aggregate Bond Index</i>	4.44%				
Private Equity <sup>5</sup>		10.56%	10.56%	10.56%	10.56%
<i>S&amp;P 1500 + 4%<sup>5</sup></i>	12.26%				
Real Estate <sup>6</sup>					
<i>NFI-ODCE<sup>7</sup></i>	6.00%				
<b>Total Plan</b>		<b>6.53%</b>	<b>6.54%</b>	<b>6.56%</b>	<b>6.57%</b>
<b>Index Composite<sup>8</sup></b>		<b>6.75%</b>	<b>6.74%</b>	<b>6.76%</b>	<b>6.78%</b>

<sup>1</sup> Return is a dollar-weighted combination of Domestic and International Common Stock held in the Montana Domestic and Montana International Equity Pools.

<sup>2</sup> Montana International Equity blended benchmark.

<sup>3</sup> Retirement Fund Bond Pool.

<sup>4</sup> Montana Private Equity Pool.

<sup>5</sup> The S&P 1500 + 4% is lagged one quarter to reflect the lagged valuation nature of private equity investments.

<sup>6</sup> Montana Real Estate Pool.

<sup>7</sup> The NFI-ODCE (NCREIF Fund Index - Open-End Diversified Core Equity) is a fund-level capitalization-weighted, net of fee, time-weighted return index and includes property investments at ownership share, cash balances and leverage. This index is lagged one quarter to reflect the lagged valuation nature of private real estate investments.

<sup>8</sup> An Index Composite paralleling the Fund's Asset Allocation at market value.

The rates of return are provided by State Street Bank, the BOI's custodial bank for the plans, and are reported net of all management fees and expenses.

## INVESTMENT SECTION

### ASSET ALLOCATION

Asset allocation is the main determinant of investment returns, and will therefore impact the BOI's success in meeting long-term investment objectives. The asset allocation table below represents a diversified mix of asset classes designed to meet the long-term return needs of the plans while balancing

this objective with risk and liquidity considerations. The actual asset mix as of fiscal year end 2015 is listed in the following table along with the approved allocation ranges for the short term investment pool (STIP), fixed income investments, total equity investments, and real estate investments.

Fiscal Year 2015 ASSET ALLOCATION					
	Allocation Range	Actual Investment		Allocation Range	Actual Investment
<b>PERS-DBRP</b>			<b>GWORS</b>		
STIP	1% to 5%	1.77%	STIP	1% to 5%	2.11%
Fixed	22% to 30%	22.38%	Fixed	22% to 30%	22.30%
Equity	58% to 72%	66.99%	Equity	58% to 72%	66.76%
Real Estate	6% to 10%	8.86%	Real Estate	6% to 10%	8.83%
<b>JRS</b>			<b>MPORS</b>		
STIP	1% to 5%	2.04%	STIP	1% to 5%	1.62%
Fixed	22% to 30%	22.32%	Fixed	22% to 30%	22.41%
Equity	58% to 72%	66.79%	Equity	58% to 72%	67.08%
Real Estate	6% to 10%	8.85%	Real Estate	6% to 10%	8.89%
<b>HPORS</b>			<b>FURS</b>		
STIP	1% to 5%	1.57%	STIP	1% to 5%	1.83%
Fixed	22% to 30%	22.42%	Fixed	22% to 30%	22.37%
Equity	58% to 72%	67.13%	Equity	58% to 72%	66.93%
Real Estate	6% to 10%	8.88%	Real Estate	6% to 10%	8.87%
<b>SRS</b>			<b>VFCA</b>		
STIP	1% to 5%	2.11%	STIP	1% to 5%	6.92%
Fixed	22% to 30%	22.30%	Fixed	22% to 30%	21.21%
Equity	58% to 72%	66.76%	Equity	58% to 72%	63.45%
Real Estate	6% to 10%	8.83%	Real Estate	6% to 10%	8.42%

### PERS-DCRP Disability OPEB

MPERA and BOI have begun work to further diversify the assets of the PERS-DCRP Disability OPEB into longer term asset classes with potentially higher returns over time. The

actions to meet this objective will be taken as soon as administratively possible. As of June 30, 2015, the assets are still invested in the STIP.

## INVESTMENT SECTION

### INVESTMENT FEES AND COMMISSIONS

Throughout the fiscal year, the investment expense for certain investments (pools, real estate) are netted against the investment earnings. At year end, investment earnings are

“grossed up” to report the investment expense for the external manager, custodial bank fees and the BOI administrative cost. This process was implemented July 1, 1995, in compliance with GASB Statement No. 25.

<b>Fiscal 2015 BOI Administrative Expense Reconciliation</b>							
	<u>STIP</u>	<u>MDEP</u>	<u>MPEP</u>	<u>MTIP</u>	<u>MTRP</u>	<u>RFBP</u>	<u>Total</u>
PERS	\$ 205,614.95	\$ 7,289,925.24	\$ 10,367,921.83	\$ 2,493,840.14	\$ 6,144,025.99	\$ 1,199,605.31	\$ 27,700,933.46
JRS	3,662.90	124,535.68	177,175.68	42,611.91	105,009.85	20,486.95	473,482.97
HPORS	5,123.09	185,683.29	264,237.10	63,500.83	156,570.56	30,557.38	705,672.25
SRS	12,682.50	422,636.46	601,026.47	144,682.74	356,259.84	69,518.71	1,606,806.72
GWPORS	6,393.71	208,794.08	297,362.01	71,682.91	176,253.05	34,325.89	794,811.65
MPORS	12,981.42	464,229.27	662,041.94	158,397.43	390,234.18	76,219.01	1,764,103.25
FURS	13,417.39	469,542.62	669,513.34	160,330.54	394,658.29	77,075.77	1,784,537.95
VFCA	1,455.93	47,604.58	67,800.66	16,239.17	40,176.98	7,797.49	181,074.81
<b>Totals</b>	<b>\$ 261,331.89</b>	<b>\$ 9,212,951.22</b>	<b>\$ 13,107,079.03</b>	<b>\$ 3,151,285.67</b>	<b>\$ 7,763,188.74</b>	<b>\$ 1,515,586.51</b>	<b>\$ 35,011,423.06</b>

## INVESTMENT SECTION

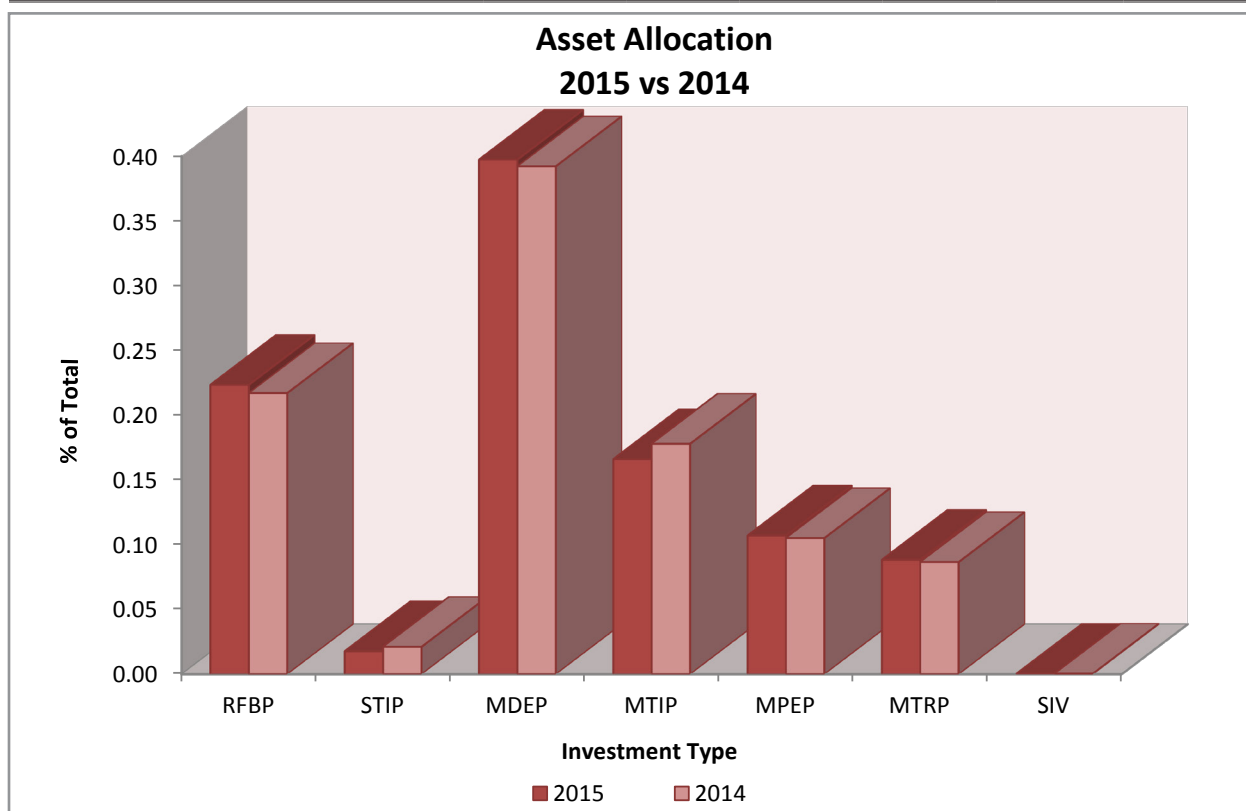
### PERS-DBRP

#### Asset Mix (fair value)

as of June 30, 2015 and 2014

(in thousands)

Investment Type	2015 Fair Value	% of Total	2014 Fair Value	% of Total	Dollar Change	% Change
<b>Fixed Income:</b>						
Retirement Funds Bond Pool (RFBP)	\$ 1,127,097	22.34%	\$ 1,069,517	21.70%	\$ 57,580	5.38%
STIP <sup>1</sup>	89,180	1.77%	103,602	2.10%	(14,422)	- 13.92%
<b>Total Fixed Income</b>	<b>\$ 1,216,277</b>	<b>24.11%</b>	<b>\$ 1,173,119</b>	<b>23.80%</b>	<b>\$ 43,158</b>	<b>3.68%</b>
<b>Equities:</b>						
Montana Domestic Equity Pool (MDEP)	\$ 2,004,038	39.74%	\$ 1,933,145	39.22%	\$ 70,893	3.67%
Montana International Equity Pool (MTIP)	837,968	16.60%	877,318	17.79%	(39,350)	- 4.49%
Montana Private Equity Pool (MPEP)	539,912	10.70%	517,873	10.51%	22,039	4.26%
<b>Total Equities</b>	<b>\$ 3,381,918</b>	<b>67.04%</b>	<b>\$ 3,328,336</b>	<b>67.52%</b>	<b>\$ 53,582</b>	<b>1.61%</b>
<b>Alternative Investments:</b>						
Montana Real Estate Pool (MTRP)	\$ 445,360	8.83%	\$ 426,528	8.65%	\$ 18,832	4.42%
Structured Investment Vehicles (SIV) <sup>1</sup>	766	0.02%	1,148	0.03%	(382)	- 33.28%
<b>Total Alternative Investments</b>	<b>\$ 446,126</b>	<b>8.85%</b>	<b>\$ 427,676</b>	<b>8.68%</b>	<b>\$ 18,450</b>	<b>4.31%</b>
<b>Total</b>	<b>\$ 5,044,321</b>	<b>100.00%</b>	<b>\$ 4,929,131</b>	<b>100.00%</b>	<b>\$ 115,190</b>	<b>2.34%</b>



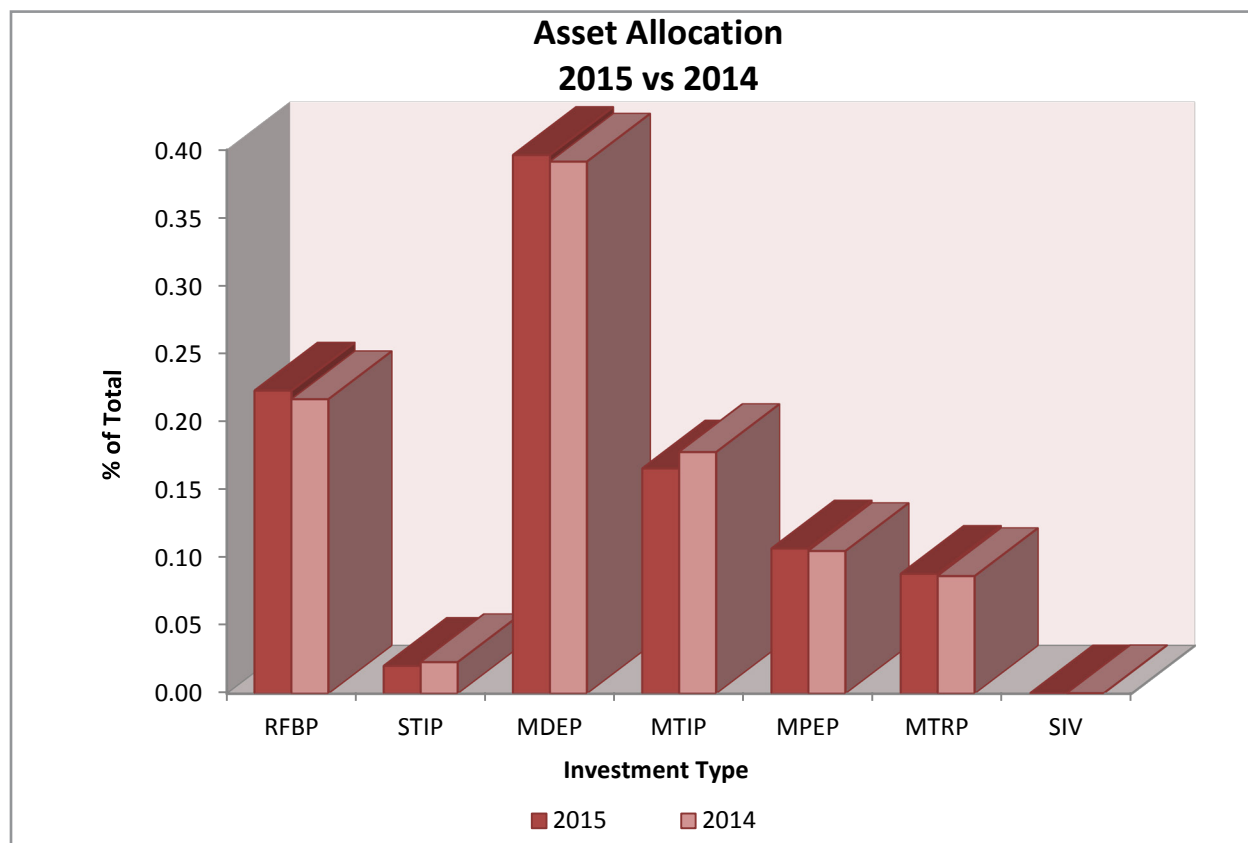
<sup>1</sup>These figures only include those of the Defined Benefit Retirement Plan, whereas the financial statements include the Defined Benefit Retirement Plan and the Defined Benefit Education Program.

**JRS**

**Asset Mix (fair value)  
as of June 30, 2015 and 2014**

(in thousands)

Investment Type	2015 Fair Value	% of Total	2014 Fair Value	% of Total	Dollar Change	% Change
<b>Fixed Income:</b>						
Retirement Funds Bond Pool (RFBP)	\$ 19,324	22.29%	\$ 18,164	21.65%	\$ 1,160	6.39%
STIP	1,770	2.04%	1,940	2.31%	(170)	-8.76%
<i>Total Fixed Income</i>	\$ 21,094	24.33%	\$ 20,104	23.96%	\$ 990	4.92%
<b>Equities:</b>						
Montana Domestic Equity Pool (MDEP)	\$ 34,351	39.61%	\$ 32,822	39.12%	\$ 1,529	4.66%
Montana International Equity Pool (MTIP)	14,358	16.56%	14,901	17.76%	(543)	-3.64%
Montana Private Equity Pool (MPEP)	9,255	10.67%	8,796	10.48%	459	5.22%
<i>Total Equities</i>	\$ 57,964	66.84%	\$ 56,519	67.37%	\$ 1,445	2.56%
<b>Alternative Investments:</b>						
Montana Real Estate Pool (MTRP)	\$ 7,640	8.81%	\$ 7,251	8.64%	\$ 389	5.36%
Structured Investment Vehicles (SIV)	15	0.02%	22	0.03%	(7)	-31.82%
<i>Total Alternative Investments</i>	\$ 7,655	8.83%	\$ 7,273	8.67%	\$ 382	5.25%
<b>Total</b>	<b>\$ 86,713</b>	<b>100.00%</b>	<b>\$ 83,896</b>	<b>100.00%</b>	<b>\$ 2,817</b>	<b>3.36%</b>



## INVESTMENT SECTION

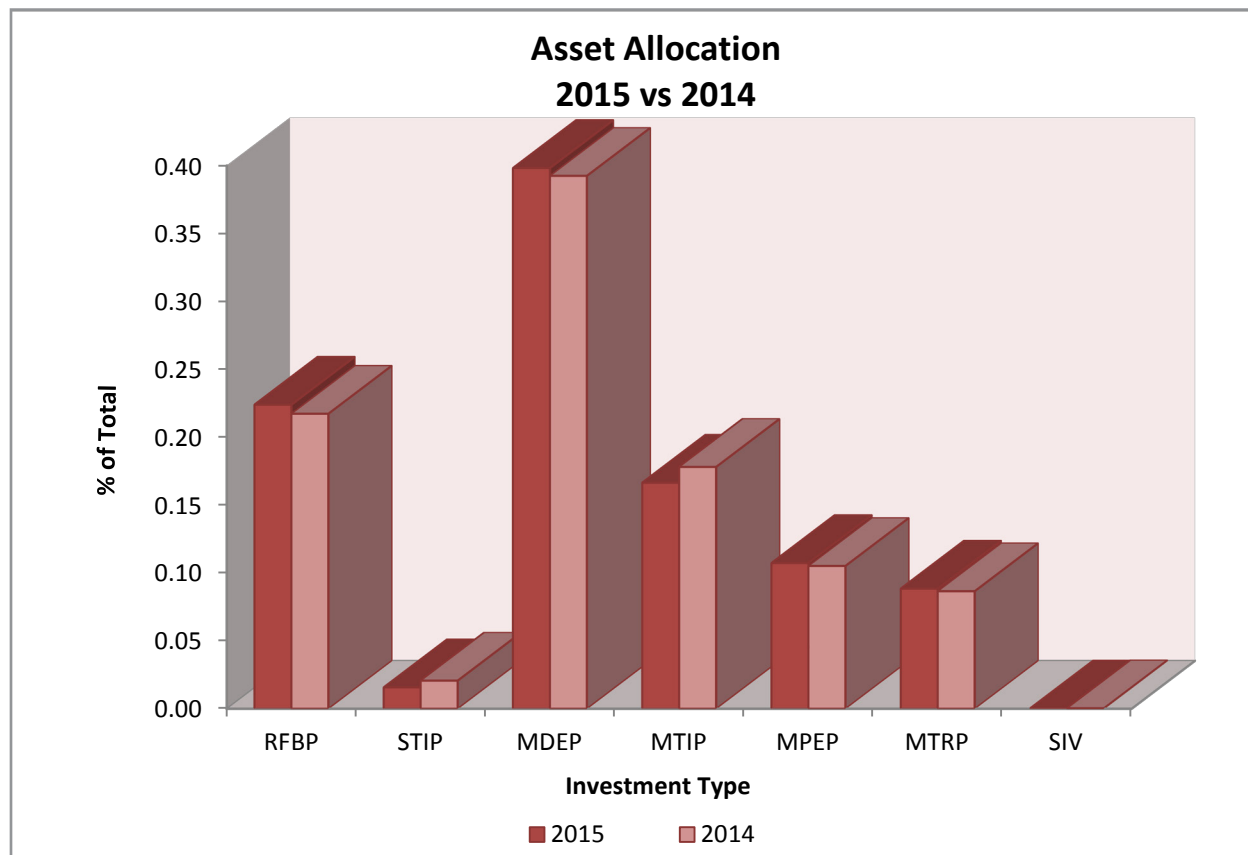
### HPORS

#### Asset Mix (fair value)

as of June 30, 2015 and 2014

(in thousands)

Investment Type	2015 Fair Value	% of Total	2014 Fair Value	% of Total	Dollar Change	% Change
<b>Fixed Income:</b>						
Retirement Funds Bond Pool (RFBP)	\$ 28,714	22.39%	\$ 27,240	21.72%	\$ 1,474	5.41%
STIP	2,012	1.57%	2,585	2.06%	(573)	- 22.17%
<b>Total Fixed Income</b>	<b>\$ 30,726</b>	<b>23.96%</b>	<b>\$ 29,825</b>	<b>23.78%</b>	<b>\$ 901</b>	<b>3.02%</b>
<b>Equities:</b>						
Montana Domestic Equity Pool (MDEP)	\$ 51,060	39.82%	\$ 49,217	39.24%	\$ 1,843	3.74%
Montana International Equity Pool (MTIP)	21,346	16.64%	22,336	17.80%	(990)	- 4.43%
Montana Private Equity Pool (MPEP)	13,757	10.73%	13,184	10.51%	573	4.35%
<b>Total Equities</b>	<b>\$ 86,163</b>	<b>67.19%</b>	<b>\$ 84,737</b>	<b>67.55%</b>	<b>\$ 1,426</b>	<b>1.68%</b>
<b>Alternative Investments:</b>						
Montana Real Estate Pool (MTRP)	\$ 11,349	8.84%	\$ 10,862	8.65%	\$ 487	4.48%
Structured Investment Vehicles (SIV)	17	0.01%	29	0.02%	(12)	- 41.38%
<b>Total Real Estate</b>	<b>\$ 11,366</b>	<b>8.85%</b>	<b>\$ 10,891</b>	<b>8.67%</b>	<b>\$ 475</b>	<b>4.36%</b>
<b>Total</b>	<b>\$ 128,255</b>	<b>100.00%</b>	<b>\$ 125,453</b>	<b>100.00%</b>	<b>\$ 2,802</b>	<b>2.23%</b>

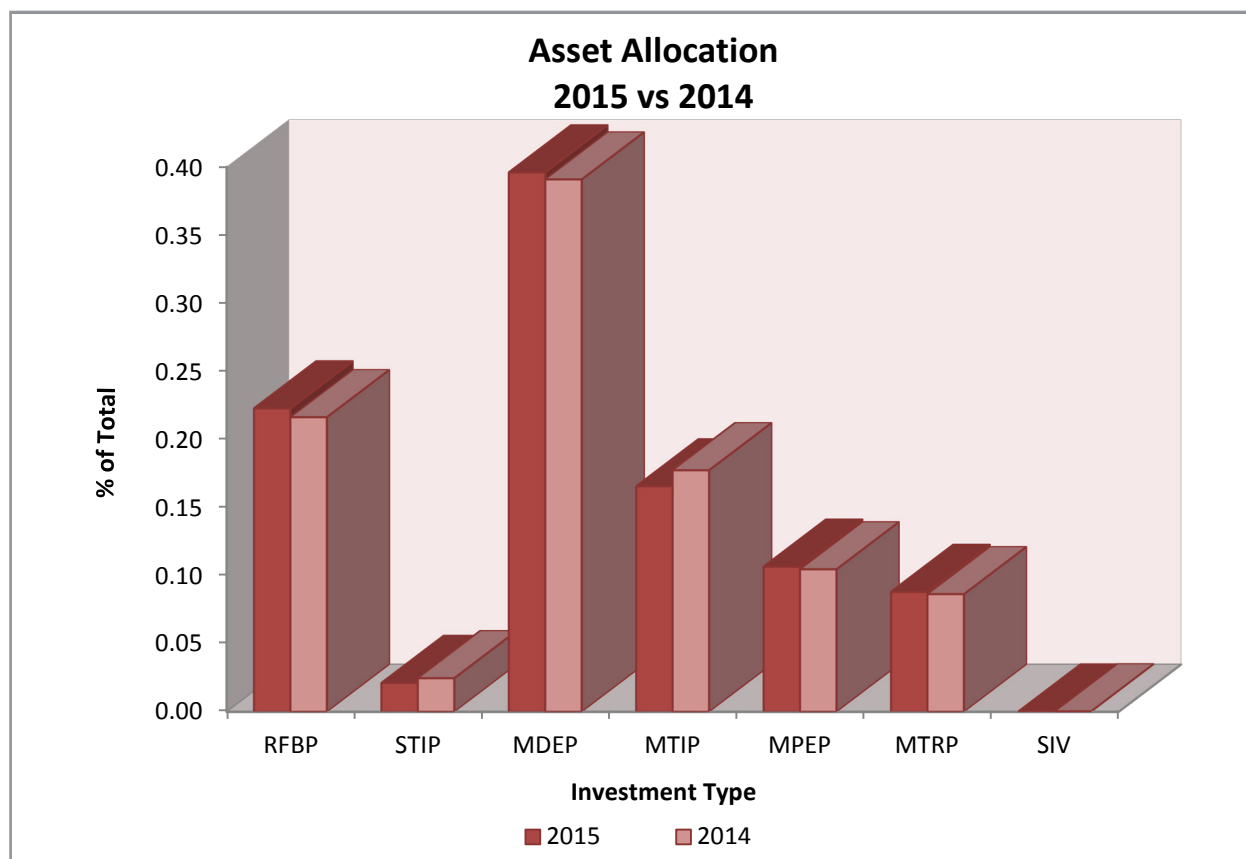


**SRS**

**Asset Mix (fair value)  
as of June 30, 2015 and 2014**

(in thousands)

Investment Type	2015 Fair Value	% of Total	2014 Fair Value	% of Total	Dollar Change	% Change
<b>Fixed Income:</b>						
Retirement Funds Bond Pool (RFBP)	\$ 65,674	22.27%	\$ 61,417	21.62%	\$ 4,257	6.93%
STIP	6,236	2.11%	6,984	2.46%	(748)	- 10.71%
<b>Total Fixed Income</b>	<b>\$ 71,910</b>	<b>24.38%</b>	<b>\$ 68,401</b>	<b>24.08%</b>	<b>\$ 3,509</b>	<b>5.13%</b>
<b>Equities:</b>						
Montana Domestic Equity Pool (MDEP)	\$ 116,812	39.60%	\$ 110,982	39.08%	\$ 5,830	5.25%
Montana International Equity Pool (MTIP)	48,818	16.55%	50,346	17.73%	(1,528)	- 3.03%
Montana Private Equity Pool (MPEP)	31,447	10.65%	29,720	10.45%	1,727	5.81%
<b>Total Equities</b>	<b>\$ 197,077</b>	<b>66.80%</b>	<b>\$ 191,048</b>	<b>67.26%</b>	<b>\$ 6,029</b>	<b>3.16%</b>
<b>Alternative Investments:</b>						
Montana Real Estate Pool (MTRP)	\$ 25,966	8.80%	\$ 24,475	8.63%	\$ 1,491	6.09%
Structured Investment Vehicles (SIV)	54	0.02%	77	0.03%	(23)	- 29.87%
<b>Total Alternative Investments</b>	<b>\$ 26,020</b>	<b>8.82%</b>	<b>\$ 24,552</b>	<b>8.66%</b>	<b>\$ 1,468</b>	<b>5.98%</b>
<b>Total</b>	<b>\$ 295,007</b>	<b>100.00%</b>	<b>\$ 284,001</b>	<b>100.00%</b>	<b>\$ 11,006</b>	<b>3.88%</b>



## INVESTMENT SECTION

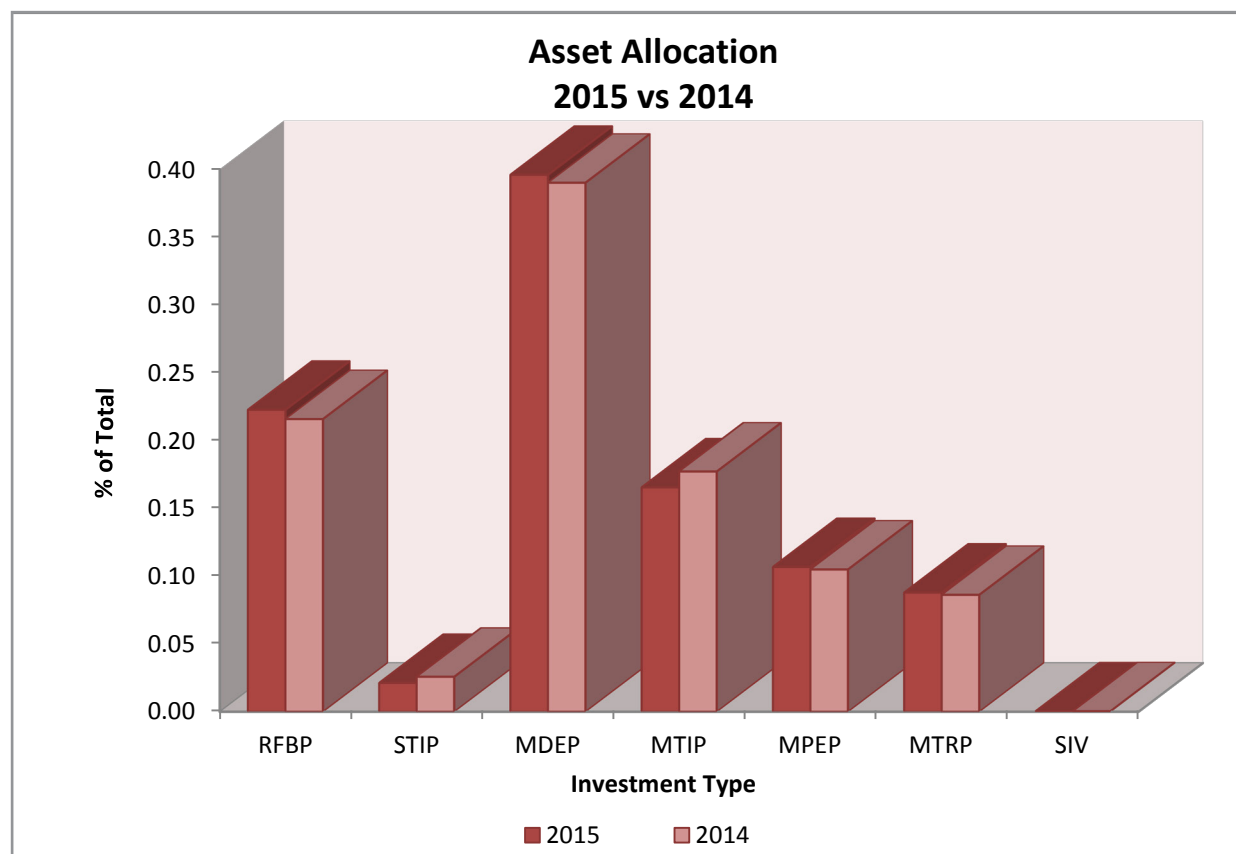
### GWPORS

#### Asset Mix (fair value)

as of June 30, 2015 and 2014

(in thousands)

Investment Type	2015 Fair Value	% of Total	2014 Fair Value	% of Total	Dollar Change	% Change
<b>Fixed Income:</b>						
Retirement Funds Bond Pool (RFBP)	\$ 32,954	22.27%	\$ 29,848	21.58%	\$ 3,106	10.41%
STIP	3,132	2.12%	3,546	2.57%	(414)	- 11.68%
<i>Total Fixed Income</i>	<i>\$ 36,086</i>	<i>24.39%</i>	<i>\$ 33,394</i>	<i>24.15%</i>	<i>\$ 2,692</i>	<i>8.06%</i>
<b>Equities:</b>						
Montana Domestic Equity Pool (MDEP)	\$ 58,608	39.60%	\$ 53,925	39.01%	\$ 4,683	8.68%
Montana International Equity Pool (MTIP)	24,481	16.54%	24,482	17.71%	(1)	0.00%
Montana Private Equity Pool (MPEP)	15,792	10.67%	14,481	10.49%	1,311	9.05%
<i>Total Equities</i>	<i>\$ 98,881</i>	<i>66.81%</i>	<i>\$ 92,888</i>	<i>67.21%</i>	<i>\$ 5,993</i>	<i>6.45%</i>
<b>Alternative Investments:</b>						
Montana Real Estate Pool (MTRP)	\$ 13,014	8.78%	\$ 11,906	8.61%	\$ 1,108	9.31%
Structured Investment Vehicles (SIV)	27	0.02%	39	0.03%	(12)	- 30.77%
<i>Total Alternative Investments</i>	<i>\$ 13,041</i>	<i>8.80%</i>	<i>\$ 11,945</i>	<i>8.64%</i>	<i>\$ 1,096</i>	<i>9.18%</i>
<b>Total</b>	<b>\$ 148,008</b>	<b>100.00%</b>	<b>\$ 138,227</b>	<b>100.00%</b>	<b>\$ 9,781</b>	<b>7.08%</b>



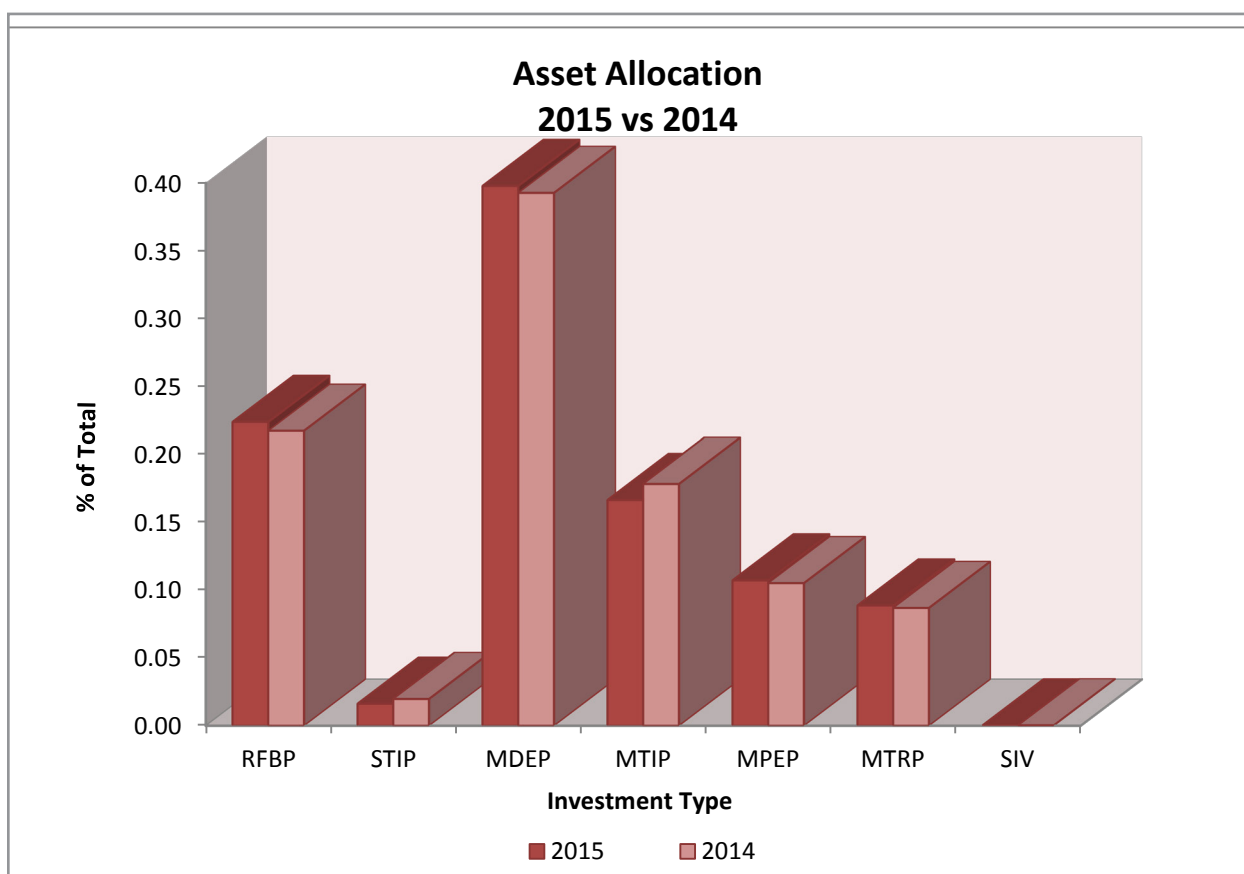


**MPORS**

**Asset Mix (fair value)  
as of June 30, 2015 and 2014**

(in thousands)

Investment Type	2015 Fair Value	% of Total	2014 Fair Value	% of Total	Dollar Change	% Change
<b>Fixed Income:</b>						
Retirement Funds Bond Pool (RFBP)	\$ 71,807	22.38%	\$ 66,377	21.73%	\$ 5,430	8.18%
STIP	5,189	1.62%	6,007	1.97%	(818)	- 13.62%
<b>Total Fixed Income</b>	<b>\$ 76,996</b>	<b>24.00%</b>	<b>\$ 72,384</b>	<b>23.70%</b>	<b>\$ 4,612</b>	<b>6.37%</b>
<b>Equities:</b>						
Montana Domestic Equity Pool (MDEP)	\$ 127,640	39.78%	\$ 119,961	39.27%	\$ 7,679	6.40%
Montana International Equity Pool (MTIP)	53,385	16.64%	54,440	17.82%	(1,055)	- 1.94%
Montana Private Equity Pool (MPEP)	34,373	10.71%	32,111	10.51%	2,262	7.04%
<b>Total Equities</b>	<b>\$ 215,398</b>	<b>67.13%</b>	<b>\$ 206,512</b>	<b>67.60%</b>	<b>\$ 8,886</b>	<b>4.30%</b>
<b>Alternative Investments:</b>						
Montana Real Estate Pool (MTRP)	\$ 28,401	8.86%	\$ 26,516	8.68%	\$ 1,885	7.11%
Structured Investment Vehicles (SIV)	45	0.01%	67	0.02%	(22)	- 32.84%
<b>Total Alternative Investments</b>	<b>\$ 28,446</b>	<b>8.87%</b>	<b>\$ 26,583</b>	<b>8.70%</b>	<b>\$ 1,863</b>	<b>7.01%</b>
<b>Total</b>	<b>\$ 320,840</b>	<b>100.00%</b>	<b>\$ 305,479</b>	<b>100.00%</b>	<b>\$ 15,361</b>	<b>5.03%</b>



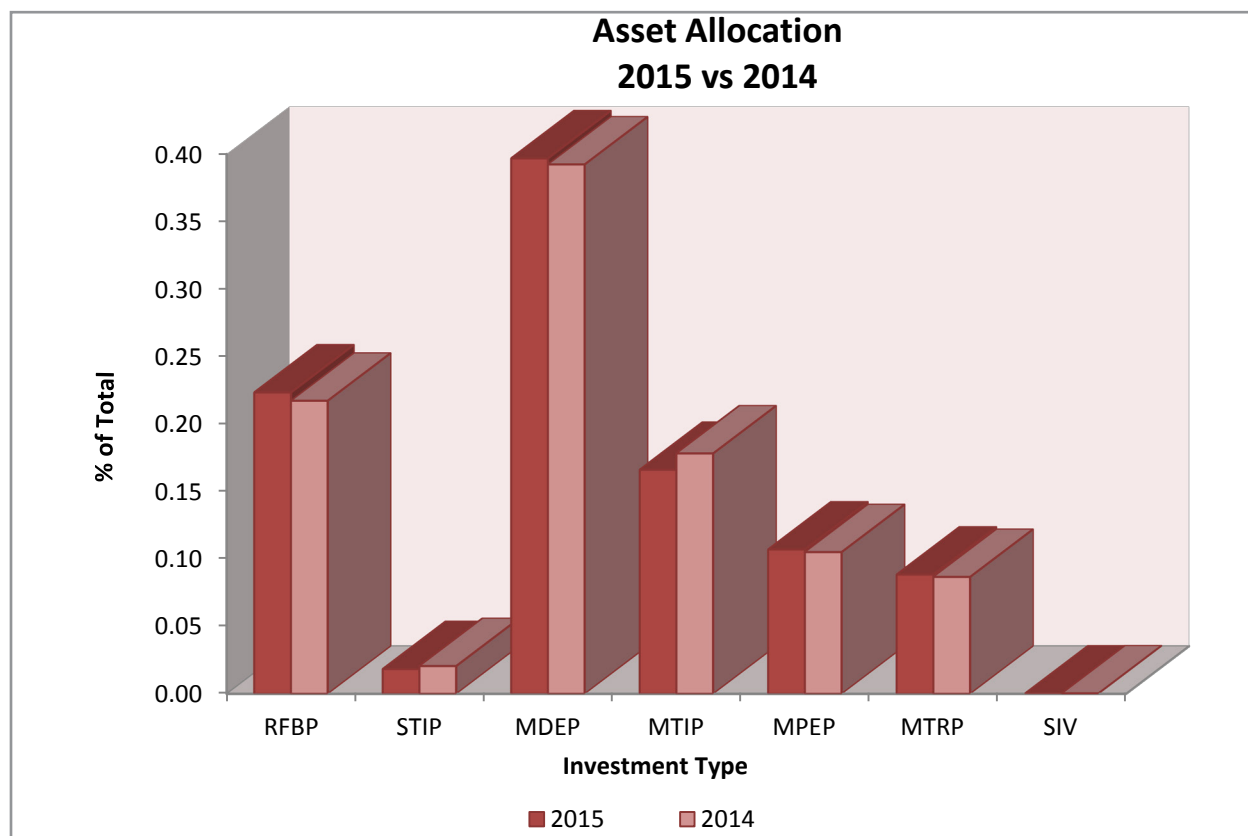
# INVESTMENT SECTION

## FURS

### Asset Mix (fair value) as of June 30, 2015 and 2014

(in thousands)

Investment Type	2015 Fair Value	% of Total	2014 Fair Value	% of Total	Dollar Change	% Change
<b>Fixed Income:</b>						
Retirement Funds Bond Pool (RFBP)	\$ 72,899	22.34%	\$ 66,856	21.72%	\$ 6,043	9.04%
STIP	5,972	1.83%	6,327	2.05%	(355)	- 5.61%
<b>Total Fixed Income</b>	<b>\$ 78,871</b>	<b>24.17%</b>	<b>\$ 73,183</b>	<b>23.77%</b>	<b>\$ 5,688</b>	<b>7.77%</b>
<b>Equities:</b>						
Montana Domestic Equity Pool (MDEP)	\$ 129,543	39.69%	\$ 120,837	39.24%	\$ 8,706	7.20%
Montana International Equity Pool (MTIP)	54,178	16.60%	54,855	17.81%	(677)	- 1.23%
Montana Private Equity Pool (MPEP)	34,900	10.69%	32,332	10.50%	2,568	7.94%
<b>Total Equities</b>	<b>\$ 218,621</b>	<b>66.98%</b>	<b>\$ 208,024</b>	<b>67.55%</b>	<b>\$ 10,597</b>	<b>5.09%</b>
<b>Alternative Investments:</b>						
Montana Real Estate Pool (MTRP)	\$ 28,829	8.83%	\$ 26,667	8.66%	\$ 2,162	8.11%
Structured Investment Vehicles (SIV)	51	0.02%	70	0.02%	(19)	- 27.14%
<b>Total Alternative Investments</b>	<b>\$ 28,880</b>	<b>8.85%</b>	<b>\$ 26,737</b>	<b>8.68%</b>	<b>\$ 2,143</b>	<b>8.02%</b>
<b>Total</b>	<b>\$ 326,372</b>	<b>100.00%</b>	<b>\$ 307,944</b>	<b>100.00%</b>	<b>\$ 18,428</b>	<b>5.98%</b>

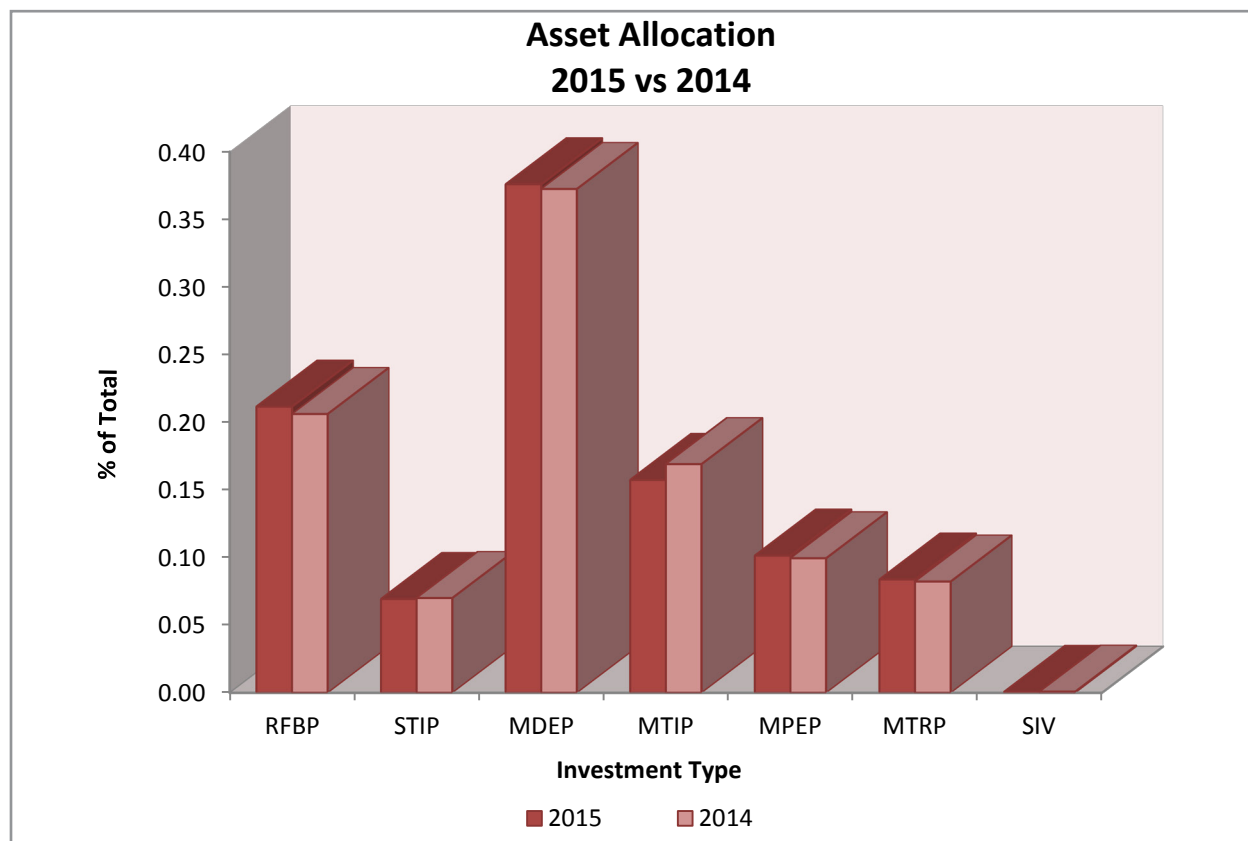


**VFCA**

**Asset Mix (fair value)  
as of June 30, 2015 and 2014**

(in thousands)

Investment Type	2015 Fair Value	% of Total	2014 Fair Value	% of Total	Dollar Change	% Change
<b>Fixed Income:</b>						
Retirement Funds Bond Pool (RFBP)	\$ 7,181	21.16%	\$ 6,834	20.61%	\$ 347	5.08%
STIP	2,350	6.93%	2,322	7.00%	28	1.21%
<b>Total Fixed Income</b>	<b>\$ 9,531</b>	<b>28.09%</b>	<b>\$ 9,156</b>	<b>27.61%</b>	<b>\$ 375</b>	<b>4.10%</b>
<b>Equities:</b>						
Montana Domestic Equity Pool (MDEP)	\$ 12,759	37.60%	\$ 12,354	37.25%	\$ 405	3.28%
Montana International Equity Pool (MTIP)	5,339	15.74%	5,603	16.90%	(264)	-4.71%
Montana Private Equity Pool (MPEP)	3,439	10.14%	3,297	9.94%	142	4.31%
<b>Total Equities</b>	<b>\$ 21,537</b>	<b>63.48%</b>	<b>\$ 21,254</b>	<b>64.09%</b>	<b>\$ 283</b>	<b>1.33%</b>
<b>Alternative Investments:</b>						
Montana Real Estate Pool (MTRP)	\$ 2,840	8.37%	\$ 2,726	8.22%	\$ 114	4.18%
Structured Investment Vehicles (SIV)	21	0.06%	26	0.08%	(5)	-23.08%
<b>Total Alternative Investments</b>	<b>\$ 2,861</b>	<b>8.43%</b>	<b>\$ 2,752</b>	<b>8.30%</b>	<b>\$ 109</b>	<b>3.92%</b>
<b>Total</b>	<b>\$ 33,929</b>	<b>100.00%</b>	<b>\$ 33,162</b>	<b>100.00%</b>	<b>\$ 767</b>	<b>2.31%</b>



## INVESTMENT SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### Largest Holdings (by portfolio fair value)

**as of June 30, 2015**

*(in thousands)*

A complete list of the portfolio holdings can be obtained by contacting the Montana Board of Investments. The information below is PERB's presentation of the largest holdings.

Shares/Par	MDEP Portfolio By Manager	Fair Value
3,208	Blackrock Equity Index Fund	\$ 2,246,496
13,676	JP Morgan Investments	350,671
7,345	T Rowe Price	348,143
7,297	Timesquare	152,779
10,009	Artisan	134,300
2,971	Intech	129,752
3,928	Analytics Investments	127,527
5,344	Vaughan Nelson	86,661
34	Dimensional Fund Advisors Inc	78,634
1,674	Blackrock Midcap Equity Ind Fund	72,646

PERS' 7,905,849 shares represent 50.31% of the total MDEP portfolio at market.

JRS' 135,513 shares represent 0.86% of the total MDEP portfolio at market.

HPORS' 201,431 shares represent 1.28% of the total MDEP portfolio at market.

SRS' 460,817 shares represent 2.93% of the total MDEP portfolio at market.

GWPORS' 231,207 shares represent 1.47% of the total MDEP portfolio at market.

MPORS' 503,537 shares represent 3.20% of the total MDEP portfolio at market.

FURS' 511,042 shares represent 3.25% of the total MDEP portfolio at market.

VFCA's 50,333 shares represent 0.32% of the total MDEP portfolio at market.

Shares/Par	RFBP Portfolio By Manager	Fair Value
1,653,957	Core Internal Bond Portfolio	\$ 1,701,180
236,994	Reams Asset Management	235,113
132,896	Aberdeen Asset Management	108,214
108,497	Neuberger Berman	107,642
57,716	Post Advisory Group	59,030
8,607	Montana Residential Mortgages	7,999
1,143	Short Term Investment Pool	1,143

PERS' 1,004,569,266 shares represent 50.76% of the total RFBP portfolio at market.

JRS' 17,223,369 shares represent 0.87% of the total RFBP portfolio at market.

HPORS' 25,592,892 shares represent 1.29% of the total RFBP portfolio at market.

SRS' 58,534,833 shares represent 2.96% of the total RFBP portfolio at market.

GWPORS' 29,371,624 shares represent 1.48% of the total RFBP portfolio at market.

MPORS' 64,000,428 shares represent 3.23% of the total RFBP portfolio at market.

FURS' 64,974,218 shares represent 3.28% of the total RFBP portfolio at market.

VFCA's 6,400,299 shares represent 0.32% of the total RFBP portfolio at market.

**Public Employees' Retirement Board**

*A Component Unit of the State of Montana*

**Largest Holdings (by portfolio fair value)**

**as of June 30, 2015**

*(in thousands)*

Shares/Par	MTIP Portfolio By Manager	Fair Value
44,728	Blackrock ACWI EX US Superfund	\$ 1,057,357
24,521	Acadian	102,506
13,805	Lazard Asset Management	95,460
6,953	Baillie Gifford	90,326
11,722	Invesco	89,479
4,383	DFA International Small Co	80,997
17,369	Templeton Investment Counsel	50,984
785	Blackrock MSCI EM Mkt Fr FD B	33,766
5,550	American Century Inv Management	30,436
2,534	Blackrock ACWI EX US Small Cap	28,963

PERS' 4,855,864 shares represent 50.24% of the total MTIP portfolio at market.

JRS' 83,201 shares represent 0.86% of the total MTIP portfolio at market.

HPORS' 123,697 shares represent 1.28% of the total MTIP portfolio at market.

SRS' 282,890 shares represent 2.93% of the total MTIP portfolio at market.

GWPORS' 141,862 shares represent 1.47% of the total MTIP portfolio at market.

MPORS' 309,358 shares represent 3.20% of the total MTIP portfolio at market.

FURS' 313,954 shares represent 3.25% of the total MTIP portfolio at market.

VFCA's 30,938 shares represent 0.32% of the total MTIP portfolio at market.

Shares/Par	MPEP Portfolio By Manager	Fair Value
108,157	Adams Street	\$ 86,823
53,663	Lexington	57,364
34,496	Portfolio Advisors	50,840
36,519	Harbour Vest	50,101
41,519	Centerbridge	47,294
29,477	Veritas	41,733
28,146	Northgate	38,055
21,608	State Street	34,434
23,779	Axiom	33,181
23,895	HCI Equity	32,636

PERS' 1,792,788 shares represent 50.19% of the total MPEP portfolio at market.

JRS' 30,731 shares represent 0.86% of the total MPEP portfolio at market.

HPORS' 45,680 shares represent 1.28% of the total MPEP portfolio at market.

SRS' 104,420 shares represent 2.92% of the total MPEP portfolio at market.

GWPORS' 52,437 shares represent 1.47% of the total MPEP portfolio at market.

MPORS' 114,135 shares represent 3.19% of the total MPEP portfolio at market.

FURS' 115,885 shares represent 3.24% of the total MPEP portfolio at market.

VFCA's 11,420 shares represent 0.32% of the total MPEP portfolio at market.

## INVESTMENT SECTION

---

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### Largest Holdings (by portfolio fair value)

*as of June 30, 2015*

*(in thousands)*

Shares/Par	MTRP Portfolio By Manager	Fair Value
60	JP Morgan	\$ 151,947
7	UBS Realty Investors LLC	72,963
51,232	Angelo Gordon	50,161
39,060	Molpus Woodlands	46,358
88	TIAA CREF	46,027
-	Invesco Real Estate	45,996
40,986	DRA Advisors	43,246
20,837	CIM Fund	36,190
34,177	ABR Chesapeake	35,017
29,874	CBRE Strategic Partners	33,141

PERS' 4,421,751 shares represent 49.97% of the total MTRP portfolio at market.

JRS' 75,856 shares represent 0.86% of the total MTRP portfolio at market.

HPORS' 112,683 shares represent 1.27% of the total MTRP portfolio at market.

SRS' 257,806 shares represent 2.91% of the total MTRP portfolio at market.

GWPORS' 129,209 shares represent 1.46% of the total MTRP portfolio at market.

MPORS' 281,977 shares represent 3.19% of the total MTRP portfolio at market.

FURS' 286,226 shares represent 3.23% of the total MTRP portfolio at market.

VFCA's 28,195 shares represent 0.32% of the total MTRP portfolio at market.

This page intentionally left blank

## INVESTMENT SECTION

### Public Employees' Retirement Board

A Component Unit of the State of Montana

#### Investment Summary

as of June 30, 2015

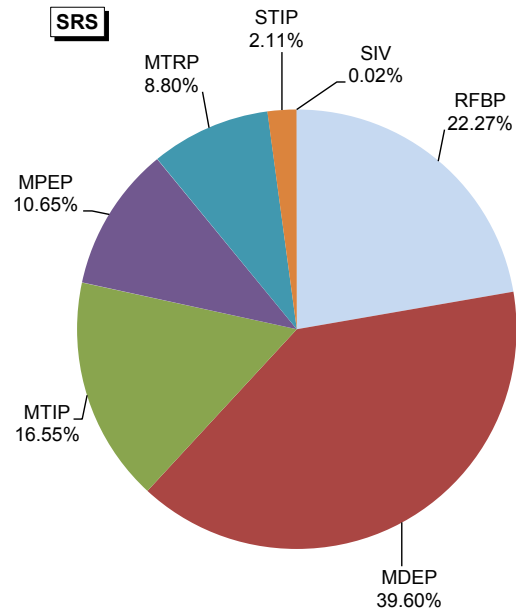
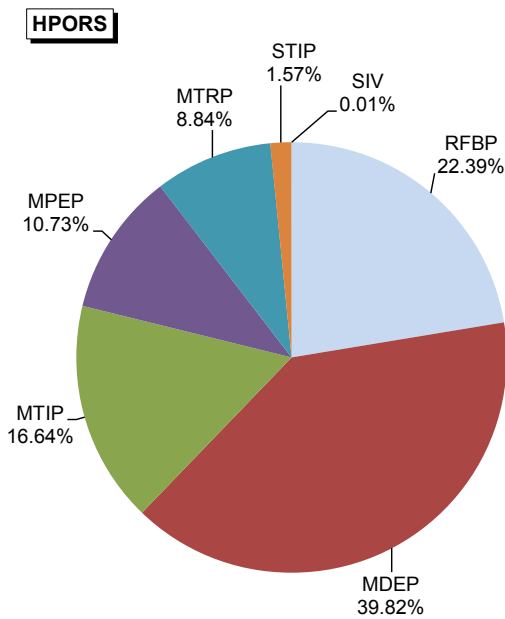
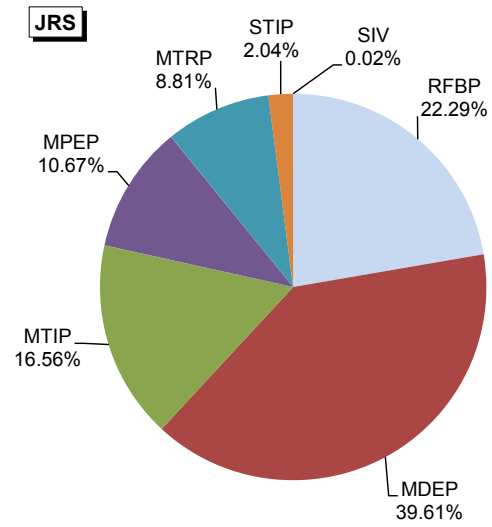
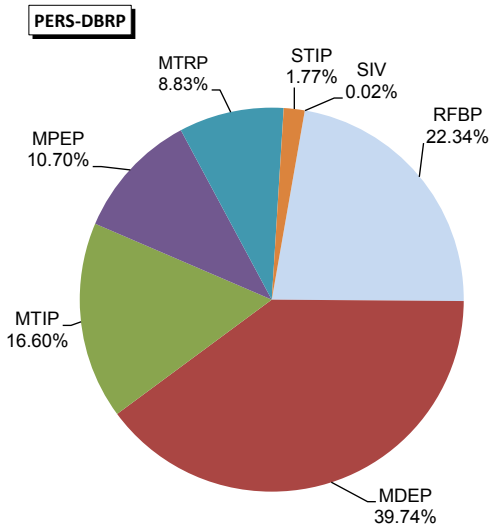
(in thousands)

Type of Investment	PERS-DBRP		JRS		HPORS		SRS		
	% of Total		% of Total		% of Total		% of Total		
	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	
<i>Fixed Income</i>									
Retirement Funds Bond Pool	\$ 1,127,097	22.34%	\$ 19,324	22.29%	\$ 28,714	22.39%	\$ 65,674	22.27%	
<i>Equities</i>									
Montana Domestic Equity Pool	2,004,038	39.74%	34,351	39.61%	51,060	39.82%	116,812	39.60%	
Montana International Equity Pool	837,968	16.60%	14,358	16.56%	21,346	16.64%	48,818	16.55%	
Montana Private Equity Pool	539,912	10.70%	9,255	10.67%	13,757	10.73%	31,447	10.65%	
<i>Alternative Investments</i>									
Montana Real Estate Pool	445,360	8.83%	7,640	8.81%	11,349	8.84%	25,966	8.80%	
Structured Investment Vehicles <sup>1</sup>	766	0.02%	15	0.02%	17	0.01%	54	0.02%	
<i>Short Term Investments</i>									
Short Term Investment Pool <sup>1</sup>	89,180	1.77%	1,770	2.04%	2,012	1.57%	6,236	2.11%	
<b>Total</b>	<b>\$ 5,044,321</b>	<b>100.00%</b>	<b>\$ 86,713</b>	<b>100.00%</b>	<b>\$ 128,255</b>	<b>100.00%</b>	<b>\$ 295,007</b>	<b>100.00%</b>	

<sup>1</sup> These figures only include those of the Defined Benefit Retirement Plan, whereas the financial statements include the total in the Defined Benefit Retirement Plan and the Defined Benefit Education Program.



# INVESTMENT SECTION



Retirement Funds Bond Pool - RFBP	Montana Domestic Equity Pool - MDEP
Montana Real Estate Pool - MTRP	Montana International Equity Pool - MTIP
Montana Private Equity Pool - MPEP	Short Term Investment Pool - STIP
Structured Investment Vehicles - SIV	

## INVESTMENT SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### Investment Summary

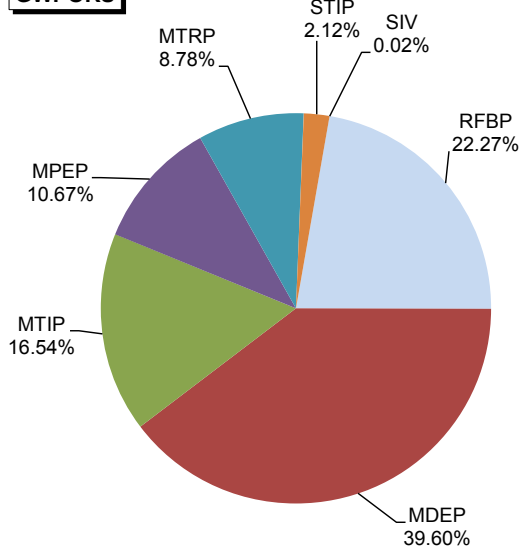
**as of June 30, 2015**

(in thousands)

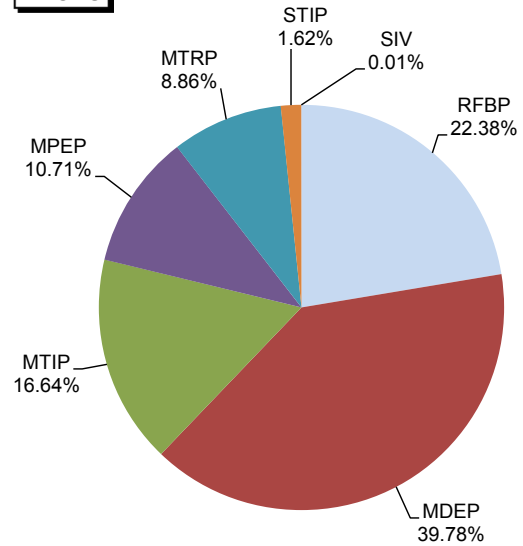
Type of Investment	GWPORS		MPORS		FURS		VFCA	
	% of Total		% of Total		% of Total		% of Total	
	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
<i>Fixed Income</i>								
Retirement Funds Bond Pool	\$ 32,954	22.27%	\$ 71,807	22.38%	\$ 72,899	22.34%	\$ 7,181	21.16%
<i>Equities</i>								
Montana Domestic Equity Pool	58,608	39.60%	127,640	39.78%	129,543	39.69%	12,759	37.60%
Montana International Equity Pool	24,481	16.54%	53,385	16.64%	54,178	16.60%	5,339	15.74%
Montana Private Equity Pool	15,792	10.67%	34,373	10.71%	34,900	10.69%	3,439	10.14%
<i>Alternative Investments</i>								
Montana Real Estate Pool	13,014	8.78%	28,401	8.86%	28,829	8.83%	2,840	8.37%
Structured Investment Vehicles	27	0.02%	45	0.01%	51	0.02%	21	0.06%
<i>Short Term Investments</i>								
Short Term Investment Pool	3,132	2.12%	5,189	1.62%	5,972	1.83%	2,350	6.93%
<b>Total</b>	<b>\$ 148,008</b>	<b>100.00%</b>	<b>\$ 320,840</b>	<b>100.00%</b>	<b>\$ 326,372</b>	<b>100.00%</b>	<b>\$ 33,929</b>	<b>100.00%</b>

# INVESTMENT SECTION

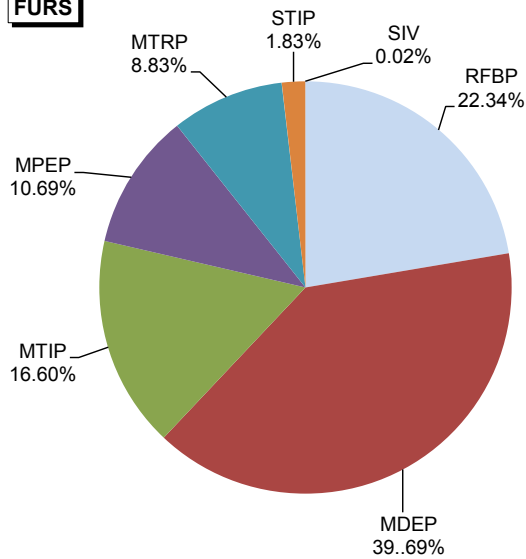
**GWPORS**



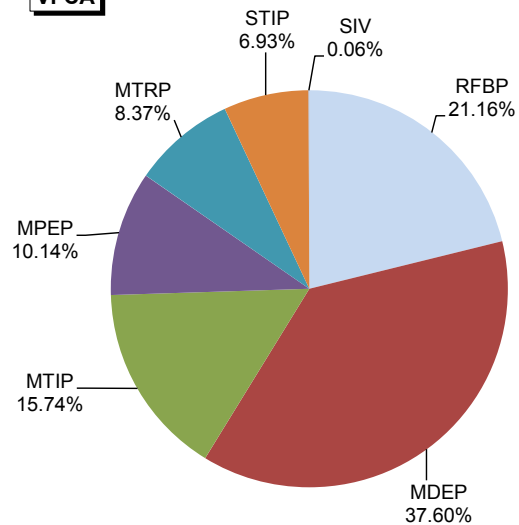
**MPORS**



**FURS**



**VFCA**



Retirement Funds Bond Pool - RFBP  
 Montana Real Estate Pool - MTRP  
 Montana Private Equity Pool - MPEP  
 Structured Investment Vehicles - SIV

Montana Domestic Equity Pool - MDEP  
 Montana International Equity Pool - MTIP  
 Short Term Investment Pool - STIP

## INVESTMENT SECTION

---

This page intentionally left blank



**Pasqueflower**

Grows from prairies to mountain slopes, mostly on well-drained soil, and can be found in west and central parts of Montana. (*montanaplant-life.org*)

Photo courtesy of Bill Hallinan

**Penstemon**

Also known as Beardtongue, this plant can often be found in open, rocky places at moderate to high elevations. (*montanaplant-life.org*)

Photo courtesy of Roberta Scow



**Mountain Bluebells**

This plant grows along stream banks, wet meadows, damp thickets and wet cliffs. The flowers are edible raw. (*montanaplant-life.org*)

Photo courtesy of Laurie Logan

**Sugar Bowls**

This flower can be found in grasslands, sagebrush plains, and ponderosa pine forests. Although no reports of toxicity have been seen for this species, some if not all members of this genus are mildly poisonous. (*montanaplant-life.org*)

Photo courtesy of Laurie Logan





*Via Electronic Mail*

November 24, 2015

Public Employees’ Retirement Board  
 100 North Park Avenue, Suite 200  
 Helena, Montana 59620

Dear Members of the Board:

At your request, we have conducted the June 30, 2015 annual actuarial valuation for each of the eight funded pension programs administered by the Public Employees’ Retirement Board.

**Valuation Results**

The funding objective for each System is to pay the Normal Cost plus an amount that would amortize the Unfunded Actuarial Liability over a period of not more than 30 years. The member, employer, and state contributions are set forth in statute. Our findings indicate the projected income stream from the expected contributions will be sufficient to pay the Normal Costs and amortize the Unfunded Actuarial Liability as a level percentage of future payroll for the following four Systems. The amortization periods are shown below.

- Public Employees’ Retirement System (PERS) 27.2 years
- Highway Patrol Officers’ Retirement System (HPORS) 28.5 years
- Municipal Police Officers’ Retirement System (MPORS) 18.3 years
- Firefighters’ Unified Retirement System (FURS) 9.7 years

The amortization periods above are based upon the Actuarial Value of Assets which recognizes investment gains and losses over a four-year period. If the Market Value of Assets had been used, the amortization periods above would have been 23.5, 26.1, 17.3, and 9.0 years respectively.

For two of the Systems, our findings indicate the projected income stream from the expected contributions will be sufficient to pay the Normal Costs, but will not be sufficient to amortize the Unfunded Actuarial Liability.

- Sheriffs’ Retirement System (SRS)
- Game Wardens’ and Peace Officers’ Retirement System (GWPORS)

Based on the assumed level of future revenue, the Unfunded Actuarial Liability for the Volunteer Firefighters’ Compensation Act (VFCA) is expected to be amortized over 9.3 years using the Actuarial Value of Assets and over 8.4 years using Market Value of Assets. The Judges’ Retirement System (JRS) had an Actuarial Surplus as of June 30, 2015.



## ACTUARIAL SECTION

---

Public Employees' Retirement Board  
November 4, 2015  
Page 2

The changes in funded status for each System are shown below based on the Actuarial Value of Assets:

	<u>2014</u>	<u>2015</u>
PERS	74%	76%
JRS	155%	164%
HPORS	64%	65%
SRS	81%	83%
GWPORS	84%	84%
MPORS	63%	66%
FURS	72%	76%
VFCA	82%	75%

Due to net investment gains over the period from June 30, 2012 through June 30, 2015, which are being recognized over four years, the Actuarial Value of Assets as of June 30, 2015 was less than the Market Value of Assets by about 2% to 3% for each of the Systems. If the Market Value of Assets had been used to determine the funded status, the funded status of each of the Systems would have been higher than using the Actuarial Value of Assets.

For PERS, HB 454 requires that the actuarial valuation determine whether certain temporary employer and member contributions can be discontinued at January 1, 2016. Based upon our valuation results as of June 30, 2015, temporary employer and member contributions cannot be discontinued at January 1, 2016.

At the request of the Board, we have also performed a valuation as of June 30, 2015 of the PERS Long Term Disability Plan under the Defined Contribution Plan. This valuation is the second valuation we have performed of this plan. Our findings indicate that the employer contributions are not sufficient to pay Normal Costs or to amortize the Unfunded Actuarial Liability. The funded ratio increased from 81% as of June 30, 2013 to 86% as of June 30, 2015.

### **Assumptions and Methods**

The valuations of the pension systems are the seventh such valuations performed for the Board by Cheiron. The current actuarial assumptions were adopted by the Board for the June 30, 2010 valuations following an actuarial experience study.

The actuarial assumptions reflect our understanding of the likely future experience of the System, and the assumptions as a whole represent our best estimate for the future experience of the System. Future results may differ significantly from the current results presented in this report due to future experience deviating from these assumptions.



Public Employees' Retirement Board  
November 4, 2015  
Page 3

The calculations in the following exhibits have been made on a basis consistent with our understanding of the Systems' funding requirements and goals. Determinations for purposes other than meeting these requirements may be significantly different from the results in this letter. Accordingly, additional determinations may be needed for other purposes.

### **Reliance on Others**

In preparing the actuarial valuations, we relied on information (some oral and some written) supplied by the staff of the Public Employee Retirement Administration. This information includes, but is not limited to, plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

### **Supporting Schedules**

The following schedules in this Actuarial Section were provided by Cheiron to support these actuarial results:

- Schedule of Active Member Composition
- Schedule of Retiree Member Composition
- Schedule of Disabled Member Composition
- Schedule of Converted Disabled Member Composition
- Schedule of Beneficiary Member Composition

Other information presented in this Actuarial Section as of June 30, 2015, and in various parts of the Financial and Statistical Sections is based on information found in our actuarial valuation reports. Numbers reported for years prior to the fiscal year ending June 30, 2009 were developed by the prior actuary and are reported per their valuation reports.

### **Certification**

We hereby certify that, to the best of our knowledge, this report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys and our firm does not provide any legal services or advice.





## ACTUARIAL SECTION

---

Public Employees' Retirement Board  
November 4, 2015  
Page 4

This letter was prepared exclusively for the Public Employees' Retirement Board for the purpose described herein. Other users of this letter are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

Sincerely,  
Cheiron

/s/ Stephen T. McElhaney

/s/ Margaret Tempkin

Stephen T. McElhaney, FSA, FCA, MAAA  
Principal Consulting Actuary

Margaret Tempkin, FSA, MAAA  
Principal Consulting Actuary

Attachments: Montana 2015 CAFR Letter.docx

---

## Public Employees' Retirement Board

### *A Component Unit of the State of Montana*

#### SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

##### BACKGROUND

An actuarial valuation of the plans was completed for fiscal year 2015 by the PERB's actuary, Cheiron. An experience study was performed during fiscal year 2010 examining the plans' experience during the six year period July 1, 2003 to June 30, 2009. The experience study investigated the actual experience of each plan administered by the PERB. The methods, assumptions, and factors adopted by the PERB were based on Cheiron's recommendations. The actuarial assumptions were approved by the PERB in May 2010 and were used in the fiscal year 2015 actuarial valuation. The recommendations were formed on the basis of recent experience of the plans and on the current expectations of future economic conditions. The actuarial methods, assumptions, factors, and any changes in the actuarial assumptions are described in this section.

Cheiron studied the plans' experience with respect to both demographic and economic assumptions. Demographic assumptions are based on expected membership behavior. These include the retirement rates, termination rates, disability rates, mortality rates, and miscellaneous assumptions including marital status. Economic assumptions are based on common system elements such as investment returns, inflation, and administrative expenses. Salary increases can be considered either demographic (membership oriented) or economic (given the inflation component). For the fiscal year 2015 study Cheiron included salary experience under the economic portion of the study.

The assumptions are intended to estimate the future experience of the plans and the members of the plans in areas which affect the projected benefit flow and anticipated investment earnings. Any variations in future experience from that expected based on these assumptions will result in corresponding changes in the estimated cost of the plans' benefits.

A limited economic experience study was performed during August 2013. This experience study looked at the following assumptions: inflation, investment rate of return, wage growth and interest on member contributions. The results of the study were presented to the PERB in September 2013. The PERB voted to maintain all economic assumptions as they were prior to the study. The fiscal year 2015 valuation used the unchanged economic assumptions.

Assumptions related to the Guaranteed Annual Benefit Adjustment (GABA) for PERS have been removed, because a permanent injunction on the GABA provisions of House Bill 454 (HB454) is currently in place.

Assumptions related to future member contribution rates for PERS have been updated based on revised projections, which incorporate plan experience over the year ending on the valuation date.

##### RECORDS AND DATA

The data used in the valuation consists of financial information and records of age,

## ACTUARIAL SECTION

---

service and income of contributing members, former contributing members and their survivors. All data supplied to the actuary by MPERA was accepted for valuation purposes without audit.

### ACTUARIAL FUNDING AND METHOD

A fundamental principle in financing the liabilities of a retirement program is to relate the cost of benefits to when they are earned, rather than when they are paid. There are a number of methods in use for making that determination. The funding method used to determine costs in these valuations is the Entry Age Actuarial Cost Method. Under this funding method, a normal cost rate is determined by taking the value of each member's projected future benefits as of entry age into the plan.

The actuarial liability is that portion of the present value of projected benefits that will not be paid by future normal cost. The difference between this liability and funds accumulated as of the same date is referred to as the unfunded actuarial liability.

The portion of the actuarial liability in excess of plan assets is amortized to develop an additional cost or savings which is added to each year's employer normal cost. Under this cost method, actuarial gains and losses are directly reflected in the size of the unfunded actuarial liability.

### ACTUARIAL VALUE OF ASSETS

Asset values were supplied by MPERA and were accepted without audit by the actuary. The Actuarial Value of Assets is the current market value, adjusted by a four-year smoothing of gains and losses on a market value basis. The asset adjustment

method dampens the volatility in asset values that could occur because of fluctuations in market conditions. Each year's gain or loss is determined as the difference between the actual market return and the expected market return using the assumed rate of investment return.

### INVESTMENT RETURNS

The future investment earnings of the assets of the plans are assumed to accrue at an annual rate of 7.75%, net investment-related expenses.

The administrative expense assumption is now explicitly stated as a cost element rather than being included implicitly within the investment return.

### AMORTIZATION METHODS

The unfunded actuarial accrued liability is amortized as a level percentage of future payroll, except for VFCA, which is amortized as level dollar amounts because there is no payroll.

### INTEREST ON MEMBER CONTRIBUTIONS

Interest on member contributions at the time of the valuation was assumed to accrue at a net annual rate of 3.50%, with the exception of VFCA.

### CAPITAL PRESERVATION PREMIUM ON MPORS DROP ACCOUNTS

Effective July 1, 2009, the interest earned on MPORS DROP accounts changed from the actual trust fund earnings with a floor of zero to the actuarial assumed rate of return.

**FUTURE SALARIES**

Estimates of future salaries are based on two types of assumptions. Rates of increase in the general wage level of the membership are directly related to inflation, while individual salary changes due to promotion and longevity, referred to as the merit scale, occur even in the absence of inflation. The assumed increase in future salaries due to general wage growth is 4.00% per year for all plans. The merit scale is based on years of service and is in addition to the wage growth. The merit scale is calculated independently for each plan based on the factors applicable to the plan. VFCA is excluded from this calculation because members are unpaid volunteers.

**MARRIAGE**

The probability of marriage assumption is 100% of all non-retired members. Male spouses are assumed to be three years older than female spouses for all systems except JRS where the male spouses are assumed to be four years older than female spouses.

**MORTALITY**

The mortality assumptions among contributing members, terminated vested members, service retired members, and beneficiaries are based on RP-2000 Combined Employee and Annuitant Mortality Tables projected to 2015 with scale AA. The sample mortality rates for healthy retirees, beneficiaries and non-retired members for all plans is presented in the following table.

Healthy Retirees, Beneficiaries and Non-Retired Members Sample Mortality Rates		
<u>Age</u>	<u>Male</u>	<u>Female</u>
50	0.163%	0.130%
55	0.272%	0.241%
60	0.530%	0.469%
65	1.031%	0.900%
70	1.770%	1.553%
75	3.062%	2.492%
80	5.536%	4.129%
85	9.968%	7.076%
90	17.271%	12.588%

The mortality assumptions among Disabled Retirees are based on the RP-2000 Combined Employee and Annuitant Mortality Tables with no projections. No future mortality improvement is assumed. The sample mortality rates for the disabled retirees for all plans is presented in the following table.

Disabled Retirees Sample Mortality Rates		
<u>Age</u>	<u>Male</u>	<u>Female</u>
50	0.214%	0.168%
55	0.362%	0.272%
60	0.675%	0.506%
65	1.274%	0.971%
70	2.221%	1.674%
75	3.783%	2.811%
80	6.437%	4.588%
85	11.076%	7.745%
90	18.341%	13.168%

## ACTUARIAL SECTION

---

### SERVICE RETIREMENT

The assumed rates of service retirement used in the valuations are dependent upon age and years of service and differ between plans. The rates are based on the actual experience of the individual plans. Under all plans, vested terminated members are assumed to retire when first eligible for an unreduced benefit.

### DISABLEMENT

The assumed rates of disablement are dependent upon age and differ between plans. It is further assumed that 75% of all disabilities are duty-related for HPORS, SRS, and GWPORS. For JRS it is assumed that 10% of all disabilities are duty-related. For PERS and VFCA all disabilities are assumed to be duty related. For MPORS and FURS there is no distinction between duty and non-duty related disabilities. It is assumed that all disabilities are permanent and that no disabled member will recover and return to work.

### OTHER TERMINATIONS OF MEMBERSHIP

The assumed rates of termination, other than for retirement, death, or disability, are calculated individually for each plan. The JRS does not assume termination for any reason other than retirement, death, or disability.

### TERMINATING MEMBERS ELECTING A REFUND

It is assumed that all terminating members that are non-vested will receive an immediate withdrawal of their member accumulated contributions. The probability of a terminating, vested member electing a refund of the member account balance is based on age and is different for each plan as described in the actuarial valuation. These assumptions do not apply to the JRS or VFCA.

### ACTUARIAL FACTORS

Retirement actuarial factors are used in determining joint, survivor and period certain annuities.

### ACTUARIAL AUDIT

An actuarial audit was performed in January 2015 by an independent auditing actuary Cavanaugh Macdonald Consulting, LLC. The audit was limited to reviewing the current actuary Cheiron's work in preparing the June 30, 2014 actuarial valuation for the PERS-DBRP. The scope of the requested audit was limited to the in-depth review of a sample set of individual calculations selected rather than a complete replication of the results.

The PERB has periodic audits performed to monitor the quality of actuarial services performed on behalf of the pension plan; to enhance the credibility of the actuarial valuation process; to increase public trust in how the pension plan is being governed; to help plan fiduciaries assess whether the plan is meeting its funding objectives; to remedy errors, if discovered; and to acquire recommendations for improving the actuarial valuation process. Overall the audit did not result in any material differences in any of the above points of the audit.

This is the seventh valuation performed by Cheiron. All results shown for valuations prior to June 30, 2009 were derived from reports prepared by the prior actuary, Milliman.

### CALCULATIONS BASED ON THE MARKET VALUE OF ASSETS

Section 19-2-407, MCA, as amended by the 2007 Legislature, requires the actuarial report to show how market performance is affecting the actuarial funding of the retirement systems.

In the following paragraphs, the effect on each one of the defined benefit retirement systems is explained using the market value of assets.

At June 30, 2015, the market value of assets for **PERS-DBRP** was \$135 million greater than the actuarial value of assets. If the market value of assets was used rather than the actuarial value of assets, the funded ratio on the valuation date would be 78% and the amortization period for the unfunded actuarial liability would be 23.5 years. Using the actuarial value of assets in the valuation, the funded ratio at June 30, 2015 is 76% and the amortization period for the unfunded actuarial liability is 27.2 years.

The valuation also includes calculations related to the Plan Choice Rate (PCR). The PCR is the percent of the employer contribution allocated to the PERS-DBRP for members who choose the PERS-DCRP or the Montana University System Retirement Program (MUS-RP). The calculations show that the amortization of the PCR unfunded actuarial liability is 0.6 years, which is within the acceptable range.

This is the second valuation of the **PERS-DCRP Disability OPEB Plan**. As of June 30, 2015 the statutory contribution rates are not sufficient to amortize the unfunded actuarial liability. As of June 30, 2015, the Plan's assets gained 0.14% on an annualized market value basis. This was below the assumed rate of return of 3.50%. The actuarial value of assets is set equal to the market value of assets.

At June 30, 2015, the market value of assets for **JRS** was \$2.2 million greater than the actuarial value of assets. If the market value of assets was used rather than the actuarial value of assets, the funded ratio on the valuation date would be 168% and the amortization period for the unfunded actuarial liability would be

zero years since the plan has a surplus. Using the actuarial value of assets in the valuation, the funded ratio at June 30, 2015 is 164% and the amortization period for the unfunded actuarial liability is still zero years due to the plan surplus.

At June 30, 2015, the market value of assets for **HPORS** was \$3.4 million greater than the actuarial value of assets. If the market value of assets was used rather than the actuarial value of assets, the funded ratio on the valuation date would be 67% and the amortization period for the unfunded actuarial liability would be 26.1 years. Using the actuarial value of assets in the valuation, the funded ratio at June 30, 2015 is 65% and the amortization period for the unfunded actuarial liability is 28.5 years.

At June 30, 2015, the market value of assets for **SRS** was \$7.4 million greater than the actuarial value of assets. If the market value of assets was used rather than the actuarial value of assets, the funded ratio on the valuation date would be 85% and the statutory contribution rates are not sufficient to amortize the unfunded actuarial liability within a 30-year amortization period. Using the actuarial value of assets in the valuation, the funded ratio at June 30, 2015 is 83% and the amortization period for the unfunded actuarial liability does not amortize in 30 years.

At June 30, 2015, the market value of assets for **GWPORS** was \$3.3 million greater than the actuarial value of assets. If the market value of assets was used rather than the actuarial value of assets, the funded ratio on the valuation date would be 86% and the statutory contribution rates are not sufficient to amortize the unfunded actuarial liability within a 30-year amortization period. Using the actuarial value of assets in the valuation, the funded ratio at June 30, 2015 is 84% and

## ACTUARIAL SECTION

---

the amortization period does not amortize in 30 years..

At June 30, 2015, the market value of assets for **MPORS** was \$7.0 million greater than the actuarial value of assets. If the market value of assets was used rather than the actuarial value of assets, the funded ratio on the valuation date would be 67% and the amortization period for the unfunded actuarial liability would be 17.3 years. Using the actuarial value of assets in the valuation, the funded ratio at June 30, 2015 is 66% and the amortization period is 18.3 years.

At June 30, 2015, the market value of assets for **FURS** was \$7.0 million greater than the actuarial value of assets. If the market value of assets was used rather than the actuarial value of assets, the funded ratio on the valuation date would be 77% and the amortization period for the unfunded actuarial liability would be 9.0 years. Using the actuarial value of assets in the valuation, the funded ratio at June 30, 2015 is 76% and the amortization period for the unfunded actuarial liability is 9.7 years.

At June 30, 2015, the market value of assets for **VFCA** retirement system was \$0.7 million greater than the actuarial value of assets. If the market value of assets was used rather than the actuarial value of assets, the funded ratio on the valuation date would be 77%, down from 88% the prior year. This decrease in the funded ratio is due to the 2015 Legislative Session increasing the base benefit of all retirees. The amortization period for the unfunded actuarial liability would be 8.4 years with the annual required contribution being \$1.26 million. Using the actuarial value of assets in the valuation, the funded ratio at June 30, 2015 is 75% and the amortization period for the unfunded actuarial liability is 9.3 years. The total required contribution is \$1.33 million.

This page intentionally left blank



## ACTUARIAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### Schedule of Active Member Valuation Data

System	Valuation Date	Number Members (a)	Nbr ERs (b)	Covered Payroll (c)	Average Annual Pay <sup>1</sup> (c/a)	% Pay Increase
<b>PERS-DBRP</b>	June 30, 2010	28,834	533	\$ 1,083,779,866	\$ 37,587	4.43%
	June 30, 2011	28,659	533	1,071,376,488	37,384	-0.54%
	June 30, 2012	28,548	538	1,081,288,177	37,876	1.32%
	June 30, 2013	28,401	540	1,103,999,865	38,872	2.63%
	June 30, 2014	28,229	541	1,129,109,402	39,998	2.90%
	<b>June 30, 2015</b>	<b>28,237</b>	<b>539</b>	<b>1,154,866,605</b>	<b>40,899</b>	<b>2.25%</b>
<b>JRS</b>	June 30, 2010	51	1	5,686,874	111,507	11.30%
	June 30, 2011	54	1	5,645,110	104,539	-6.25%
	June 30, 2012	54	1	6,192,732	114,680	9.70%
	June 30, 2013	54	1	6,275,682	116,216	1.34%
	June 30, 2014	55	1	6,354,763	115,541	-0.58%
	<b>June 30, 2015</b>	<b>55</b>	<b>1</b>	<b>6,524,569</b>	<b>118,629</b>	<b>2.67%</b>
<b>HPORS</b>	June 30, 2010	230	1	13,035,971	56,678	10.13%
	June 30, 2011	214	1	12,471,575	58,278	2.82%
	June 30, 2012	218	1	13,617,653	62,466	7.19%
	June 30, 2013	219	1	13,484,125	61,571	-1.43%
	June 30, 2014	229	1	14,149,269	61,787	0.35%
	<b>June 30, 2015</b>	<b>241</b>	<b>1</b>	<b>14,549,378</b>	<b>60,371</b>	<b>-2.29%</b>
<b>SRS</b>	June 30, 2010	1,181	57	54,680,650	46,300	6.63%
	June 30, 2011	1,230	57	57,041,471	46,375	0.16%
	June 30, 2012	1,241	57	59,582,678	48,012	3.53%
	June 30, 2013	1,276	57	61,467,169	48,172	0.33%
	June 30, 2014	1,307	57	64,672,635	49,482	2.72%
	<b>June 30, 2015</b>	<b>1,336</b>	<b>57</b>	<b>68,045,517</b>	<b>50,932</b>	<b>2.93%</b>

<sup>1</sup> Average Annual Pay is based on Covered Payroll. The actuary valuation average annual salary is based on Annual Payroll which is different than Covered Payroll.

The last actuarial valuation was performed as of June 30, 2015.

## ACTUARIAL SECTION

System	Valuation Date	Number Members (a)	Nbr ERs (b)	Covered Payroll (c)	Average Annual Pay (c/a)	% Pay Increase
<b>GWPORS</b>	June 30, 2010	966	7	\$ 39,435,882	\$ 40,824	7.66%
	June 30, 2011	951	7	38,306,496	40,280	-1.33%
	June 30, 2012	972	7	38,316,733	39,421	-2.13%
	June 30, 2013	971	7	39,471,105	40,650	3.12%
	June 30, 2014	955	7	41,636,566	43,598	7.25%
	<b>June 30, 2015</b>	<b>993</b>	<b>7</b>	<b>44,884,739</b>	<b>45,201</b>	<b>3.68%</b>
<b>MPORS <sup>2</sup></b>	June 30, 2010	695	30	37,220,334	53,554	2.36%
	June 30, 2011	702	31	39,470,441	56,226	4.99%
	June 30, 2012	701	31	41,744,760	59,550	5.91%
	June 30, 2013	698	31	42,795,697	61,312	2.96%
	June 30, 2014	695	32	44,426,617	63,923	4.26%
	<b>June 30, 2015</b>	<b>694</b>	<b>32</b>	<b>45,736,127</b>	<b>65,902</b>	<b>3.10%</b>
<b>FURS</b>	June 30, 2010	570	23	33,338,599	58,489	8.21%
	June 30, 2011	579	24	34,852,160	60,194	2.91%
	June 30, 2012	590	24	36,176,675	61,316	1.87%
	June 30, 2013	610	25	37,962,748	62,234	1.50%
	June 30, 2014	616	25	39,891,869	64,760	4.06%
	<b>June 30, 2015</b>	<b>627</b>	<b>26</b>	<b>41,627,233</b>	<b>66,391</b>	<b>2.52%</b>
<b>VFCA</b>	June 30, 2010	2,315				
	June 30, 2011	2,105				
	June 30, 2012	2,106				
	June 30, 2013	2,101				
	June 30, 2014	1,935				
	<b>June 30, 2015</b>	<b>1,977</b>				

Covered payroll is not applicable. Members are unpaid volunteers and do not contribute to the fund.

<sup>2</sup>The number of members for MPORS does not include the DROP members.

# ACTUARIAL SECTION

## Public Employees' Retirement Board

*A Component Unit of the State of Montana*

### Schedule of Active Member Composition

as of June 30, 2015

	PERS-DBRP	JRS	HPORS	SRS	GWPORS	MPORS <sup>1</sup>	FURS	VFCA <sup>2</sup>	PERS-DCRP
<b>Average Age</b>	48.7	59.6	40.4	40.3	42.2	38.7	39.9	46.0	46.0
<b>Average Service</b>	9.6	9.8	10.0	7.2	7.6	8.8	11.0	9.8	7.0
<b>Average Salary</b>	\$ 41,739	\$ 118,566	\$ 61,332	\$ 52,183	\$ 46,183	\$ 60,377	\$ 66,473	N/A	\$ 46,107
<b>Under Age 25</b>									
<b>Number Members</b>	548		2	87	41	23	10	131	38
<b>Average Salary</b>	\$ 29,613		\$ 58,599	\$ 42,737	\$ 34,551	\$ 54,740	\$ 49,516	N/A	\$ 37,045
<b>Ages 25-29</b>									
<b>Number Members</b>	1,544		29	171	111	91	69	141	143
<b>Average Salary</b>	\$ 36,266		\$ 55,074	\$ 44,724	\$ 40,679	\$ 53,202	\$ 53,251	N/A	\$ 37,674
<b>Ages 30-34</b>									
<b>Number Members</b>	2,148		38	204	120	139	123	191	320
<b>Average Salary</b>	\$ 39,583		\$ 58,575	\$ 50,133	\$ 44,099	\$ 58,419	\$ 59,974	N/A	\$ 46,994
<b>Ages 35-39</b>									
<b>Number Members</b>	3,201	1	50	217	170	123	118	195	396
<b>Average Salary</b>	\$ 39,498	\$ 124,946	\$ 59,308	\$ 53,778	\$ 43,293	\$ 56,744	\$ 65,150	N/A	\$ 47,332
<b>Ages 40-44</b>									
<b>Number Members</b>	2,591	2	41	182	144	125	118	218	390
<b>Average Salary</b>	\$ 43,701	\$ 118,228	\$ 63,523	\$ 56,478	\$ 48,813	\$ 63,830	\$ 68,151	N/A	\$ 50,745
<b>Ages 45-49</b>									
<b>Number Members</b>	3,211	2	42	175	129	118	92	270	361
<b>Average Salary</b>	\$ 44,095	\$ 117,582	\$ 64,459	\$ 55,540	\$ 50,261	\$ 67,684	\$ 73,362	N/A	\$ 49,401
<b>Ages 50-54</b>									
<b>Number Members</b>	4,279	8	26	128	130	52	47	266	373
<b>Average Salary</b>	\$ 43,335	\$ 118,502	\$ 65,881	\$ 54,658	\$ 50,287	\$ 62,339	\$ 79,582	N/A	\$ 46,580
<b>Ages 55-59</b>									
<b>Number Members</b>	5,042	14	9	102	84	14	35	235	380
<b>Average Salary</b>	\$ 43,958	\$ 118,634	\$ 62,268	\$ 55,126	\$ 48,993	\$ 64,485	\$ 77,641	N/A	\$ 45,596
<b>Ages 60-64</b>									
<b>Number Members</b>	3,977	8	4	53	43	8	11	150	259
<b>Average Salary</b>	\$ 42,901	\$ 117,582	\$ 72,614	\$ 53,983	\$ 49,472	\$ 61,578	\$ 76,768	N/A	\$ 42,285
<b>Ages 65-69</b>									
<b>Number Members</b>	1,250	14		13	18	1	4	118	83
<b>Average Salary</b>	\$ 38,861	\$ 119,253		\$ 62,024	\$ 47,192	\$ 98,768	\$ 87,822	N/A	\$ 37,055
<b>Age 70 &amp; Over</b>									
<b>Number Members</b>	446	6		4	3			62	21
<b>Average Salary</b>	\$ 30,967	\$ 117,582		\$ 42,065	\$ 44,614			N/A	\$ 24,252

<sup>1</sup>The number of members for MPORS does not include the DROP members.

<sup>2</sup>Average Salary is not applicable to VFCA, members are unpaid volunteers.

The information in this schedule is provided by the PERB's actuary, Cheiron.

The last actuarial valuation was performed as of June 30, 2015.

**Public Employees' Retirement Board**

*A Component Unit of the State of Montana*

**Schedule of Retiree Member Composition**

*as of June 30, 2015*

	PERS-DBRP	JRS	HPORS	SRS	GWPORS	MPORS	FURS	VFCA
<b>Total Count</b>	20,080	64	305	523	217	694	580	1,371
<b>Average Age</b>	72.1	76.5	69.5	64.9	67.3	66.6	68.6	70.9
<b>Average Age at Retirement</b>	59.6	62.6	49.3	53.5	56.8	47.9	50.5	59.7
<b>Average Service at Retirement</b>	20.1	17.1	23.7	19.4	19.1	19.4	24.1	18.7
<b>Average Annual Benefit</b>	\$ 15,911	\$ 47,194	\$ 31,554	\$ 25,256	\$ 21,081	\$ 28,617	\$ 33,747	\$ 1,734

<b>Under Age 45</b>								
<b>Number Members</b>	46		1	5		6	4	
<b>Average Annual Benefit</b>	\$ 5,339		\$ 9,032	\$ 21,254		\$ 18,904	\$ 13,509	

<b>Ages 45-49</b>								
<b>Number Members</b>	32.0		8.0	13.0		22.0	9.0	
<b>Average Annual Benefit</b>	\$ 10,986		\$ 42,797	\$ 33,544		\$ 34,811	\$ 26,958	

<b>Ages 50-54</b>								
<b>Number Members</b>	161		36	42	7	76	40	
<b>Average Annual Benefit</b>	\$ 21,615		\$ 34,079	\$ 25,054	\$ 27,324	\$ 26,312	\$ 33,526	

<b>Ages 55-59</b>								
<b>Number Members</b>	803.0		22.0	73.0	39.0	88.0	76.0	88.0
<b>Average Annual Benefit</b>	\$ 22,398		\$ 31,342	\$ 26,908	\$ 21,980	\$ 29,320	\$ 34,237	\$ 2,162

<b>Ages 60-64</b>								
<b>Number Members</b>	3,075	7	26	130	50	126	80	261
<b>Average Annual Benefit</b>	\$ 19,937	\$ 52,485	\$ 31,451	\$ 27,561	\$ 21,718	\$ 28,765	\$ 40,307	\$ 1,859

<b>Ages 65-69</b>								
<b>Number Members</b>	4,892.0	15.0	59.0	129.0	53.0	136.0	121.0	317.0
<b>Average Annual Benefit</b>	\$ 18,188	\$ 44,083	\$ 36,149	\$ 25,057	\$ 17,085	\$ 32,363	\$ 40,587	\$ 1,710

<b>Ages 70-74</b>								
<b>Number Members</b>	3,894	10	44	56	26	74	78	260
<b>Average Annual Benefit</b>	\$ 15,403	\$ 55,139	\$ 32,576	\$ 26,199	\$ 19,561	\$ 29,579	\$ 36,482	\$ 1,667

<b>Ages 75-79</b>								
<b>Number Members</b>	2,805.0	8.0	45.0	40.0	14.0	61.0	75.0	215.0
<b>Average Annual Benefit</b>	\$ 13,802	\$ 55,825	\$ 30,622	\$ 21,009	\$ 26,805	\$ 25,061	\$ 28,663	\$ 1,642

<b>Ages 80 &amp; Over</b>								
<b>Number Members</b>	4,372	24	64	35	28	105	97	230
<b>Average Annual Benefit</b>	\$ 11,084	\$ 41,407	\$ 24,912	\$ 14,763	\$ 23,276	\$ 25,279	\$ 22,706	\$ 1,623

The information in this schedule is provided by the PERB's actuary, Cheiron.  
The last actuarial valuation was performed as of June 30, 2015.

# ACTUARIAL SECTION

## Public Employees' Retirement Board

*A Component Unit of the State of Montana*

### Schedule of Beneficiary Member Composition

as of June 30, 2015

	PERS-DBRP	JRS	HPORS	SRS	GWPORS	MPORS	FURS	VFCA <sup>1</sup>
<b>Total Count</b>	425	3	15	22	10	29	20	0
<b>Average Age</b>	64	75	47	60	54	66	70	0
<b>Average Service at Retirement</b>	19	11	10	16	13	12	16	0
<b>Average Annual Benefit</b>	\$ 10,959	\$ 37,850	\$ 15,679	\$ 20,162	\$ 9,344	\$ 24,311	\$ 23,476	
<b>Under Age 45</b>								
<b>Number Members</b>	52		7	5	3	2	2	
<b>Average Annual Benefit</b>	\$ 7,421		\$ 12,225	\$ 12,746	\$ 11,350	\$ 21,847	\$ 25,019	
<b>Ages 45-49</b>								
<b>Number Members</b>	18		2	1	1	1	1	
<b>Average Annual Benefit</b>	\$ 8,473		\$ 8,818	\$ 41,364	\$ 3,307	\$ 32,819	\$ 29,509	
<b>Ages 50-54</b>								
<b>Number Members</b>	27		1	2		2		
<b>Average Annual Benefit</b>	\$ 8,569		\$ 6,763	\$ 43,750		\$ 23,078		
<b>Ages 55-59</b>								
<b>Number Members</b>	42		1	3	1	5	3	
<b>Average Annual Benefit</b>	\$ 10,249		\$ 23,739	\$ 27,293	\$ 14,900	\$ 24,666	\$ 21,746	
<b>Ages 60-64</b>								
<b>Number Members</b>	58	1		2	2	2	1	
<b>Average Annual Benefit</b>	\$ 12,108	\$ 59,147		\$ 13,778	\$ 6,721	\$ 23,927	\$ 30,096	
<b>Ages 65-69</b>								
<b>Number Members</b>	73		2	4	2	6	3	
<b>Average Annual Benefit</b>	\$ 11,701		\$ 11,240	\$ 20,153	\$ 7,946	\$ 26,712	\$ 30,254	
<b>Ages 70-74</b>								
<b>Number Members</b>	50		2	2	0	2	1	
<b>Average Annual Benefit</b>	\$ 11,129		\$ 39,490	\$ 14,933	\$ -	\$ 21,324	\$ 4,800	
<b>Ages 75-79</b>								
<b>Number Members</b>	52					2	5	
<b>Average Annual Benefit</b>	\$ 10,939					\$ 28,686	\$ 21,331	
<b>Ages 80 &amp; Over</b>								
<b>Number Members</b>	53	2		3	1	7	4	
<b>Average Annual Benefit</b>	\$ 14,743	\$ 27,201		\$ 15,758	\$ 11,844	\$ 21,554	\$ 23,179	

<sup>1</sup> Benefits for beneficiaries of VFCA retirees terminate when benefits have been paid for a total of 40 months, including any pension or disability benefits paid to retiree before death.

The information in this schedule was provided by the PERB's actuary, Cheiron.

The last actuarial valuation was performed as of June 30, 2015.

**Public Employees' Retirement Board**

*A Component Unit of the State of Montana*

**Schedule of Disabled Member Composition**

*as of June 30, 2015*

	PERS-DBRP	JRS	HPORS	SRS	GWPORS	MPORS	FURS	VFCA <sup>1</sup>
<b>Total Count</b>	176		7	32	4	21	9	
<b>Average Age</b>	55.0		44.9	53.3	50.8	45.7	44.7	
<b>Average Age at Disablement</b>	48.1		36.4	44.0	49.4	38.9	39.7	
<b>Average Service at Retirement</b>	15.3		9.0	9.8	11.8	9.4	9.5	
<b>Average Annual Benefit</b>	\$ 11,184		\$ 26,334	\$ 23,269	\$ 14,785	\$ 26,483	\$ 28,448	
<b>Under Age 45</b>								
<b>Number Members</b>	6		2	1	-	7	3	
<b>Average Annual Benefit</b>	\$ 8,818		\$ 27,066	\$ 37,313	\$ -	\$ 29,461	\$ 26,479	
<b>Ages 45-49</b>								
<b>Number Members</b>	10.0		5.0	8.0	3.0	11.0	4.0	
<b>Average Annual Benefit</b>	\$ 7,511		\$ 26,041	\$ 27,476	\$ 14,524	\$ 26,476	\$ 31,999	
<b>Ages 50-54</b>								
<b>Number Members</b>	52			8		1	1	
<b>Average Annual Benefit</b>	\$ 11,365			\$ 20,434		\$ 28,926	\$ 27,440	
<b>Ages 55-59</b>								
<b>Number Members</b>	95.0			13.0	1.0	2.0	1.0	
<b>Average Annual Benefit</b>	\$ 11,580			\$ 21,521	\$ 15,177	\$ 13,394	\$ 21,161	
<b>Ages 60-64</b>								
<b>Number Members</b>	13			2				
<b>Average Annual Benefit</b>	\$ 11,440			\$ 22,115				
<b>Ages 65-69</b>								
<b>Number Members</b>								
<b>Average Annual Benefit</b>								
<b>Ages 70-74</b>								
<b>Number Members</b>								
<b>Average Annual Benefit</b>								
<b>Ages 75-79</b>								
<b>Number Members</b>								
<b>Average Annual Benefit</b>								
<b>Ages 80 &amp; Over</b>								
<b>Number Members</b>								
<b>Average Annual Benefit</b>								

<sup>1</sup>Disability is applicable to the VFCA if disability occurs in the line of duty and member is listed at time of the injury on roster for current fiscal year. This schedule reflects members currently in a disabled status. Does not include disabilities that have reached normal retirement age. This information in this schedule is provided by the PERB's actuary, Cheiron. The last actuarial valuation was performed as of June 30, 2015.

# ACTUARIAL SECTION

## Public Employees' Retirement Board

*A Component Unit of the State of Montana*

### Schedule of Converted Disabled Member Composition

as of June 30, 2015

	PERS-DBRP	JRS	HPORS	SRS	GWPORS	MPORS	FURS	VFCA <sup>1</sup>
Total Count	562		18	33	12	66	54	
Average Age	70.9		61.9	66.8	64.5	66.2	69.6	
Average Age at Disablement	51.4		44.6	47.1	51.3	42.0	44.6	
Average Service at Retirement	13.8		11.8	10.2	14.2	11.8	16.4	
Average Annual Benefit	\$ 9,687		\$ 23,352	\$ 19,782	\$ 18,667	\$ 23,594	\$ 25,108	

#### Under Age 45

Number Members

Average Annual Benefit

#### Ages 45-49

Number Members

Average Annual Benefit

#### Ages 50-54

Number Members

Average Annual Benefit

#### Ages 55-59

Number Members

Average Annual Benefit

#### Ages 60-64

Number Members

Average Annual Benefit

#### Ages 65-69

Number Members

Average Annual Benefit

#### Ages 70-74

Number Members

Average Annual Benefit

#### Ages 75-79

Number Members

Average Annual Benefit

#### Ages 80 & Over

Number Members

Average Annual Benefit

<sup>1</sup> Disability is applicable to the VFCA if disability occurs in the line of duty and member is listed at time of the injury on roster for current fiscal year.

Converted disabilities include those members who are disabled, but have reached normal retirement age and are no longer recorded as disabled by MPERA.

The information in this schedule is provided by the PERB's actuary, Cheiron.

The last actuarial valuation was performed as of June 30, 2015.

This page intentionally left blank



## ACTUARIAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### Schedule of Retirees and Beneficiaries

#### Added to and Removed from Rolls

Year Ended	Added		Removed		End of Year	Benefits <sup>2</sup>	Average Annual Benefit <sup>3</sup>	% Benefit Increase
	No.	Annual Benefits <sup>1</sup>	No.	Annual Benefits <sup>1</sup>				
<b>PERS-DBRP</b>								
June 30, 2010	905	\$11,510,903	468	\$2,803,801	17,512	\$212,186,085	\$12,575	5.81%
June 30, 2011	1,169	15,407,952	558	3,428,851	18,123	231,222,603	13,625	8.35%
June 30, 2012	1,220	16,262,411	605	4,117,597	18,738	252,762,398	13,177	-3.29%
June 30, 2013	1,261	16,288,261	548	4,058,927	19,451	274,021,249	15,574	18.19%
June 30, 2014	1,226	15,851,006	596	4,376,529	20,081	296,183,076	16,230	4.21%
<b>June 30, 2015</b>	<b>1,255</b>	<b>18,427,160</b>	<b>655</b>	<b>4,854,984</b>	<b>20,681</b>	<b>319,501,818</b>	<b>16,945</b>	<b>4.41%</b>
<b>JRS</b>								
June 30, 2010	1	129,486	1	4,668	55	2,118,121	39,269	6.06%
June 30, 2011	5	127,602	2	4,668	58	2,239,603	41,259	5.07%
June 30, 2012	0	94,034	2	36,651	56	2,344,170	42,733	3.57%
June 30, 2013	10	251,141	1	19,919	65	2,552,787	47,131	10.29%
June 30, 2014	3	171,535	1	65,592	67	3,022,512	48,221	2.31%
<b>June 30, 2015</b>	<b>2</b>	<b>71,326</b>	<b>2</b>	<b>14,415</b>	<b>67</b>	<b>3,040,988</b>	<b>50,105</b>	<b>3.91%</b>
<b>HPORS</b>								
June 30, 2010	8	264,156	4	102,241	295	7,556,735	24,765	2.95%
June 30, 2011	12	294,280	5	75,122	302	7,865,745	26,611	7.45%
June 30, 2012	5	197,432	2	18,356	305	8,223,433	26,349	-0.98%
June 30, 2013	12	401,650	7	58,709	310	8,708,925	30,394	15.35%
<b>June 30, 2014</b>	<b>17</b>	<b>408,119</b>	<b>5</b>	<b>32,946</b>	<b>322</b>	<b>9,344,441</b>	<b>31,658</b>	<b>4.16%</b>
<b>June 30, 2015</b>	<b>14</b>	<b>366,606</b>	<b>9</b>	<b>57,749</b>	<b>327</b>	<b>9,932,134</b>	<b>32,707</b>	<b>3.31%</b>
<b>SRS</b>								
June 30, 2010	17	379,084	8	82,426	415	8,276,901	21,033	7.93%
June 30, 2011	30	701,530	4	50,832	441	9,237,286	23,001	9.36%
June 30, 2012	32	599,749	4	20,148	469	10,379,424	21,628	-5.97%
June 30, 2013	38	723,040	4	44,835	503	11,582,729	24,931	15.27%
June 30, 2014	35	643,063	5	26,764	533	12,732,103	25,446	2.07%
<b>June 30, 2015</b>	<b>50</b>	<b>791,307</b>	<b>6</b>	<b>60,636</b>	<b>577</b>	<b>14,019,543</b>	<b>25,986</b>	<b>2.12%</b>

<sup>1</sup> These amounts are based on annual benefit totals.

<sup>2</sup> Includes death benefit payments for active members.

<sup>3</sup> Based on June monthly benefit totals.

<sup>4</sup> For MPORS, End of Year does not include DROP.

The last actuarial valuation was performed as of June 30, 2015.

## ACTUARIAL SECTION

Year Ended	Added		Removed		End of Year <sup>4</sup>	Benefits <sup>2</sup>	Average Annual Benefit <sup>3</sup>	% Benefit Increase
	No.	Annual Benefits <sup>1</sup>	No.	Annual Benefits <sup>1</sup>				
<b>GWPORS</b>								
June 30, 2010	10	\$112,042	1	\$10,583	136	\$2,621,834	\$20,044	1.24%
June 30, 2011	12	146,846	3	16,761	145	2,863,434	20,967	4.61%
June 30, 2012	19	235,722	1	22,860	163	3,202,597	18,652	-11.04%
June 30, 2013	22	233,226	5	90,813	180	3,575,042	21,938	17.62%
June 30, 2014	26	283,359	3	21,306	203	3,979,269	22,265	1.49%
<b>June 30, 2015</b>	<b>35</b>	<b>419,935</b>	<b>7</b>	<b>53,794</b>	<b>231</b>	<b>4,550,326</b>	<b>23,302</b>	<b>4.66%</b>
<b>MPORS</b>								
June 30, 2010	34	559,746	10	77,537	670	15,727,576	24,260	2.81%
June 30, 2011	22	539,164	16	145,734	676	17,013,369	25,797	6.34%
June 30, 2012	17	515,137	10	98,603	683	17,354,933	25,533	-1.02%
June 30, 2013	40	883,350	13	153,027	710	18,462,730	27,601	8.10%
June 30, 2014	19	462,040	13	109,127	716	19,449,550	28,842	4.50%
<b>June 30, 2015</b>	<b>43</b>	<b>877,021</b>	<b>15</b>	<b>125,552</b>	<b>744</b>	<b>20,560,131</b>	<b>29,443</b>	<b>2.08%</b>
<b>FURS</b>								
June 30, 2010	17	501,398	13	111,575	546	14,597,875	27,314	4.17%
June 30, 2011	19	624,623	13	172,927	552	15,605,138	29,546	8.17%
June 30, 2012	21	696,096	2	9,065	571	16,519,146	28,563	-3.33%
June 30, 2013	25	620,602	9	55,278	587	17,670,032	32,112	12.43%
June 30, 2014	26	705,387	18	101,960	595	18,871,929	33,356	3.87%
<b>June 30, 2015</b>	<b>27</b>	<b>621,742</b>	<b>13</b>	<b>95,699</b>	<b>609</b>	<b>19,745,267</b>	<b>35,558</b>	<b>6.60%</b>
<b>VFCA</b>								
June 30, 2010	82	89,933	36	33,825	1,149	1,856,833	1,627	0.38%
June 30, 2011	76	84,810	42	32,985	1,183	1,938,060	1,652	1.52%
June 30, 2012	87	104,535	28	19,440	1,242	2,046,233	1,574	-4.75%
June 30, 2013	75	129,518	32	24,135	1,285	2,819,162	1,748	11.10%
June 30, 2014	77	81,473	30	26,715	1,332	2,280,876	1,751	0.16%
<b>June 30, 2015</b>	<b>78</b>	<b>83,963</b>	<b>39</b>	<b>38,318</b>	<b>1,371</b>	<b>2,368,553</b>	<b>1,763</b>	<b>0.69%</b>

## ACTUARIAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### Solvency Test

(in thousands)

System	Valuation Date	Aggregate Accrued Liabilities for			Actuarial Value of Assets	Portion of Accrued Liabilities Covered by Reported Asset		
		1	2	3		1	2	3
		Active Member Accounts <sup>1</sup>	Retirees and Beneficiaries	Active Members (ER Financed Portion)				
PERS-DBRP	06/30/10	\$ 848,756	\$ 2,481,534	\$ 1,911,529	\$ 3,889,890	100	100	29
	06/30/11	840,762	2,728,687	1,840,696	3,800,479	100	100	13
	06/30/12	837,663	2,958,076	1,865,543	3,816,920	100	100	1
	06/30/13	828,657	2,790,430	1,541,864	4,139,921	100	100	34
	06/30/14	838,145	3,436,212	1,903,147	4,595,805	100	100	17
	<b>06/30/15</b>	<b>841,907</b>	<b>3,687,451</b>	<b>1,940,945</b>	<b>4,926,516</b>	<b>100</b>	<b>100</b>	<b>20</b>
JRS	06/30/10	\$ 5,207	\$ 22,279	\$ 15,027	\$ 61,277	100	100	225
	06/30/11	5,115	24,692	13,607	61,274	100	100	231
	06/30/12	5,575	24,631	15,985	63,195	100	100	206
	06/30/13	4,733	31,709	12,795	70,323	100	100	265
	06/30/14	4,623	32,776	13,201	78,463	100	100	311
	<b>06/30/15</b>	<b>4,667</b>	<b>33,210</b>	<b>14,024</b>	<b>84,934</b>	<b>100</b>	<b>100</b>	<b>336</b>
HPORS	06/30/10	\$ 10,369	\$ 102,450	\$ 38,359	\$ 97,204	100	85	0
	06/30/11	10,795	107,035	37,911	95,274	100	79	0
	06/30/12	11,455	110,876	45,493	96,655	100	77	0
	06/30/13	11,339	117,914	46,341	105,736	100	80	0
	06/30/14	11,507	126,478	45,416	117,226	100	84	0
	<b>06/30/15</b>	<b>12,102</b>	<b>133,628</b>	<b>47,252</b>	<b>125,676</b>	<b>100</b>	<b>85</b>	<b>0</b>
SRS	06/30/10	\$ 39,841	\$ 117,422	\$ 89,470	\$ 200,739	100	100	49
	06/30/11	40,737	135,189	90,579	203,689	100	100	31
	06/30/12	41,694	149,254	93,612	211,535	100	100	22
	06/30/13	43,007	164,339	96,838	235,310	100	100	29
	06/30/14	45,595	176,538	103,944	264,945	100	100	41
	<b>06/30/15</b>	<b>46,500</b>	<b>193,359</b>	<b>109,054</b>	<b>288,269</b>	<b>100</b>	<b>100</b>	<b>44</b>

<sup>1</sup> Active Member Accounts include Regular and Additional Contributions with interest, and excludes all accounts of inactive members.

The last actuarial valuation was performed as of June 30, 2015.

## ACTUARIAL SECTION

System	Valuation Date	Aggregate Accrued Liabilities for				Actuarial Value of Assets	Portion of Accrued Liabilities Covered by Reported Asset		
		1	2	3	1		2	3	
		Active Member Accounts	Retirees and Beneficiaries	Active Members (ER Financed Portion)	Active Members (ER Financed Portion)		1	2	3
<b>GWPORS</b>	06/30/10	\$ 26,592	\$ 32,383	\$ 54,880	\$ 85,151	100	100	48	
	06/30/11	28,468	35,166	56,247	90,437	100	100	48	
	06/30/12	29,975	39,856	59,095	97,691	100	100	47	
	06/30/13	31,918	43,498	64,569	112,100	100	100	57	
	06/30/14	32,779	50,062	71,753	129,429	100	100	65	
	<b>06/30/15</b>	<b>34,396</b>	<b>58,648</b>	<b>79,116</b>	<b>145,314</b>	<b>100</b>	<b>100</b>	<b>66</b>	
<b>MPORS</b>	06/30/10	\$ 30,986	\$ 229,057	\$ 120,350	\$ 217,545	100	81	0	
	06/30/11	32,906	239,176	129,298	221,669	100	79	0	
	06/30/12	34,687	248,260	144,310	234,025	100	80	0	
	06/30/13	34,778	267,540	147,725	262,678	100	85	0	
	06/30/14	36,950	276,306	161,052	298,722	100	95	0	
	<b>06/30/15</b>	<b>37,193</b>	<b>297,235</b>	<b>162,758</b>	<b>328,025</b>	<b>100</b>	<b>98</b>	<b>0</b>	
<b>FURS</b>	06/30/10	\$ 31,422	\$ 207,715	\$ 96,326	\$ 213,755	100	88	0	
	06/30/11	33,089	219,842	102,257	219,959	100	85	0	
	06/30/12	34,790	235,553	106,868	233,121	100	84	0	
	06/30/13	36,441	248,723	111,606	263,483	100	91	0	
	06/30/14	38,805	260,538	119,670	300,949	100	100	1	
	<b>06/30/15</b>	<b>41,278</b>	<b>274,505</b>	<b>126,051</b>	<b>333,629</b>	<b>100</b>	<b>100</b>	<b>14</b>	
<b>VFCA</b>	06/30/10		\$ 15,846	\$ 18,665	\$ 26,575	N/A	100	57	
	06/30/11		16,483	18,712	26,183	N/A	100	52	
	06/30/12		17,465	18,681	26,531	N/A	100	49	
	06/30/13		18,612	19,218	28,294	N/A	100	50	
	06/30/14		18,888	19,088	31,281	N/A	100	65	
	<b>06/30/15</b>		<b>22,161</b>	<b>22,157</b>	<b>33,405</b>	<b>N/A</b>	<b>100</b>	<b>51</b>	

Active member accounts are not applicable. Members are unpaid volunteers.

## ACTUARIAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### Solvency Test

(in thousands)<sup>1</sup>

System	Valuation Date <sup>2</sup>	Aggregate Accrued Liabilities for			Actuarial Value of Assets	Portion of Accrued Liabilities Covered by Reported Asset		
		Active Member Accounts	Disabled Members	Active Members (ER Financed Portion)		1	2	3
		1	2	3				
PERS-DCRP								
DISABILITY OPEB	06/30/13	N/A	\$ 294	\$ 2,421	\$ 2,184	100	100	78
	06/30/15	N/A	405	2,830	2,781	100	100	84

<sup>1</sup>This schedule is intended to show information for six years. Additional years will be displayed as they become available.

<sup>2</sup>The actuarial valuation for the PERS-DCRP Disability OPEB is performed on an annual basis. There were two years between the first two valuations due to the timing of the first valuation. The most recent actuarial valuation being as of June 30, 2015, with the next valuation to be completed for fiscal year ending June 30, 2016.

This page intentionally left blank

## ACTUARIAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### Schedule of Funding Progress

(in thousands)

System	Actuarial Valuation Date	Actuarial Value of Assets <sup>1</sup> (a)	Actuarial Liability (AL) -Entry Age (b)	Unfunded AL (UAL) (b-a)	Funded Ratio % (a/b)	Covered Payroll (c)	UAL as a Percentage of Covered Payroll ((b-a)/c)
<b>PERS-DBRP</b>	06/30/10	3,889,890	5,241,819	1,351,929	74.21	1,083,780	124.74
	06/30/11	3,800,479	5,410,144	1,609,665	70.25	1,071,376	150.24
	06/30/12	3,816,920	5,661,281	1,844,361	67.42	1,081,288	170.57
	06/30/13	4,139,921	5,160,951	1,021,030	80.22	1,104,000	92.48
	06/30/14	4,595,805	6,177,505	1,581,700	74.40	1,129,109	140.08
	<b>06/30/15</b>	<b>4,926,516</b>	<b>6,470,303</b>	<b>1,543,787</b>	<b>76.14</b>	<b>1,154,867</b>	<b>133.68</b>
<b>JRS</b>	06/30/10	61,277	42,513	(18,765)	144.13	5,687	-329.95
	06/30/11	61,274	43,414	(17,860)	141.13	5,645	-316.38
	06/30/12	63,195	46,190	(17,005)	136.81	6,193	-274.60
	06/30/13	70,323	49,236	(21,087)	142.82	6,276	-336.00
	06/30/14	78,463	50,600	(27,863)	155.07	6,355	-438.47
	<b>06/30/15</b>	<b>84,934</b>	<b>51,901</b>	<b>(33,033)</b>	<b>163.65</b>	<b>6,525</b>	<b>-506.26</b>
<b>HPORS</b>	06/30/10	97,204	151,177	53,973	64.30	13,036	414.03
	06/30/11	95,274	155,742	60,468	61.17	12,472	484.83
	06/30/12	96,655	167,824	71,169	57.59	13,618	522.62
	06/30/13	105,736	175,594	69,858	60.22	13,484	518.08
	06/30/14	117,226	183,400	66,174	63.92	14,149	467.69
	<b>06/30/15</b>	<b>125,676</b>	<b>192,983</b>	<b>67,307</b>	<b>65.12</b>	<b>14,549</b>	<b>462.62</b>
<b>SRS</b>	06/30/10	200,739	246,734	45,995	81.36	54,681	84.11
	06/30/11	203,689	266,506	62,817	76.43	57,041	110.12
	06/30/12	211,535	284,559	73,024	74.34	59,583	122.56
	06/30/13	235,310	304,185	68,875	77.36	61,467	112.05
	06/30/14	264,945	326,077	61,132	81.25	64,673	94.53
	<b>06/30/15</b>	<b>288,269</b>	<b>348,912</b>	<b>60,643</b>	<b>82.62</b>	<b>68,046</b>	<b>89.12</b>

Analysis of the dollar amounts of plan net assets, actuarial liability, and unfunded actuarial liability in isolation can be misleading. Expressing plan net assets as a percentage of the actuarial liability provides one indication of the plan's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the plan is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan.

<sup>1</sup> Refer to the "Notes to the Required Supplementary Information" for the Actuarial Asset Valuation Method (Page 124).

## ACTUARIAL SECTION

System	Actuarial Valuation Date	Actuarial Value of Assets <sup>1</sup> (a)	Actuarial Liability (AL) -Entry Age (b)	Unfunded AL (UAL) (b-a)	Funded Ratio % (a/b)	Covered Payroll ( c )	UAL as a Percentage of Covered Payroll ((b-a)/c)
<b>GWPORS</b>	06/30/10	85,151	113,855	28,704	74.79	39,436	72.79
	06/30/11	90,437	119,881	29,444	75.44	38,306	76.87
	06/30/12	97,691	128,927	31,236	75.77	38,317	81.52
	06/30/13	112,100	139,985	27,885	80.08	39,471	70.65
	06/30/14	129,429	154,595	25,166	83.72	41,637	60.44
	<b>06/30/15</b>	<b>145,314</b>	<b>172,160</b>	<b>26,846</b>	<b>84.41</b>	<b>44,885</b>	<b>59.81</b>
<b>MPORS</b>	06/30/10	217,545	380,393	162,848	57.19	37,220	437.52
	06/30/11	221,669	401,381	179,712	55.23	39,470	455.30
	06/30/12	234,025	427,257	193,232	54.77	41,745	462.89
	06/30/13	262,678	450,043	187,365	58.37	42,796	437.81
	06/30/14	298,722	474,308	175,586	62.98	44,427	395.23
	<b>06/30/15</b>	<b>328,025</b>	<b>497,186</b>	<b>169,161</b>	<b>65.98</b>	<b>45,736</b>	<b>369.87</b>
<b>FURS</b>	06/30/10	213,755	335,463	121,708	63.72	33,339	365.06
	06/30/11	219,959	355,188	135,229	61.93	34,852	388.01
	06/30/12	233,121	377,211	144,090	61.80	36,177	398.30
	06/30/13	263,483	396,769	133,286	66.41	37,963	351.10
	06/30/14	300,949	419,013	118,064	71.82	39,892	295.96
	<b>06/30/15</b>	<b>333,629</b>	<b>441,834</b>	<b>108,205</b>	<b>75.51</b>	<b>41,627</b>	<b>259.94</b>
<b>VFCA</b>	06/30/10	26,576	34,512	7,936	77.01	N/A	N/A
	06/30/11	26,183	35,195	9,012	74.39	N/A	N/A
	06/30/12	26,531	36,146	9,615	73.40	N/A	N/A
	06/30/13	28,294	37,830	9,536	74.79	N/A	N/A
	06/30/14	31,281	37,975	6,694	82.37	N/A	N/A
	<b>06/30/15</b>	<b>33,405</b>	<b>44,318</b>	<b>10,913</b>	<b>75.38</b>	<b>N/A</b>	<b>N/A</b>

Pensionable payroll is not applicable to VFCA because members are unpaid volunteers.

Trends in the unfunded actuarial liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the plan's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the plan.



## ACTUARIAL SECTION

---

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

### Summary of Actuarial (Gain)/Loss by Source

(in thousands)

	<u>PERS DBRP</u>	<u>JRS</u>	<u>HPORS</u>	<u>SRS</u>
Investment (Gain) or Loss	\$ (85,416)	\$ (1,384)	\$ (2,148)	\$ (4,869)
Liability (Gain) or Losses:				
Salary (Gain) or Loss	(1,330)	(588)	(1,667)	(201)
New Participant (Gain) or Loss	9,065	21	169	1,077
Other (Gain) or Loss	<u>3,638</u>	<u>(678)</u>	<u>1,679</u>	<u>(1,000)</u>
Total Actuarial (Gain) or Loss	\$ (74,043)	\$ (2,629)	\$ (1,967)	\$ (4,993)
Plan Changes			1,692	
Total (Gain) or Loss				
Including Assumptions	<u>\$ (74,043)</u>	<u>\$ (2,629)</u>	<u>\$ (275)</u>	<u>\$ (4,993)</u>
	<u>GWPORS</u>	<u>MPORS</u>	<u>FURS</u>	<u>VFCA</u>
Investment (Gain) or Loss	\$ (2,264)	\$ (4,700)	\$ (4,748)	\$ (371)
Liability (Gain) or Losses:				
Salary (Gain) or Loss	2,462	(989)	(1,456)	
New Participant (Gain) or Loss	1,106	612	309	438
Rural Fire Districts (Gain) or Loss			547	
Other (Gain) or Loss	<u>(1,057)</u>	<u>(2,915)</u>	<u>(479)</u>	<u>(566)</u>
Total Actuarial (Gain) or Loss	\$ 247	\$ (7,992)	\$ (5,827)	\$ (499)
Plan Changes				5,798
Total (Gain) or Loss				
Including Assumptions	<u>\$ 247</u>	<u>\$ (7,992)</u>	<u>\$ (5,827)</u>	<u>\$ 5,299</u>

The last actuarial valuation was performed as of June 30, 2015.

**Public Employees' Retirement Board**

*A Component Unit of the State of Montana*

**Summary of Actuarial (Gain)/Loss by Source**

(in thousands)

	<b>PERS-DCRP Disability OPEB</b>
Investment (Gain) or Loss	\$ 169
Liability (Gain) or Losses:	
Salary (Gain) or Loss	1
New Participant (Gain) or Loss	163
Other (Gain) or Loss	<u>(453)</u>
Total Actuarial (Gain) or Loss	\$ (120)
Plan Changes	
Total (Gain) or Loss	
Including Assumptions	<u>\$ (120)</u>

The last actuarial valuation was performed as of June 30, 2015.

## ACTUARIAL SECTION

---

### **Public Employees' Retirement Board**

*A Component Unit of the State of Montana*

### **Summary of Defined Benefit Retirement Plans' Provisions as of June 30, 2015**

#### ***Public Employees' Retirement System-DBRP***

##### **MEMBERSHIP**

The Plan is a multiple-employer cost sharing plan that covers employees of the State, local governments that have contracted for PERS coverage, and certain employees of the university system and school districts, who are not covered by a separate retirement system governed by Title 19 of Montana Code Annotated.

##### **CONTRIBUTIONS**

All members contribute 7.9% of their compensation. This is a temporary 1% increase for members hired prior to July 1, 2011 and remains the same for members hired on or after July 1, 2011. Interest is credited to member accounts at the rates determined by the Board. The current interest rate credited to member accounts is 0.25%.

All member contributions will be decreased to 6.9% on January 1 following the actuary valuation results that project the amortization period to drop below 25 years and remain below 25 years following the termination of the 1% additional member contribution rate.

Member contributions are made through an "employer pick-up" arrangement which results in deferral of taxes on the contributions.

Employers contribute 8.27% of each member's compensation. This was increased from 6.9% to 7.035% on July 1, 2007, 7.17% on July 1, 2009, 8.17% on July 1, 2013, and to 8.27% on July 1, 2014. This is offset by 0.1% of compensation from the State for local governments and school districts. For school districts this offset was increased to 0.235% on July 1, 2007 and 0.37% on July 1, 2009. These increased contributions and offsets will terminate on January 1 following the actuary valuation results that project the amortization period to drop below 25 years and remain below 25 years following the termination of the additional employer contribution rates. The contribution going into the PERS Defined Benefit Plan is reduced by 0.04% of compensation paid into the Educational Fund. Effective July 1, 2013, contributions are also made to the system from the Coal Tax Fund.

Beginning July 1, 2013, employers who hire PERS retirees who work less than 960 hours in the calendar year, but do not become active members, contribute the employer's contribution rate on the working retiree's compensation.

### SERVICE CREDIT

Service credit is used to determine the amount of a member's retirement benefit. One month of service credit is earned for each month where the member is paid for 160 hours. This includes certain transferred and purchased service.

### MEMBERSHIP SERVICE

Membership service is used to determine eligibility for vesting, retirement or other PERS benefits. One month of membership service is earned for any month member contributions are made to PERS, regardless of the number of hours worked.

### HIGHEST AVERAGE COMPENSATION (HAC)

**For members hired prior to July 1, 2011:** The Highest Average Compensation (HAC) is the average of the highest 36 consecutive months (or shorter period of total service) of compensation paid to the member.

**For members hired on or after July 1, 2011:** The HAC is the average of the highest 60 consecutive months (or shorter period of total service) of compensation paid to the member.

**For members hired on or after July 1, 2013:** The HAC calculations initially exclude amounts over 110% of the compensation included for each previous year with this excess compensation, if any, divided by the member's total months of service credit and added to the compensation for each month considered part of the member's HAC.

Bonuses paid on or after July 1, 2013 to any member will not be treated as compensation for retirement purposes. No member or employer contributions will be paid on bonuses.

Compensation generally means all remuneration paid, excluding certain allowances, benefits and lump sum payments. Compensation is specifically defined in law for PERS.

### SERVICE RETIREMENT

Eligibility: **For members hired prior to July 1, 2011:**

- (i) age 60 with 5 years of membership service; or
- (ii) age 65 regardless of service; or
- (iii) any age with 30 years of membership service.

**For members hired on or after July 1, 2011:**

- (i) age 65 with 5 years of membership service; or
- (ii) age 70 regardless of service.

## ACTUARIAL SECTION

---

### ***PERS-DBRP (continued)***

**Benefit: For members hired prior to July 1, 2011:**

- (i) If less than 25 years of membership service, the greater of:
  - (a) 1/56 of HAC multiplied by years of service credit; or
  - (b) the actuarial equivalent of double the member's regular contributions and interest plus the actuarial equivalent of any additional contributions plus interest.
- (ii) If 25 years of membership service or more, the greater of:
  - (a) 2% of HAC multiplied by years of service credit; or
  - (b) calculation in (i)(b) above.

**For members hired on or after July 1, 2011:**

- (i) If less than 10 years of membership service, the greater of:
  - (a) 1.5% of highest average compensation multiplied by years of service credit; or
  - (b) the actuarial equivalent of double the member's regular contributions and interest plus the actuarial equivalent of any additional contributions plus interest.
- (ii) If between 10 and 30 years of membership service, the greater of:
  - (a) 1/56 of highest average compensation multiplied by years of service credit; or
  - (b) calculation in (i)(b) above.
- (iii) If 30 years of membership service or more, the greater of:
  - (a) 2% of highest average compensation multiplied by years of service credit; or
  - (b) calculation in (i)(b) above.

### **EARLY RETIREMENT**

**Eligibility: For members hired prior to July 1, 2011:**

- (i) age 50 with 5 years of membership service; or
- (ii) any age under age 60 with 25 years of membership service.

**For members hired on or after July 1, 2011:**

- (i) age 55 with 5 years of membership service.

- Benefit: **For members hired prior to July 1, 2011 and**  
(i) who retire prior to October 1, 2011  
The actuarial equivalent of the accrued portion of the service retirement benefit that would have been payable to the member commencing at age 60 or upon completion of 30 years of membership service with the exception that the benefit must be reduced by a factor resulting from multiplying 0.5% (for first five years from service retirement eligibility) and by 0.3% (for six to 10 years from service retirement eligibility) by the number of months by which the retirement date precedes the date at which the member would have attained age 60 or completed 30 years of membership service.
- (ii) who retire on or after October 1, 2011  
The actuarial equivalent of the accrued portion of the service retirement benefit that would have been payable to the member commencing at age 60 or upon completion of 30 years of membership service with the exception that the benefit must be reduced using actuarially equivalent factors based on the most recent valuation.
- For members hired on or after July 1, 2011:**  
The actuarial equivalent of the accrued portion of the service retirement benefit that would have been payable to the member commencing at age 65 with the exception that the benefit must be reduced using actuarially equivalent factors based on the most recent valuation.

**DISABILITY BENEFIT**

- Eligibility: Five years of membership service.
- Benefit: If hired on or before February 24, 1991 and did not make an election, the greater of (a) or (b):  
(a) 90% of 1/56 of highest average compensation multiplied by service credit, or  
(b) 25% of HAC.
- If hired after February 24, 1991 and prior to July 1, 2011:  
(a) Less than 25 years of membership service: 1/56 of HAC multiplied by service credit, or  
(b) At least 25 years of membership service: 2% of HAC multiplied by service credit.

## ACTUARIAL SECTION

---

### *PERS-DBRP (continued)*

If hired on or after July 1, 2011:

- (a) If less than 10 years of membership service: 1.5% of HAC multiplied by years of service credit.
- (b) If between 10 and 30 years of membership service: 1/56 of HAC multiplied by years of service credit.
- (c) If 30 years of membership service or more: 2% of HAC multiplied by years of service credit.

### **SURVIVOR'S BENEFIT**

Eligibility: Member's status at the time of death:

- (i) active;
- (ii) receiving disability benefit for less than six months;
- (iii) continuously disabled without receiving a disability benefit; or
- (iv) inactive

Death Payment Benefit: The sum of (1) accumulated contributions plus (2) monthly compensation multiplied by the lesser of years of service credit or six, plus (3) interest until benefit paid. However, the survivor of an inactive member who was inactive for more than six months will receive only accumulated contributions and interest from the date of death until payment.

A survivor may elect to receive the payment as a non-increasing annuity that is the actuarial equivalent of the amount of benefit the member would have received.

Survivor Benefit: **For members hired prior to July 1, 2011**, the survivorship benefit payable to an active vested member's survivor is the actuarial equivalent of the member's accrued retirement benefit at the time of death or, if the member dies prior to age 50 or 25 years of membership service, the actuarial equivalent of the accrued portion of the early retirement benefit that would have been paid to the member at age 50.

**For members hired on or after July 1, 2011**, the survivorship benefit payable to an active vested member's survivor is the actuarial equivalent of the member's accrued retirement benefit at the time of death, or if the member dies prior to age 55, the actuarial equivalent of the accrued portion of the early retirement benefit that would have been paid to the member at age 55.

### **VESTING**

Eligibility: Five years of membership service.

**Benefit:** Accrued normal retirement benefit, payable when eligible for retirement. In lieu of a pension, a member may receive a refund of accumulated contributions. Upon receipt of a refund of contributions, a member's vested right to a monthly benefit shall be forfeited.

### **WITHDRAWAL OF EMPLOYEE CONTRIBUTIONS**

**Eligibility:** Terminates service and is not eligible for other benefits.

**Benefit:** Accumulated employee contributions. Upon receipt of a refund of contributions a member's vested right to a monthly benefit is forfeited.

### **RETIREMENT BENEFITS - FORM OF PAYMENT**

The normal form of payment is a single life annuity with a refund of any remaining account balance to a designated beneficiary. (Option 1)

**Optional Benefits:** (i) Option 2, a life annuity and joint 100% survivor benefit,  
(ii) Option 3, a life annuity and joint 50% survivor benefit, and  
(iii) Option 4, a life annuity with a period certain.

If a retiring member selects Option 2 or 3 and the contingent annuitant predeceases or is divorced from the member, the benefit may revert to the higher Option 1 benefit available at retirement or the retiree may select a different contingent annuitant and/or a different option within 18 months of the death or divorce.

### **POST RETIREMENT BENEFIT INCREASES**

For retired members who have been retired at least 12 months, a Guaranteed Annual Benefit Adjustment (GABA) will be made each year equal to (i) 3% for members hired before July 1, 2007 and (ii) 1.5% for members hired on or after July 1, 2007.

### **CHANGES SINCE LAST VALUATION**

The Post Retirement Benefit Increases follow the provisions specified by the Code for members hired prior to July 1, 2013 before the enactment of House Bill 454 and the outcome of the lawsuit challenging that legislation.



## ACTUARIAL SECTION

---

### *PERS-DBRP (continued)*

For retired members who were hired on or after July 1, 2013 and who have been retired at least 12 months, a Guaranteed Annual Benefit Adjustment (GABA) will be made each year equal to:

- (i) A maximum of 1.5% for each year PERS is funded at or above 90%;
- (ii) For each 2% PERS is funded below 90% the 1.5% is reduced by 0.1%; and
- (iii) 0% whenever the amortization period for PERS is 40 years or more.

**Second Retirement Benefit - House Bill 101, effective January 1, 2016:**

- Members who retire **before January 1, 2016, return to PERS-covered employment, and accumulate less than 2 years of additional service credit receive:**
  - (i) A refund of the member's contributions plus regular interest (.25%);
  - (ii) No service credit for second employment;
  - (iii) Start the same benefit amount the month following termination; and
  - (iv) Their GABA starts again in the January immediately following their second retirement.
- Members who retire **before January 1, 2016 and return to PERS-covered employment for at least 2 years of additional service credit receive:**
  - (i) A recalculated retirement benefit based on provisions in effect after their initial retirement; and
  - (ii) Their GABA starts on their recalculated benefit in the January after receiving new benefit for 12 months.
- Members who retire **on or after January 1, 2016, return to PERS service, and accumulate less than 5 years of additional service credit receive:**
  - (i) A refund of the member's contributions plus regular interest (.25%);
  - (ii) No service credit for second employment;
  - (iii) Start the same benefit amount the month following termination; and
  - (iv) Their GABA starts again in the January immediately following their second retirement.
- Members who retire **on or after January 1, 2016, return to PERS service, and accumulate 5 or more years of service credit receive:**
  - (i) The same retirement benefit as prior to their return to service;
  - (ii) A second retirement benefit for their second period of service based on laws in effect upon their rehire date; and
  - (iii) Their GABA starts on both benefits in the January after receiving the original and new benefit for 12 months.

**Limited Re-Employment of Retirees - House Bill 101, effective January 1, 2016:**

- Employer must report elected officials who decline PERS membership. This information is necessary if elected officials later become a PERS member and want to buy this time.

## ACTUARIAL SECTION

---

**Employer Contributions and the Defined Contribution Plan** - House Bill 107, effective July 1, 2015:

- **Effective July 1, 2015** (the first fiscal year 2016 pay date payroll), the additional 1.0% employer contribution is directed to the Plan Choice Rate Unfunded Actuarial Liability rather than the Defined Benefit Unfunded Actuarial Liability.
-

## ACTUARIAL SECTION

---

### ***PERS-DCRP Disability OPEB***

#### **MEMBERSHIP**

The Plan is a multiple-employer cost sharing plan that covers employees of the State, local governments, and certain employees of the university system and school districts, who are not covered by a separate retirement system governed by Title 19 of Montana Code Annotated. All new PERS members are initially members of the PERS-DBRP and have a 12-month window during which they may choose to transfer to the PERS-DCRP or remain in the PERS-DBRP by filing an irrevocable election. If an election is not filed the member remains in the PERS-DBRP. Members may not be members of both the defined contribution and defined benefit retirement plans. The PERS-DCRP provides retirement, disability, and death benefits to plan members and their beneficiaries. A separate trust has been established for purposes of providing disability benefits to plan members.

#### **CONTRIBUTIONS**

Employers contribute 0.30% of each member's compensation.

#### **SERVICE CREDIT**

Service credit is used to determine the amount of disability retirement benefit. One month of service credit is earned for each month where the member is paid for 160 hours. This includes certain transferred and purchased service.

#### **MEMBERSHIP SERVICE**

Membership service is used to determine eligibility for vesting, retirement or other PERS benefits. One month of membership service is earned for any month member contributions are made to PERS, regardless of the number of hours worked.

#### **HIGHEST AVERAGE COMPENSATION (HAC)**

**For members hired prior to June 30, 2011:** The Highest Average Compensation (HAC) is the average of the highest 36 consecutive months (or shorter period of total service) of compensation paid to the member

**For members hired on or after July 1, 2011:** The HAC is the average of the highest 60 consecutive months (or shorter period of total service) of compensation paid to the member.

Compensation generally means all remuneration paid, excluding certain allowances, benefits and lump sum payments. Compensation is specifically defined in law for PERS.

**DISABILITY BENEFIT**

Eligibility: Five years of membership service

Benefit: **For members hired on or before June 30, 2011:**

- (i) Less than 25 years of membership service:  $1/56$  of HAC multiplied by service credit, or
- (ii) At least 25 years of membership service: 2% of HAC multiplied by service credit; and
- (iii) Benefit is payable to the later of age 65 and five years.

**For members hired on or after July 1, 2011:**

- (i) If between five and 10 years of membership service: 1.5% of HAC multiplied by years of service credit; or
- (ii) If between 10 and 30 years of membership service:  $1/56$  of HAC multiplied by years of service credit; or
- (iii) If 30 years of membership service or more: 2% of HAC multiplied by years of service credit; and
- (iv) Benefit is payable to age 65 for disabilities occurring prior to age 65, or no more than five years for disabilities occurring after age 65.

Members cannot receive distributions from their individual defined contribution account while receiving payments from the PERS-DCRP Disability OPEB. Participants may choose to receive a distribution from their individual account instead of applying for and receiving a disability benefit.

**Survivor's Benefit**

Disability benefits cease after the death of a member, and their beneficiary is entitled to death benefits only as provided from the member's vested defined contribution account balance.

**Form of Payment**

The normal form of payment is a life annuity. No other forms of payment are available.

**Post Retirement Benefit Increases**

None.

## ACTUARIAL SECTION

---

### *PERS-DCRP Disability OPEB (continued)*

#### CHANGES SINCE LAST VALUATION

**Employer Contributions and the Defined Contribution Plan** - House Bill 107, effective July 1, 2015:

**Rate Changes:**

- Effective July 1, 2015: (The first fiscal year 2016 payroll pay date), the additional 1.0% contribution is directed to the Plan Choice Rate Actuarial Liability (UAL) rather than the Defined Benefit Unfunded Actuarial Liability.
  - Effective July 1, 2015: When the Plan Choice Rate UAL is paid off, employer contributions stop going to the Plan Choice Rate UAL and begin to go to the member's account.
  - Actuary will provide an amortization schedule to MPERA so the Board will know when the Plan Choice Rate UAL is paid off.
  - Once the Plan Choice Rate UAL is paid off, effective the first full pay period in the following month, the 2.37%, the 0.47%, and the 1.0% increase will all go to the Defined Contribution member's account.
-

This page is intentionally left blank

## ACTUARIAL SECTION

---

### *Judges' Retirement System*

#### MEMBERSHIP

The Plan is a single-employer defined benefit plan that covers judges of district courts, justices of the supreme court, the chief water judge and the associate water judge (effective July 1, 2011).

#### CONTRIBUTIONS

Members contribute 7% of their compensation. Interest is credited at rates determined by the Board.

Member contributions are made through an “employer pick-up” arrangement which results in deferral of taxes on the contributions.

The employer contributes 25.81% of each member’s compensation.

#### SERVICE CREDIT

Service credit is used to determine the amount of retirement benefit. One month of service credit is earned for each month where the member is paid for 160 hours. This includes certain transferred and purchased service.

#### MEMBERSHIP SERVICE

Membership service is used to determine eligibility for vesting, retirement or other JRS benefits. One month of membership service is earned for any month employee contributions are made to JRS, regardless of the number of hours worked.

#### CURRENT SALARY OR HIGHEST AVERAGE COMPENSATION (HAC)

**For members hired prior to July 1, 1997**, and those who have not elected a Guaranteed Annual Benefit Adjustment (GABA), benefits are calculated using current salary, which means the current compensation of the office from which the member retired.

**For members hired on or after July 1, 1997**, and those who elected GABA, benefits are calculated using HAC, which is the average of the highest 36 consecutive months (or shorter period of total service) of compensation paid to the member. Compensation is specifically defined in law for JRS.

**For members hired on or after July 1, 2013**, the Highest Average Compensation (HAC) calculations initially exclude amounts over 110% of the compensation included for each previous

year with this excess compensation, if any, divided by the member's total months of service credit and added to the compensation for each month considered part of the member's HAC.

Bonuses paid on or after July 1, 2013 to any member will not be treated as compensation for retirement purposes. No member or employer contributions will be paid on bonuses.

### **SERVICE RETIREMENT**

Eligibility: Age 60 with 5 years of membership service.

Benefit: 3⅓% per year of current salary or HAC for the first 15 years of service credit and 1.785% per year of current salary or HAC for service credit over 15 years.

### **DISABILITY BENEFIT**

Eligibility: Five years of membership service for non-duty disability; any service for duty-related disability.

Benefit: For duty-related disability, the greater of 50% of current salary or 50% of HAC.

For regular disability, the actuarial equivalent of the normal retirement benefit available at the time of disability.

### **SURVIVOR'S BENEFIT**

Eligibility: Active or retired member.

Benefit: For duty-related deaths, the member's service retirement benefit on the date of death.

For non-duty-related active deaths, a refund of the member's accumulated contributions or actuarial equivalent of the member's service retirement benefit on the date of death.

A beneficiary may elect to receive the present value of the benefit as a single lump sum.

For retired members without a contingent annuitant, a payment will be made to the member's designated beneficiary equal to the accumulated contributions reduced by any retirement benefits already paid.



## ACTUARIAL SECTION

---

### *Judges' Retirement System (continued)*

#### VESTING

Eligibility: Five years of membership service

Benefit: Accrued normal retirement benefit, payable when eligible for retirement. In lieu of a pension, a member may receive a refund of accumulated contributions. Upon receipt of a refund of contributions, a member's vested right to a monthly benefit shall be forfeited.

#### WITHDRAWAL OF EMPLOYEE CONTRIBUTIONS

Eligibility: Terminates service and is not eligible for other benefits.

Benefit: Accumulated employee contributions. Upon receipt of a refund of contributions a member's vested right to a monthly benefit is forfeited.

#### RETIREMENT BENEFITS - FORM OF PAYMENT

The normal form of payment is a single life annuity with a refund of any remaining accumulated contributions (account balance) to a designated beneficiary. (Option 1)

Optional Benefits: (i) Option 2, a life annuity and joint 100% survivor benefit,  
(ii) Option 3, a life annuity and joint 50% survivor benefit, and  
(iii) Option 4, a life annuity with a period certain.

If a retiring member selects Option 2 or 3 and the contingent annuitant predeceases or is divorced from the member, the benefit may revert to the higher Option 1 benefit available at retirement or the retiree may select a different contingent annuitant and/or a different option within 18 months of the death or divorce.

#### POST RETIREMENT BENEFIT INCREASES

For retired members who became active members on and after July 1, 1997 and those who elected to be covered under this provision, and who have been retired at least 12 months, a GABA will be made each year equal to 3%.

For retired members who were hired prior to July 1, 1997 and who did not elect GABA, the current salary of an active member in the same position is used to recalculate the monthly benefit.

**CHANGES SINCE LAST VALUATION**

**General Revisions** - House Bill 101, effective January 1, 2016:

- Provides for a survivor benefit or death benefit if an inactive vested judge dies prior to retiring. 19-5-802(1), MCA
-

## ACTUARIAL SECTION

---

### *Highway Patrol Officers' Retirement System*

#### MEMBERSHIP

The Plan is a single-employer defined benefit plan that covers all members of the Montana highway patrol including supervisors and assistant supervisors.

#### CONTRIBUTIONS

For members not covered by a Guaranteed Annual Benefit Adjustment (GABA), members contribute 11% of their compensation, an increase of 1% from 10% prior to July 1, 2014. Members covered by GABA contribute 11.05% of their compensation, an increase of 1% from 10.05% prior to July 1, 2014. Member contributions increase 1% annually through the fiscal year ending 2016. Interest is credited at rates determined by the Board.

Member contributions are made through an “employer pick-up” arrangement which results in deferral of taxes on the contributions.

The employer contributes 28.15% of each member’s compensation, an increase of 2% from 26.15% prior to July 1, 2013.

The State of Montana contributes 10.18% of each member’s compensation, paid from the General Fund.

#### SERVICE CREDIT

Service credit is used to determine the amount of retirement benefit. One month of service credit is earned for each month where the member is paid for 160 hours. This includes certain transferred and purchased service.

#### MEMBERSHIP SERVICE

Membership service is used to determine eligibility for vesting, retirement, or other HPORS benefits. One month of membership service is earned for any month member contributions are made to HPORS, regardless of hours worked.

#### HIGHEST AVERAGE COMPENSATION (HAC)

Highest Average Compensation (HAC) is the average of the highest 36 consecutive months (or shorter period of total service) of compensation paid to the member. Compensation is specifically defined in law for HPORS.

For members hired on or after July 1, 2013, the HAC calculations initially exclude amounts over 110% of the compensation included for each previous year with this excess compensation, if any,

divided by the member's total months of service credit and added to the compensation for each month considered part of the member's HAC.

Bonuses paid on or after July 1, 2013 to any member will not be treated as compensation for retirement purposes. No member or employer contributions will be paid on bonuses.

**SERVICE RETIREMENT**

Eligibility: 20 years of membership service.

Benefit: 2.6% of HAC multiplied by years of service credit.

**Early Retirement**

Eligibility: (i) For members hired before July 1, 2013: Any age with five years of membership service; if discontinued from service other than for cause.  
(ii) For members hired on or after July 1, 2013: Any age with 10 years of membership service; if discontinued from service other than for cause.

Benefit: Normal retirement benefit calculated using HAC and service credit at early retirement, and reduced to the actuarial equivalent based on a retirement age of 60.

**DISABILITY BENEFIT**

Eligibility: Any active member.

Benefit: (i) For duty-related disability:  
(a) If less than 20 years of membership service: 50% of HAC, or  
(b) If 20 years or more of membership service: 2.6% of HAC multiplied by years of service credit.  
(ii) For regular disability, the actuarial equivalent of the normal retirement benefit based on retirement age of 60.

**SURVIVOR'S BENEFIT**

Eligibility: Active or retired member.

Benefit: For duty-related deaths, a monthly survivor benefit to the surviving spouse or dependent child equal to 50% of HAC of the member.

For non-duty-related deaths, the member's spouse will receive (or, if there is no surviving spouse or after the surviving spouse dies, each dependent child for as

## ACTUARIAL SECTION

---

### *Highway Patrol Officers' Retirement System (continued)*

Benefit (continued): long as they remain dependent children will equally receive) a benefit that is the actuarial equivalent of the early retirement benefit.

A beneficiary may elect to receive the present value of the benefit as a single lump sum.

For retired members without a surviving spouse or dependent child, the member's designated beneficiary will receive a payment equal to the retired member's accumulated contributions reduced by any retirement benefits already paid.

### VESTING

Eligibility: For members hired prior to July 1, 2013: Five years of membership service.

For members hired on or after July 1, 2013: 10 years of membership service.

Benefit: Accrued retirement benefit, payable at normal or early retirement date. In lieu of a pension, a member may receive a refund of accumulated contributions. Upon receipt of a refund of contributions, a member's vested right to a monthly benefit shall be forfeited.

### WITHDRAWAL OF EMPLOYEE CONTRIBUTIONS

Eligibility: Terminates service and is not eligible for other benefits.

Benefit: Accumulated employee contributions. Upon receipt of a refund of contributions, a member's vested right to a monthly benefit is forfeited.

### RETIREMENT BENEFITS - FORM OF PAYMENT

The retirement benefit is paid for the retired member's life. Upon the death of the retired member, the benefit is paid to the surviving spouse. If there is no surviving spouse, or after the death of a surviving spouse, benefits are paid to the dependent children, if any, for as long as they remain dependent children.

### POST RETIREMENT BENEFIT INCREASES

For retired members who became active members on or after July 1, 1997, and those who elected to be covered under this provision, and who have been retired at least 12 months, a GABA will be paid each year in January equal to 3%.

## ACTUARIAL SECTION

For retired members who were hired prior to July 1, 1997 and who did not elect GABA, the minimum monthly benefit provided is equal to 2% times service credit multiplied by the current base compensation of a probationary highway patrol officer. Such benefit may not exceed 60% of the current base compensation of a probationary highway patrol officer and the annual increase may not exceed 5% of the current benefit.

For non-GABA members who retired prior to July 1, 1991 and meet eligibility requirements, a supplemental lump sum payment will be made each year based on the increase in the Consumer Price Index.

For retired members who became active members on or after July 1, 2013, and who have been retired at least 36 months, a GABA will be paid each year in January equal to 1.5%

### CHANGES SINCE LAST VALUATION

**HPORS Deferred Retirement Option Program (DROP)** - Senate Bill 238, effective October 1, 2015 and subject to Internal Revenue Service (IRS) approval.

- Eligible members of the Highway Patrol Officers' Retirement System (HPORS) will have the opportunity to participate in the DROP. The DROP allows active HPORS members to begin accumulating their retirement benefit, without terminating employment, for up to 60 months. If a member chooses to join the DROP, their monthly retirement benefit and their employee contributions will go into their individual DROP account.
- Eligibility - Active member of HPORS with at least 20 years of membership service.
- DROP Terms –
  - o **DROP Period** - the number of months member choose to participate in the DROP. It may be from one month up to a maximum of 60 months (five years). The DROP Period will begin on the first day of a month and end on the last day of a month. The member will choose the beginning and ending date of their DROP Period on their DROP application.
  - o **DROP Accrual** - the monthly benefit and the member's employee contributions. This amount is credited to the member's DROP account.
  - o The member's **DROP Account** will grow on a tax-deferred basis, based on the member's DROP Accruals while the member continues to work and receive their regular pay.
  - o The member's **DROP Benefit** is the lump sum benefit the member will receive from their DROP Account upon termination of employment.

While a member is working, the member's employer and the State will pay the regular contributions to HPORS. Member contributions will go into the DROP participant's DROP account. The member will not earn additional membership service or service credit.

When the member terminates employment at the end of the DROP Period the member will begin receiving the HPORS monthly retirement benefit. At this time, members will receive the DROP Benefit as a lump sum payment or a direct rollover to another eligible retirement plan (as allowed by the IRS). If the member does not designate a distribution method within 60 days after termination of employment, the DROP benefit will be paid in a taxable lump sum.

## ACTUARIAL SECTION

---

### *Highway Patrol Officers' Retirement System (continued)*

If the member becomes disabled during the DROP Period, the member will not be eligible for HPORS disability benefits. If the member terminates the service, the service retirement benefit will be paid to the member rather than to the monthly DROP Account. The member will also be eligible to receive the DROP benefit.

If a member dies before the end of the DROP Period, the member's surviving spouse or dependent children are entitled to the member's DROP Benefit and a survivorship benefit. If the member does not have a surviving spouse or dependent children, the member's designated beneficiary receives the balance of the member's retirement account and a lump-sum payment of the member's DROP Benefit.

If a member's HPORS-covered employment is terminated during the DROP Period, the DROP benefit will be distributed to the member and payment of the monthly service retirement benefit will begin.

A member may continue to work after the DROP Period ends and remain vested in HPORS. The member will not receive the service retirement benefit or the DROP Benefit during the time the member continues working. The balance of the DROP Account will continue to earn interest. Upon termination of employment, the member will receive the initial HPORS monthly retirement benefit; an additional benefit based on the member's service credit and highest average compensation earned after DROP participation; and the DROP Benefit.

A member's DROP account will earn an interest rate equal to the actuarial assumed rate of return. Currently the rate of return is 7.75%.

Members do not receive Guaranteed Annual Benefit Adjustment (GABA) on the accrued DROP retirement benefit. GABA starts January 1 immediately following retirement for initial and subsequent benefits.

This page intentionally left blank



## ACTUARIAL SECTION

---

### *Sheriffs' Retirement System*

#### MEMBERSHIP

The Plan is a multiple-employer cost sharing plan that covers persons employed as sheriffs, investigators (effective July 1, 1993), and detention officers (effective July 1, 2005).

#### CONTRIBUTIONS

Members contribute 9.245% of their compensation. Interest is credited at rates determined by the Board.

Member contributions are made through an “employer pick-up” arrangement which results in deferral of taxes on the contributions.

Employers contribute 10.115% of each member’s compensation. The rate increased from 9.535% to 9.825% on July 1, 2007 and to 10.115% on July 1, 2009. These increased contributions as of 2009 of 0.58% will terminate if an actuarial valuation shows that the period required to amortize the system’s unfunded liabilities is less than 25 years, and that the termination of those increases would not cause the amortization to increase beyond 25 years.

Beginning July 1, 2013, employers of retirees who return to work in a position working less than 480 hours contribute 10.115% of the working retiree’s compensation.

#### SERVICE CREDIT

Service credit is used to determine the amount of retirement benefit. One month of service credit is earned for each month where the member worked 160 hours. This includes certain transferred and purchased service.

#### MEMBERSHIP SERVICE

Membership service is used to determine eligibility for vesting, retirement or other SRS benefits. One month of membership service is earned for any month member contributions are made to SRS, regardless of the number of hours worked.

Additionally, eligible active and inactive members may purchase some types of service that will count as membership service.

#### HIGHEST AVERAGE COMPENSATION (HAC)

**For members hired prior to July 1, 2011:** The Highest Average Compensation (HAC) is the average of the highest 36 consecutive months (or shorter period of total service) of compensation paid to the member.

## ACTUARIAL SECTION

---

**For members hired on or after July 1, 2011:** The HAC is the average of the highest 60 consecutive months (or shorter period of total service) of compensation paid to the member. Compensation is specifically defined in law for SRS.

**For members hired on or after July 1, 2013:** The HAC calculations initially exclude amounts over 110% of the compensation included for each previous year with this excess compensation, if any, divided by the member's total months of service credit and added to the compensation for each month considered part of the member's HAC.

Bonuses paid on or after July 1, 2013 to any member will not be treated as compensation for retirement purposes. No member or employer contributions will be paid on bonuses.

### SERVICE RETIREMENT

Eligibility: 20 years of membership service.

Benefit: 2.5% of HAC multiplied by years of service credit.

### EARLY RETIREMENT

Eligibility: Age 50 with five years of membership service.

Benefit: Normal retirement benefit calculated using HAC and service credit at early retirement, and reduced to the actuarial equivalent commencing at the earliest of age 60 or the attainment of 20 years of service credit.

### DISABILITY RETIREMENT

Eligibility: Five years of membership service for non-duty disability; any membership service for duty-related disability.

Benefit:

- (i) For duty-related disability:
  - (a) If less than 20 years of membership service: 50% of HAC, or
  - (b) If 20 years or more of membership service: 2.5% of HAC multiplied by years of service credit.
- (ii) For non-duty-related disability, the actuarial equivalent of the accrued normal retirement benefit available at the time of disability.

### SURVIVOR'S BENEFIT

Eligibility: Active or retired member.

## ACTUARIAL SECTION

---

### *Sheriffs' Retirement System (continued)*

Benefit: For duty-related deaths:

- (i) lump-sum payment of the member's accumulated contributions; or
- (ii) a monthly survivor benefit to the designated beneficiary equal to the greater of:
  - (a) 50% of HAC; or
  - (b) 2.5% of HAC for each year of service credit actuarially reduced from age 60 or from the date when 20 years of membership service would have been completed, whichever provides the greater benefit.

Benefit : For non-duty-related deaths before retirement:

- (i) lump-sum payment of the member's accumulated contributions, or
- (ii) a monthly survivor benefit equal to 2.5% of HAC for each year of service credit actuarially reduced from age 60 or from the date when 20 years of membership service would have been completed, whichever provides the greater benefit.

A beneficiary may elect to receive the present value of the benefit as a single lump sum.

For retired members without a contingent annuitant, a payment will be made to the designated beneficiary equal to the accumulated contributions reduced by any retirement benefits already paid.

### VESTING

Eligibility: Five years of membership service.

Benefit: Accrued retirement benefit, payable at normal or early retirement date. In lieu of a pension, a member may receive a refund of accumulated contributions. Upon receipt of a refund of contributions, a member's vested right to a monthly benefit shall be forfeited.

### WITHDRAWAL OF EMPLOYEE CONTRIBUTIONS

Eligibility: Terminates service and is not eligible for other benefits.

Benefit: Accumulated member contributions. Upon receipt of a refund of contributions, a member's vested right to a monthly benefit is forfeited.

### RETIREMENT BENEFITS - FORM OF PAYMENT

The normal form of payment is a single life annuity with a refund of any remaining accumulated contributions (account balance) to a designated beneficiary. (Option 1).

Optional benefits: (i) Option 2, a life annuity and joint 100% survivor benefit,  
(ii) Option 3, a life annuity and joint 50% survivor benefit, and  
(iii) Option 4, a life annuity with a period certain.

If a retiring member selects Option 2 or 3 and the contingent annuitant predeceases or is divorced from the member, the benefit may revert to the higher Option 1 benefit available at retirement or the retiree may select a different contingent annuitant and/or a different option within 18 months of the death or divorce.

### POST RETIREMENT BENEFIT INCREASES

For retired members who have been retired at least 12 months, a Guaranteed Annual Benefit Adjustment (GABA) will be made each year equal to:

- (i) 3% for members hired before July 1, 2007, and
- (ii) 1.5% for members hired on or after July 1, 2007.

### CHANGES SINCE LAST VALUATION

**General Revisions** - House Bill 101, effective January 1, 2016:

- **SRS Membership from PERS Membership** - If a PERS member transfers employment to a SRS covered position and fails to elect SRS membership within 90 days (was 30 days), the default is PERS membership. 19-7-301(18), MCA

## ACTUARIAL SECTION

---

### *Game Wardens' and Peace Officers' Retirement System*

#### MEMBERSHIP

The Plan is a multiple-employer cost sharing plan that covers persons employed as a game warden, warden supervisor, or state peace officer.

#### CONTRIBUTIONS

Members contribute 10.56% of their compensation. Interest is credited at rates determined by the Board.

Member contributions are made through an “employer pick-up” arrangement which results in deferral of taxes on the contributions.

Employers contribute 9.0% of each member’s compensation.

#### SERVICE CREDIT

Service credit is used to determine the amount of retirement benefit. One month of service credit is earned for each month where the member worked 160 hours. This includes certain transferred and purchased service.

#### MEMBERSHIP SERVICE

Membership service is used to determine eligibility for vesting, retirement or other GWPORS benefits. One month of membership service is earned for any month member contributions are made to GWPORS, regardless of the number of hours worked.

#### HIGHEST AVERAGE COMPENSATION (HAC)

**For members hired prior to July 1, 2011:** The Highest Average Compensation (HAC) is the average of the highest 36 consecutive months (or shorter period of total service) of compensation paid to the member.

**For new members hired on or after July 1, 2011:** The HAC is the average of the highest 60 consecutive months (or shorter period of total service) of compensation paid to the member. Compensation is specifically defined in law for GWPORS.

**For members hired on or after July 1, 2013:** The HAC calculations initially exclude amounts over 110% of the compensation included for each previous year with this excess compensation, if any, divided by the member’s total months of service credit and added to the compensation for each month considered part of the member’s HAC.

Bonuses paid on or after July 1, 2013 to any member will not be treated as compensation for retirement purposes. No member or employer contributions will be paid on bonuses.

### **SERVICE RETIREMENT**

Eligibility: Age 50 with 20 years of membership service.

Benefit: 2.5% of HAC multiplied by years of service credit.

### **EARLY RETIREMENT**

Eligibility: Age 55 with 5 years of membership service.

Benefit: A reduced retirement benefit calculated using HAC and service credit at early retirement.

### **DISABILITY RETIREMENT**

Eligibility: Five years of membership service.

Benefit: (i) For duty-related disability:  
(a) If less than 20 years of membership service: 50% of HAC, or  
(b) If 20 years or more of membership service: 2.5% of HAC multiplied by years of service credit.  
(ii) For regular disability, the actuarial equivalent of the accrued normal retirement benefit at the time of disability.

### **SURVIVOR'S BENEFIT**

Eligibility: Active or retired member.

Benefit: For duty-related deaths, a monthly survivor benefit to the designated beneficiary equal to:  
(i) If 25 years or less of membership service: 50% of HAC, or  
(ii) If more than 25 years of membership service: 2% of HAC multiplied by years of service credit.

For non-duty-related deaths, a lump-sum refund of the member's accumulated contributions or actuarial equivalent of the service benefit.

A beneficiary may elect to receive the present value of the benefit as a single lump sum.

## ACTUARIAL SECTION

---

### *Game Wardens' and Peace Officers' Retirement System (continued)*

Benefit (continued) For retired members without a contingent annuitant, a payment will be made to the member's designated beneficiary equal to the accumulated contributions reduced by any retirement benefits already paid.

#### VESTING

Eligibility: Five years of membership service.

Benefit: Accrued normal retirement benefit, payable at normal or early retirement date. In lieu of a pension, a member may receive a refund of accumulated contributions. Upon receipt of a refund of contributions, a member's vested right to a monthly benefit shall be forfeited.

#### WITHDRAWAL OF EMPLOYEE CONTRIBUTIONS

Eligibility: Terminates service and is not eligible for other benefits.

Benefit: Accumulated member contributions. Upon receipt of a refund of contributions, a member's vested right to a monthly benefit is forfeited.

#### FORM OF PAYMENT

The normal form of payment is a single life annuity with a refund of any remaining accumulated contributions (account balance) to a designated beneficiary. (Option 1).

Optional benefits: (i) Option 2, a life annuity and joint 100% survivor benefit,  
(ii) Option 3, a life annuity and joint 50% survivor benefit, or  
(iii) Option 4, a life annuity with a period certain.

If a retiring member selects Option 2 or 3 and the contingent annuitant predeceases or is divorced from the member, the benefit may revert to the higher Option 1 benefit available at retirement or the retiree may select a different contingent annuitant and/or a different option within 18 months of the death or divorce.

#### POST RETIREMENT BENEFIT INCREASES

For retired members who have been retired at least 12 months, a Guaranteed Annual Benefit Adjustment (GABA) will be made each year in January equal to:

- (i) 3% for members hired before July 1, 2007, and
- (ii) 1.5% for members hired on or after July 1, 2007.

CHANGES SINCE LAST VALUATION

**General Revisions** - House Bill 101, effective January 1, 2016:

- **GWPORS Membership from PERS Membership** - If a PERS member transfers employment to a GWPORS covered position and fails to elect GWPORS membership within 90 days, the default is PERS membership. 19-8-302(22), MCA
  - **GWPORS Factor Change** - If a GWPORS member dies before retirement with more than 25 years of service credit, the survivor benefit is 2.5% of the Highest Average Compensation (HAC), not 2%. 19-8-1001(24), MCA
-



## **ACTUARIAL SECTION**

---

### ***Municipal Police Officers' Retirement System***

#### **MEMBERSHIP**

The Plan is a multiple-employer cost sharing plan that covers police officers of first- and second-class cities and others that adopt the plan within the state, other than those cities which maintain a separate local police fund.

#### **CONTRIBUTIONS**

Members' contributions depend upon date of hire and whether the member has elected to be covered by a Guaranteed Annual Benefit Adjustment (GABA). For members who have not elected GABA, the rates of contribution are as follows:

- (i) Hired after June 30, 1975 but on or before June 30, 1979: 7.0%
- (ii) Hired after June 30, 1979 but before July 1, 1997: 8.5%
- (iii) Hired on or after July 1, 1997: 9%

For all members who have elected GABA, the rate is 9.0% of compensation. Interest is credited at rates determined by the Board.

Member contributions are made through an "employer pick-up" arrangement which results in deferral of taxes on the contributions.

Employers contribute 14.41% of each member's compensation.

The State contributes 29.37% of each member's compensation.

#### **SERVICE CREDIT**

Service credit is used to determine the amount of retirement benefit. One month of service credit is earned for each month where the member works 160 hours. This includes certain purchased service.

#### **MEMBERSHIP SERVICE**

Membership service is used to determine eligibility for vesting, retirement or other MPORS benefits. One month of membership service is earned for any month member contributions are made to MPORS, regardless of the number of hours worked.

#### **FINAL AVERAGE COMPENSATION (FAC)**

Final Average Compensation (FAC) is the average over the last 36 months (or shorter period of total service) of compensation paid to the member. Compensation is specifically defined in law for MPORS.

## ACTUARIAL SECTION

---

For members hired on or after July 1, 2013, Final Average Compensation calculations initially exclude amounts over 110% of the compensation included for each previous year with this excess compensation, if any, divided by the member's total months of service credit and added to the compensation for each month considered part of the member's FAC.

Bonuses paid on or after July 1, 2013 to any member will not be treated as compensation for retirement purposes. No member or employer contributions will be paid on bonuses.

### **SERVICE RETIREMENT**

Eligibility: (i) Age 50 with 5 years of membership service; or  
(ii) Any age with 20 years of membership service.

Benefit: 2.5% of FAC multiplied by years of service credit.

### **DISABILITY BENEFIT**

Eligibility Any active member.

Benefit: (i) Before completing 20 years of membership service: 50% of FAC.  
(ii) After completing 20 years or more of membership service: 2.5% of FAC for each year of service credit.

### **SURVIVOR'S BENEFIT**

Eligibility: Any active member.

Benefit: (i) Before completing 20 years of membership service: 50% of member's FAC.  
(ii) After completing 20 years of membership service: 2.5% of member's FAC for each year of service credit.

Benefits are paid to the surviving spouse (or equally to dependent children if there is no surviving spouse or after a surviving spouse dies, for as long as they remain dependent children). In the absence of a spouse or child, the accumulated contributions minus any benefits already paid will be paid to the member's designated beneficiary.

### **VESTING**

Eligibility: Five years of membership service.

## ACTUARIAL SECTION

---

### *Municipal Police Officers' Retirement System (continued)*

**Benefit:** Accrued normal retirement benefit, payable at age 50. In lieu of a pension, a member may receive a refund of accumulated contributions. Upon receipt of a refund of contributions, a member's vested right to a monthly benefit shall be forfeited.

#### **WITHDRAWAL OF EMPLOYEE CONTRIBUTIONS**

**Eligibility:** Terminates service and is not eligible for other benefits.

**Benefit:** Accumulated member contributions. Upon receipt of a refund of contributions, a member's vested right to a monthly benefit is forfeited.

#### **RETIREMENT BENEFITS - FORM OF PAYMENT**

The normal form of payment is a life annuity, with 100% continuation after death to a surviving spouse. If there is no surviving spouse, or after the death of a surviving spouse, benefits are paid to the dependent children, if any, for as long as they remain dependent children.

#### **POST RETIREMENT BENEFIT INCREASES**

For retired members who became active members on or after July 1, 1997, or those who elected to be covered under GABA and who have been retired at least 12 months, a GABA will be made each year in January equal to 3%.

For retired members who were hired prior to July 1, 1997 and who did not elect GABA, the minimum benefit adjustment provided is equal to 50% of the current base compensation of a newly confirmed police officer of the employer that last employed the member as a police officer.

#### **CHANGES SINCE LAST VALUATION**

**General Revisions Bill** - House Bill 101, effective January 1, 2016:

- **MPORS Membership from PERS Membership** - If a PERS member transfers employment to a MPORS covered position and fails to elect MPORS membership within 90 days, the default is PERS membership. 19-9-301(26), MCA

**Second Retirement Benefit** - House Bill 392, effective retroactively to December 1, 2014:

If a MPORS retired member is re-employed in a MPORS position, the member's second retirement will be re-calculated using the criteria below:

- Less than 20 years of service and at least age 50:
    - o The initial benefit will cease
    - o The retiree becomes a vested active MPORS member
    - o The member must repay all initial benefits received and interest at the actuarially assumed rate of return
    - o The second retirement benefit will be based on total MPORS service; and
    - o The member will be treated as a new retiree who after having been retired at least 12 months, will receive a 3 % GABA each year in January. This applies only to members who were GABA members initially.
  
  - More than 20 years of service:
    - o The initial benefit will cease
    - o The retiree becomes a vested active MPORS member
    - o At second retirement the initial benefit resumes and a new benefit will be calculated on new service credit and FAC after re-employment; and
    - o The retiree will receive GABA on their first benefit in January immediately following second retirement but waits 12 months for GABA on the second retirement benefit. If not initially retired 12 months, the retiree will wait 12 months for GABA on both parts of benefit. This applies only to members who were GABA members initially.
-

## ACTUARIAL SECTION

---

### ***MPORS Deferred Retirement Option Plan (DROP)***

Eligibility:	20 years of membership service.
Period:	Maximum of five years. Member may not receive service credit during the DROP period.
Contributions:	State, employer and member contributions continue during the DROP period and are made to the retirement system.
Disability:	If a member becomes disabled during the DROP period, the member will not be eligible for MPORS disability benefits. If the member must terminate service, the member's service retirement benefit will be paid to the member rather than to the member's monthly DROP account. The member will also be eligible to receive the DROP account.
Survivor Benefit:	<p>If a member dies before the end of the DROP period, the surviving spouse or dependent children are entitled to receive a lump-sum payment equal to the member's DROP benefit and the member's accumulated contributions minus any benefits paid from the member's DROP account, including monthly DROP accruals.</p> <p>If the member does not have a surviving spouse or dependent children, then the member's designated beneficiary is entitled to receive a lump-sum payment equal to the member's DROP benefit.</p> <p>The benefit paid must include interest credited to the participant's account as follows:</p> <p>(a) through June 30, 2009, interest must be credited every fiscal year end at a rate reflecting the retirement system's annual investment earnings for the applicable fiscal year.</p> <p>(b) after June 30, 2009, interest must be credited every fiscal year end at the actuarially assumed rate of return. Proportionate interest must be credited for distributions taking place at other than a fiscal year end.</p>
Benefit:	Member receives DROP accruals equal to the retirement benefit calculated at DROP commencement and added each month during the DROP period plus interest reflecting the retirement system's assumed annual investment earnings. Effective July 1, 2009, the interest rate credited to DROP accounts was changed to the actuarial assumed rate of 8%. As a result of the experience study performed during fiscal year 2010, the interest rate credited to DROP accounts was changed to the actuarial assumed rate of 7.75%.

CHANGES IN DROP SINCE LAST VALUATION

**General Revisions Bill** – House Bill 101, effective January 1, 2016:

- Survivor Benefit
    - o Allow statutory beneficiary (spouse or dependent child) of a deceased DROP participant to receive a DROP benefit and a survivorship benefit rather than accumulated contributions or a lump sum payment.
-

## **ACTUARIAL SECTION**

---

### ***Firefighters' Unified Retirement System***

#### **MEMBERSHIP**

The Plan is a multiple-employer cost sharing plan that covers firefighters in cities of the first- and second-class, other cities, and rural fire district departments that adopt the plan. The plan also covers firefighters hired by the Montana Air National Guard on or after October 1, 2001.

#### **CONTRIBUTIONS**

For members not electing a Guaranteed Annual Benefit Adjustment (GABA), members contribute 9.5% of their compensation. For members electing GABA, members contribute 10.7% of their compensation. Interest is credited at rates determined by the Board.

Member contributions are made through an “employer pick-up” arrangement which results in deferral of taxes on the contributions.

The employer contributes 14.36% of each member’s compensation.

Beginning July 1, 2013, employers of retirees who return to work contribute 14.36% of the working retiree’s compensation.

The State contributes 32.61% of each member’s compensation.

#### **SERVICE CREDIT**

Service credit is used to determine the amount of retirement benefit. One month of service credit is earned for each month where the member is paid for 160 hours. This includes certain transferred and purchased service.

#### **MEMBERSHIP SERVICE**

Membership service is used to determine eligibility for vesting, retirement or other FURS benefits. One month of membership service is earned for any month member contributions are made to FURS, regardless of hours worked.

#### **HIGHEST AVERAGE COMPENSATION (HAC)**

Highest Average Compensation is the average of the highest 36 consecutive months (or shorter period of total service) of compensation paid to the member. Compensation is specifically defined in law for FURS.

For a part-time firefighter, compensation is calculated as 15% of the regular compensation of a newly confirmed full-time firefighter.

## ACTUARIAL SECTION

---

For members hired on or after July 1, 2013, Highest Average Compensation calculations initially exclude amounts over 110% of the compensation included for each previous year with this excess compensation, if any, divided by the member's total months of service credit and added to the compensation for each month considered part of the member's HAC.

Bonuses paid on or after July 1, 2013 to any member will not be treated as compensation for retirement purposes. No member or employer contributions will be paid on bonuses.

### **SERVICE RETIREMENT**

Eligibility: 20 years of membership service.

Benefit: (i) For a member hired on or after July 1, 1981, or a member who has elected to be covered by GABA: 2.5% of HAC multiplied by years of service credit.

(ii) For a member hired prior to July 1, 1981, and who had not elected to be covered by GABA, the greater of (i), or:

(a) If membership service is less than 20 years: 2% of highest monthly compensation (HMC) multiplied by years of service credit, and

(b) If membership service is greater or equal to 20 years: 50% of HMC plus 2% of HMC multiplied by years of service credit in excess of 20.

### **EARLY RETIREMENT**

Eligibility: Age 50 with 5 years of membership service.

Benefit: Normal retirement benefit calculated using HAC and service credit at early retirement.

### **DISABILITY RETIREMENT**

Eligibility: Any active or inactive member.

Benefit: The greater of:  
(a) 50% of HAC, or  
(b) 2.5% of HAC multiplied by years of service credit.

### **SURVIVOR'S BENEFIT**

Eligibility: Active or retired member.



## ACTUARIAL SECTION

---

### *Firefighters' Unified Retirement System (continued)*

**Benefit:** For deaths of active members with less than 20 years of membership service, a monthly survivor benefit to the surviving spouse (or equally to dependent children if there is no surviving spouse or after a surviving spouse dies, for as long as they remain dependent children) equal to 50% of HAC. For active or inactive members with more than 20 years of membership service, a benefit equal to the accrued retirement benefit at the date of death.

#### **VESTING**

**Eligibility:** Five years of membership service.

**Benefit:** Accrued retirement benefit, payable at normal or early retirement date. In lieu of a pension, a member may receive a refund of accumulated contributions. Upon application for a refund of contributions, a member's vested right to a monthly benefit shall be forfeited.

#### **WITHDRAWAL OF EMPLOYEE CONTRIBUTIONS**

**Eligibility:** Terminates service and is not eligible for other benefits.

**Benefit:** Accumulated member contributions. Upon receipt of a refund of contributions, a member's vested right to a monthly benefit is forfeited.

#### **RETIREMENT BENEFITS - FORM OF PAYMENT**

The retirement benefit is paid for the retired member's life. Upon the death of the retired member, the benefit is paid to the surviving spouse. If there is no surviving spouse, or after the death of a surviving spouse, benefits are paid to the dependent children, if any, for as long as they remain dependent children.

#### **POST RETIREMENT BENEFIT INCREASES**

For retired members who became active members on and after July 1, 1997, and those who elected to be covered under GABA and who have been retired at least 12 months, a GABA will be paid each year in January equal to 3%.

For retired members who were hired prior to July 1, 1997, and who did not elect GABA, the minimum benefit adjustment is provided equal to 50% of the current base compensation of a newly confirmed active firefighter of the employer that last employed the member as a firefighter.

CHANGES SINCE LAST VALUATION

**General Revisions Bill** - House Bill 101, effective January 1, 2016:

- **FURS Membership from PERS Membership** - If a PERS member transfers employment to a FURS covered position and fails to elect FURS membership within 90 days, the default is PERS membership. 19-9-301(26), MCA
-

## ACTUARIAL SECTION

---

### *Volunteer Firefighters' Compensation Act*

#### MEMBERSHIP

The Plan is a state-wide retirement and disability plan. The Plan covers volunteer firefighters serving with qualified volunteer fire companies in unincorporated areas throughout the state. All members are unpaid volunteers and the State of Montana is the only contributor to the plan.

#### CONTRIBUTIONS

There are no member contributions.

The State contributes 5% of certain fire insurance premium taxes collected.

#### CREDIT FOR SERVICE

To receive a year of credit for service, a volunteer firefighter must serve with a fire company for an entire fiscal year and receive a minimum of 30 hours of training. Fractional years are not credited.

#### NORMAL RETIREMENT

Eligibility: (i) Age 55 with 20 years of credit for service, or  
(ii) Age 60 with 10 years of credit for service.

Benefit: \$7.50 per month for each year of credit for service.

For VFCA members retiring prior to July 1, 2011, maximum service is 30 years.

VFCA members retiring on or after July 1, 2011, will receive \$7.50 per month for each additional year of credited service after 30 years in each year that the trust is actuarially sound and the amortization period is 20 years or less; otherwise benefits for the year will only be paid on credited service up to 30 years.

#### DISABILITY RETIREMENT

Eligibility: Any current member on a fire company's roster.

Benefit: The greater of:  
(i) \$75 per month, or  
(ii) \$7.50 per month per year of credit for service (up to 30 years of service).

**SURVIVOR'S BENEFIT**

Eligibility: 10 years of credit for service or a retired member.

Benefit: A monthly survivor benefit to the surviving spouse (or equally to dependent children if there is no surviving spouse or after a surviving spouse dies, for as long as they remain dependent children) equal to the full benefit otherwise payable to the member. Survivor benefits terminate when benefits have been paid for a total of 40 months, including any benefits paid to the retired member prior to death.

**CHANGES SINCE LAST VALUATION**

**VFCA Pension Benefit** - House Bill 483, effective January 1, 2016:

- The monthly base benefit increases to \$8.75 from \$7.50 for each year of credited service, up to 20 years. Credited service after 20 years remains at \$7.50 per year. This applies to all retirees, current and future.

**Allowable payments to volunteer firefighters** – House Bill 555, effective October 1, 2015:

- Allowable payments increase from \$300 to \$3,000, which includes stipends or per diem. Compensation is not included.



## ACTUARIAL SECTION

---

This page intentionally left blank



**Bittersweet Nightshade**

Native to Europe and Asia, this plant is considered invasive. Not as poisonous as its cousins the Deadly Nightshade, this plant's berries are still harmful to livestock and humans if ingested. (*Wikipedia*)

Photo courtesy of Jeff Girton

©2013, Jeffrey Girton All Rights Reserved.

**Camas**

Camassia species were an important food staple for Native Americans and settlers in parts of the American Old West. (*Wikipedia*)

Photo courtesy of Jeff Girton



©2013, Jeffrey Girton All Rights Reserved.



**Spotted Knapweed**

Spotted knapweed is a highly adaptable plant and can be found just about anywhere. It can be found at various elevations, in moist or dry conditions, is shade tolerant but most often can be found in sunny areas on well drained or gravel/sandy soils. (*Montana Weed Control Association*)

Photo Courtesy of Ann Reber

### SUMMARY OF STATISTICAL DATA

The pension funds are accounted for under the accrual basis of accounting. Information is provided for the last ten years ending June 30, 2015 for the following five objectives: financial trends, revenue capacity, debt capacity, demographic and economic trends, and operations.

Financial trends are presented on pages 242 to 253. The schedules contain trend information to help the reader understand how the plans' financial performance and well-being have changed over time. Net assets and liabilities are presented on pages 244 to 249. The change in net assets is presented in chart format and includes graphs for the PERS-DBRP that highlight areas of interest. Actuarial liabilities are presented on pages 251 to 253 in graph format for all of the defined benefit retirement plans. The existence of unfunded actuarial liabilities is not necessarily an indication of financial problems but the fluctuations are important and must be monitored and controlled.

Revenue capacity is presented on pages 254 to 265. These schedules contain information to help the reader assess the plans' revenue sources, fair values by investment type, and the contribution rate history since inception.

The schedules showing the History of Membership in the Retirement Plans are presented on pages 266 to 269.

Debt capacity is presented on pages 270 to 281. These schedules present information to help the reader assess the plans' current levels of outstanding debt and the plans' ability to issue additional debt in the future. Debt capacity is represented with benefit expenses and distributions and is followed by schedules

of retired members, based on the type of benefit received.

Demographic and Economic information is presented on pages 282 to 295. These schedules offer demographic and economic indicators to help the reader understand the environment within which the plans' financial activities take place. A map on page 282 depicts the location of benefit recipients. The map shows that the majority (88 percent) of benefit recipients remain in Montana. On pages 286 to 294, the average monthly benefit is provided for each plan.

Operating information is presented on pages 296 to 312. These schedules contain pension plan data to help the reader understand how the information in the financial report relates to the pension plans the PERB administers. This information includes a schedule of employers participating in each of the plans.

## STATISTICAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### Changes in Fiduciary Net Position, Last Ten Fiscal Years

(In thousands)

Fiscal Year	2006	2007	2008	2009	2010	2011
<b>PERS-DBRP</b>						
Additions						
Member Contributions <sup>1</sup>	\$ 66,145	\$ 69,150	\$ 72,874	\$ 76,003	\$ 78,671	\$ 77,875
Employer Contributions <sup>2</sup>	88,573	67,195	72,270	75,949	80,326	79,173
State Contributions	443	446	378	357	537	546
Investment Income <sup>3</sup>	293,679	629,559	(197,030)	(796,242)	387,861	715,398
Other <sup>4</sup>						
Total Additions to Net Position	448,840	766,350	(51,508)	(643,933)	547,395	872,992
Deductions						
Benefits	153,886	166,188	180,815	196,402	212,186	231,223
Refunds	12,754	12,868	12,123	10,821	10,967	11,539
Administrative Expenses	2,886	2,681	2,832	2,948	3,257	3,327
Other <sup>4</sup>	1,816	2,108	1,987	1,713	3,438	794
Total Deductions to Net Position	171,342	183,845	197,757	211,884	229,848	246,883
Change in Net Position	\$ 277,498	\$ 582,505	\$ (249,265)	\$ (855,817)	\$ 317,547	\$ 626,109
<b>PERS-DCRP DISABILITY OPEB<sup>5</sup></b>						
Additions						
Employer Contributions	150	185	212	245	265	262
Investment Income <sup>3</sup>	15	30	32	16	4	5
Total Additions to Net Position	165	215	244	261	269	267
Deductions						
Benefits				7	14	19
Administrative Expenses						
Total Deductions to Net Position				7	14	19
Change in Net Position	\$ 165	\$ 215	\$ 244	\$ 254	\$ 255	\$ 248
<b>JRS</b>						
Additions						
Member Contributions <sup>1</sup>	\$ 333	\$ 339	\$ 385	\$ 584	\$ 595	\$ 504
Employer Contributions	1,229	1,249	1,315	1,347	1,468	1,477
Investment Income <sup>3</sup>	4,344	9,435	(2,991)	(12,103)	6,013	11,392
Total Additions to Net Position	5,906	11,023	(1,291)	(10,172)	8,076	13,373
Deductions						
Benefits	1,743	1,772	1,829	1,972	2,118	2,240
Refunds						
Administrative Expenses	12	8	9	17	10	39
Other <sup>4</sup>					24	
Total Deductions to Net Position	1,755	1,780	1,838	1,989	2,152	2,279
Change in Net Position	\$ 4,151	\$ 9,243	\$ (3,129)	\$ (12,161)	\$ 5,924	\$ 11,094

Contributions were made in accordance with statutory requirements.

<sup>1</sup>Includes Interest Reserve Buybacks.

<sup>2</sup>Includes Membership Fees, Retirement Incentive, Miscellaneous Revenue and Education Contributions.

<sup>3</sup>Includes Common Stock Dividends.

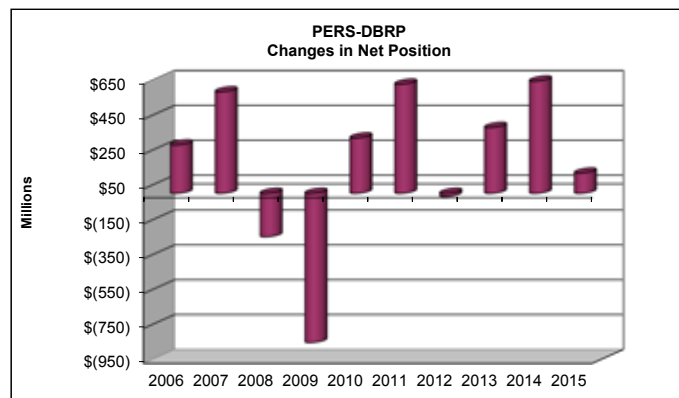
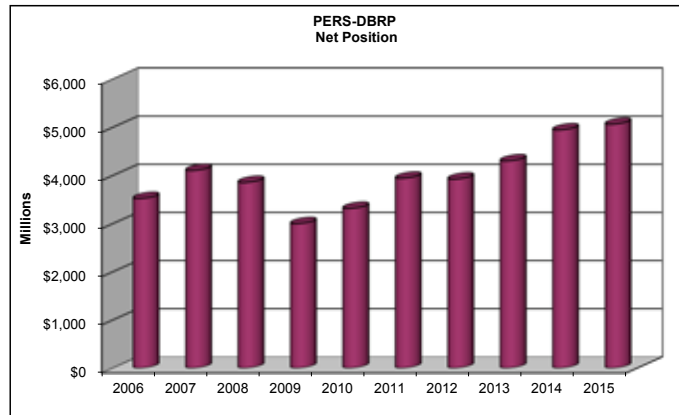
<sup>4</sup>Includes Transfers to the DC, MUS-RP, Prior Year Adjustments and Refunds to Other Plans, and Coal Tax Transfers.

<sup>5</sup> Effective FY2014, DCRP-Disability was changed to PERS-DCRP Disability OPEB and reported as a Defined Benefit Plan.



## STATISTICAL SECTION

2012	2013	2014	2015
\$ 79,332	\$ 80,889	\$ 92,160	\$ 95,424
80,049	81,836	129,921	100,625
536	532	886	919
91,355	505,052	732,483	225,111
			31,478
251,272	668,309	955,450	453,557
252,762	274,021	296,183	319,502
11,991	11,254	10,070	11,688
3,386	3,843	3,781	3,980
1,028	1,594	1,488	2,211
269,167	290,712	311,522	337,381
\$ (17,895)	\$ 377,597	\$ 643,928	\$ 116,176
273	288	311	343
5	5	3	4
278	293	314	347
27	29	29	34
			1
27	29	29	35
\$ 251	\$ 264	\$ 285	\$ 312
\$ 447	\$ 742	\$ 481	\$ 534
1,598	1,621	1,652	1,684
1,517	8,409	12,425	3,842
3,562	10,772	14,558	6,060
2,344	2,553	3,023	3,041
118	185	100	138
2,462	2,738	3,123	3,179
\$ 1,100	\$ 8,034	\$ 11,435	\$ 2,881



## STATISTICAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### Changes in Fiduciary Net Position, Last Ten Fiscal Years

(In thousands)

Fiscal Year	2006	2007	2008	2009	2010	2011
<b>HPORS</b>						
Additions						
Member Contributions <sup>1</sup>	\$ 851	\$ 1,005	\$ 1,082	\$ 1,035	\$ 1,262	\$ 1,270
Employer Contributions <sup>2</sup>	2,905	3,634	3,949	4,151	4,763	4,543
State Contributions <sup>2</sup>	277	285	290	285	287	278
Investment Income <sup>3</sup>	7,453	15,875	(4,929)	(19,978)	9,714	17,912
Total Additions to Net Position	11,486	20,799	392	(14,507)	16,026	24,003
Deductions						
Benefits	6,365	6,460	6,814	7,127	7,557	7,866
Refunds	89	139	61	26	56	121
Administrative Expenses	31	28	27	49	35	56
Other <sup>4</sup>	1	139	14	17	37	
Total Deductions to Net Position	6,486	6,766	6,916	7,219	7,685	8,043
Change in Net Position	\$ 5,000	\$ 14,033	\$ (6,524)	\$ (21,726)	\$ 8,341	\$ 15,960
<b>SRS</b>						
Additions						
Member Contributions <sup>1</sup>	\$ 3,721	\$ 4,921	\$ 4,815	\$ 5,207	\$ 5,336	\$ 5,831
Employer Contributions <sup>2</sup>	3,524	4,386	4,834	5,193	5,637	6,014
Investment Income <sup>3</sup>	13,566	29,732	(9,598)	(38,824)	19,470	37,539
Total Additions to Net Position	20,811	39,039	51	(28,424)	30,443	49,384
Deductions						
Benefits	6,152	6,769	7,243	7,858	8,277	9,237
Refunds	365	934	722	968	766	968
Administrative Expenses	78	77	80	115	97	121
Other <sup>5</sup>	17	82	11	29	116	
Total Deductions to Net Position	6,612	7,862	8,056	8,970	9,256	10,326
Change in Net Position	\$ 14,199	\$ 31,177	\$ (8,005)	\$ (37,394)	\$ 21,187	\$ 39,058
<b>GWPORS</b>						
Additions						
Member Contributions <sup>1</sup>	\$ 3,027	\$ 3,199	\$ 3,613	\$ 3,912	\$ 4,340	\$ 4,198
Employer Contributions <sup>2</sup>	2,391	2,638	2,979	3,292	3,612	3,523
Investment Income <sup>3</sup>	4,594	10,838	(3,653)	(15,133)	7,924	16,335
Total Additions to Net Position	10,012	16,675	2,939	(7,929)	15,876	24,056
Deductions						
Benefits	1,835	2,085	2,271	2,521	2,622	2,863
Refunds	477	702	643	840	879	993
Administrative Expenses	49	47	52	79	61	88
Other <sup>5</sup>	13		30		59	
Total Deductions to Net Position	2,374	2,834	2,996	3,440	3,621	3,944
Change in Net Position	\$ 7,638	\$ 13,841	\$ (57)	\$ (11,369)	\$ 12,255	\$ 20,112

Contributions were made in accordance with statutory requirements.

1 Includes Interest Reserve Buybacks.

2 Includes Retirement Incentive and Miscellaneous Revenue.

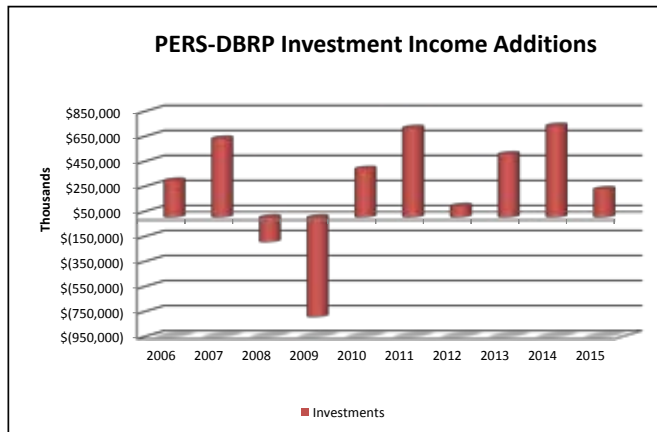
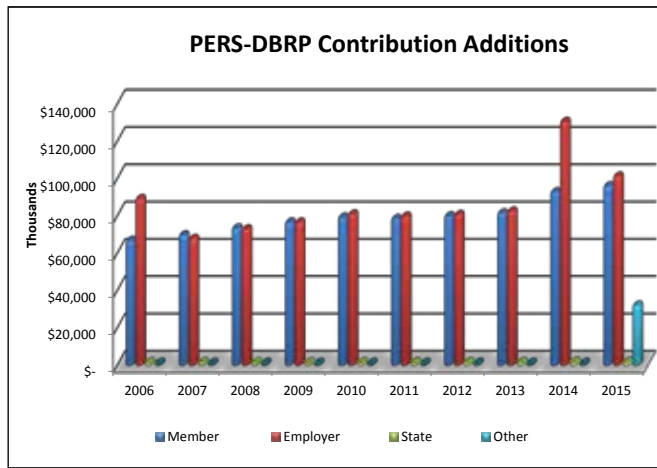
3 Includes Common Stock Dividends.

4 Includes Percent of Salary.

5 Includes Refunds to Other Plans and Prior Year Adjustments.

# STATISTICAL SECTION

2012	2013	2014	2015
\$ 1,299	\$ 1,337	\$ 1,458	\$ 1,624
4,966	4,903	5,474	5,578
269	274	262	262
2,321	12,826	18,684	5,738
8,855	19,340	25,878	13,202
8,223	8,709	9,344	9,932
65	51	84	69
122	181	109	146
3		15	
8,413	8,941	9,552	10,147
\$ 442	\$ 10,399	\$ 16,326	\$ 3,055
\$ 5,694	\$ 5,838	\$ 6,447	\$ 6,623
6,028	6,273	6,690	6,902
5,109	28,154	41,802	13,042
16,831	40,265	54,939	26,567
10,379	11,583	12,732	14,019
1,248	1,159	1,185	1,217
207	287	203	250
23	25	27	44
11,857	13,054	14,147	15,530
\$ 4,974	\$ 27,211	\$ 40,792	\$ 11,037
\$ 4,148	\$ 4,210	\$ 4,462	\$ 4,924
3,470	3,576	3,762	4,088
2,388	13,106	20,075	6,435
10,006	20,892	28,299	15,447
3,203	3,575	3,979	4,550
1,227	841	1,187	802
173	247	161	203
15	23	63	
4,618	4,686	5,390	5,555
\$ 5,388	\$ 16,206	\$ 22,909	\$ 9,892



## STATISTICAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### Changes in Fiduciary Net Position, Last Ten Fiscal Years

(In thousands)

Fiscal Year	2006	2007	2008	2009	2010	2011
<b>MPORS</b>						
Additions						
Member Contributions <sup>1</sup>	\$ 2,549	\$ 2,709	\$ 2,974	\$ 3,186	\$ 4,141	\$ 3,580
Employer Contributions	4,035	4,283	5,156	5,056	6,860	5,670
State Contributions <sup>2</sup>	8,182	8,677	9,452	10,186	10,932	11,594
Investment Income <sup>3</sup>	14,091	31,080	(10,262)	(40,908)	19,972	39,175
Total Additions to Net Position	28,857	46,749	7,320	(22,480)	41,905	60,019
Deductions						
Benefits	12,032	12,691	13,707	15,008	15,728	17,013
Refunds	551	688	4,290	794	849	1,000
Administrative Expenses	68	70	78	98	80	106
Other <sup>4</sup>	48	29	4	62	149	
Total Deductions to Net Position	12,699	13,478	18,079	15,962	16,806	18,119
Change in Net Position	\$ 16,158	\$ 33,271	\$ (10,759)	\$ (38,442)	\$ 25,099	\$ 41,900
<b>FURS</b>						
Additions						
Member Contributions <sup>1</sup>	\$ 2,472	\$ 2,619	\$ 3,152	\$ 3,701	\$ 4,419	\$ 3,748
Employer Contributions	3,328	3,520	4,467	4,531	5,129	5,009
State Contributions <sup>2</sup>	7,533	7,957	9,568	9,832	10,872	11,365
Investment Income <sup>3</sup>	13,409	29,577	(9,733)	(39,421)	19,606	38,751
Total Additions to Net Position	26,742	43,673	7,454	(21,357)	40,026	58,873
Deductions						
Benefits	11,040	11,851	13,353	13,987	14,598	15,605
Refunds	45	241	116	69	86	128
Administrative Expenses	58	56	57	98	72	92
Other <sup>4</sup>					85	
Total Deductions to Net Position	11,143	12,148	13,526	14,154	14,841	15,825
Change in Net Position	\$ 15,599	\$ 31,525	\$ (6,072)	\$ (35,511)	\$ 25,185	\$ 43,048
<b>VFCA</b>						
Additions						
State Contributions	\$ 1,611	\$ 1,661	\$ 1,562	\$ 1,580	\$ 1,575	\$ 1,596
Investment Income <sup>3</sup>	1,853	4,103	(1,275)	(5,304)	2,566	4,793
Total Additions to Net Position	3,464	5,764	287	(3,724)	4,141	6,389
Deductions						
Benefits	1,564	1,637	1,717	1,780	1,857	1,938
Insurance Payments	11	13	14	17	17	15
Administrative Expenses	48	50	46	59	58	81
Other <sup>4</sup>					9	
Total Deductions to Net Position	1,623	1,700	1,777	1,856	1,941	2,034
Change in Net Position	\$ 1,841	\$ 4,064	\$ (1,490)	\$ (5,580)	\$ 2,200	\$ 4,355

Contributions were made in accordance with statutory requirements.

<sup>1</sup> Includes Interest Reserve Buybacks.

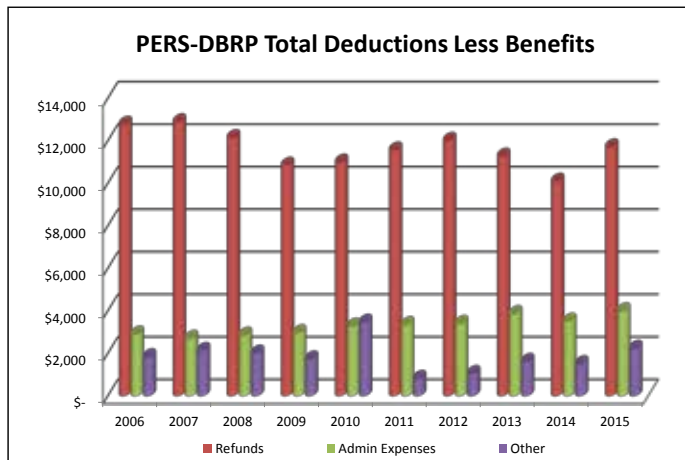
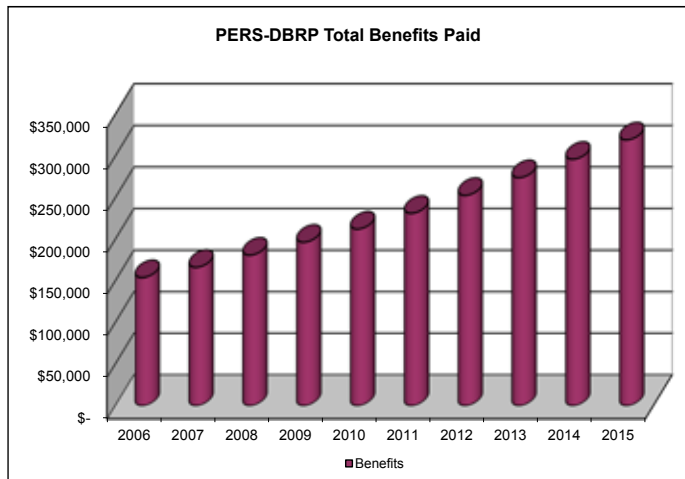
<sup>2</sup> Includes Percent of Salary.

<sup>3</sup> Includes Common Stock Dividends.

<sup>4</sup> Includes Refunds to Other Plans and Prior Year Adjustments.

## STATISTICAL SECTION

2012	2013	2014	2015
\$ 6,055	\$ 4,029	\$ 4,133	\$ 4,292
3,791	6,280	6,459	6,630
12,274	12,573	13,049	13,433
5,717	30,037	45,244	14,471
27,837	52,919	68,885	38,826
17,355	18,463	19,450	20,560
707	1,833	1,018	2,179
178	245	166	214
3	5	60	5
18,243	20,546	20,694	22,958
\$ 9,594	\$ 32,373	\$ 48,191	\$ 15,868
\$ 4,123	\$ 4,253	\$ 4,698	\$ 4,710
5,281	5,499	5,767	6,100
11,797	12,358	13,007	13,573
5,726	30,035	45,478	14,640
26,927	52,145	68,950	39,023
16,519	17,670	18,872	19,745
119	73	166	2
163	229	153	192
		14	
16,801	17,972	19,205	19,939
\$ 10,126	\$ 34,173	\$ 49,745	\$ 19,084
\$ 1,635	\$ 1,711	\$ 1,818	\$ 1,914
592	3,383	4,817	1,480
2,227	5,094	6,635	3,394
2,046	2,819	2,281	2,369
13	15	14	11
144	206	135	182
2,203	3,040	2,430	2,562
\$ 24	\$ 2,054	\$ 4,205	\$ 832



## STATISTICAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### Changes in Fiduciary Net Position, Last Ten Fiscal Years<sup>1</sup>

(In thousands)

Fiscal Year	2006	2007	2008	2009	2010	2011
<b>PERS-DCRP</b>						
Additions						
Member Contributions	\$ 3,699	\$ 4,394	\$ 5,118	\$ 5,723	\$ 6,140	\$ 6,100
Employer Contributions	2,319	2,857	3,255	3,730	4,029	3,965
Investment Income <sup>1</sup>	2,098	5,415	(2,987)	(6,801)	6,122	12,698
Other <sup>2</sup>	487	1,893	554	468	487	698
<b>Total Additions to Net Position</b>	<b>8,603</b>	<b>14,559</b>	<b>5,940</b>	<b>3,120</b>	<b>16,778</b>	<b>23,461</b>
Deductions						
Refunds	1,570	2,632	2,519	1,903	1,947	3,637
Administrative Expenses	227	253	246	411	416	426
Other <sup>3</sup>	295	282	223	222	250	299
<b>Total Deductions to Net Position</b>	<b>2,092</b>	<b>3,167</b>	<b>2,988</b>	<b>2,536</b>	<b>2,613</b>	<b>4,362</b>
<b>Change in Net Position</b>	<b>\$ 6,511</b>	<b>\$ 11,392</b>	<b>\$ 2,952</b>	<b>\$ 584</b>	<b>\$ 14,165</b>	<b>\$ 19,099</b>
<b>DEFERRED COMPENSATION PLAN</b>						
Additions						
Member Contributions	\$ 16,990	\$ 17,712	\$ 19,107	\$ 19,661	\$ 18,607	\$ 19,072
Employer Contributions	52	74	70	65	61	64
Investment Income <sup>4</sup>	3,618	37,102	3,287	(26,444)	37,203	36,906
Other <sup>5</sup>	209	277	416	335	330	424
<b>Total Additions to Net Position</b>	<b>20,869</b>	<b>55,165</b>	<b>22,880</b>	<b>(6,383)</b>	<b>56,201</b>	<b>56,466</b>
Deductions						
Refunds	11,443	14,693	13,302	11,024	13,398	15,416
Administrative Expenses	204	225	241	318	277	288
Other <sup>6</sup>	737	781	817	865	991	1,007
<b>Total Deductions to Net Position</b>	<b>12,384</b>	<b>15,699</b>	<b>14,360</b>	<b>12,207</b>	<b>14,666</b>	<b>16,711</b>
<b>Change in Net Position</b>	<b>\$ 8,485</b>	<b>\$ 39,466</b>	<b>\$ 8,520</b>	<b>\$ (18,590)</b>	<b>\$ 41,535</b>	<b>\$ 39,755</b>

1 Fees paid to Great-West, Transamerica and State Street are included in the net investment sum for fiscal years after 2012.

2 Includes Miscellaneous Revenues and Forfeitures remitted to MPERA to pay administrative costs.

3 Fees paid to Great-West and Transamerica for services provided prior to fiscal year 2013, and prior period adjustments.

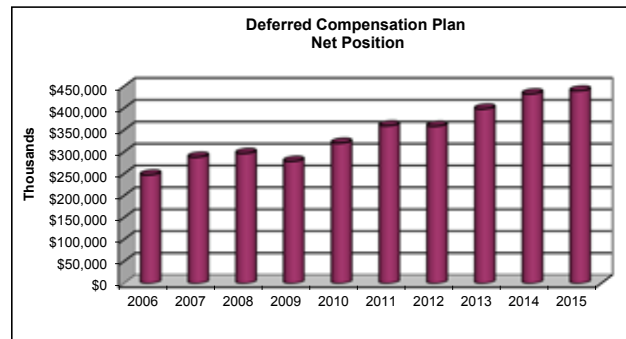
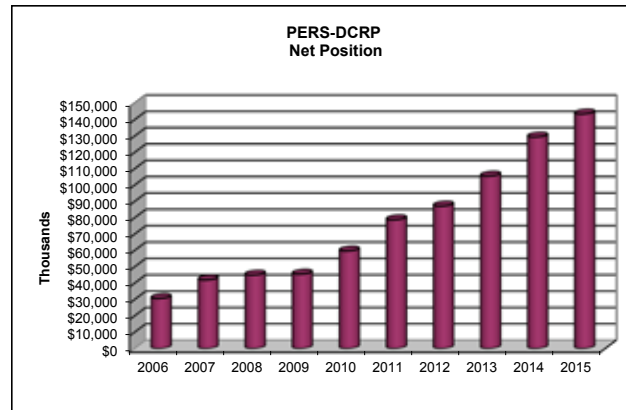
4 Fees paid to Great-West, Transamerica and State Street are included in the net investment sum for fiscal years after 2012.

5 Miscellaneous Revenue remitted to MPERA to pay administrative costs.

6 Fees paid to Great-West, Transamerica and Allianz for services provided prior to fiscal year 2013, and prior period adjustments.

# STATISTICAL SECTION

2012	2013	2014	2015
\$ 6,318	\$ 6,943	\$ 8,534	\$ 9,369
4,137	4,374	4,410	4,887
2,352	11,684	18,367	6,316
616	451	292	422
13,423	23,452	31,603	20,994
4,000	4,379	4,738	6,103
493	585	558	586
313	162	174	198
4,806	5,126	5,470	6,887
\$ 8,617	\$ 18,326	\$ 26,133	\$ 14,107
\$ 19,381	\$ 20,297	\$ 24,255	\$ 20,379
65	79	81	103
13,913	21,219	35,165	11,243
628	257	191	263
33,987	41,852	59,692	31,988
15,637	19,644	24,250	24,219
357	445	406	451
1,186	581	458	457
17,180	20,670	25,114	25,127
\$ 16,807	\$ 21,182	\$ 34,578	\$ 6,861



## STATISTICAL SECTION

---

This page intentionally left blank

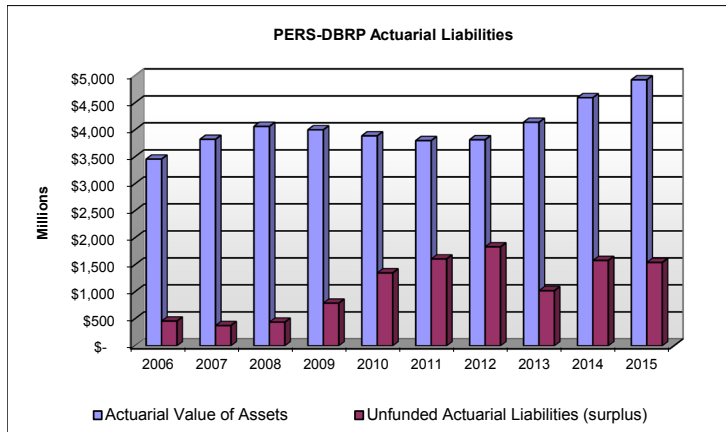


# Public Employees' Retirement Board

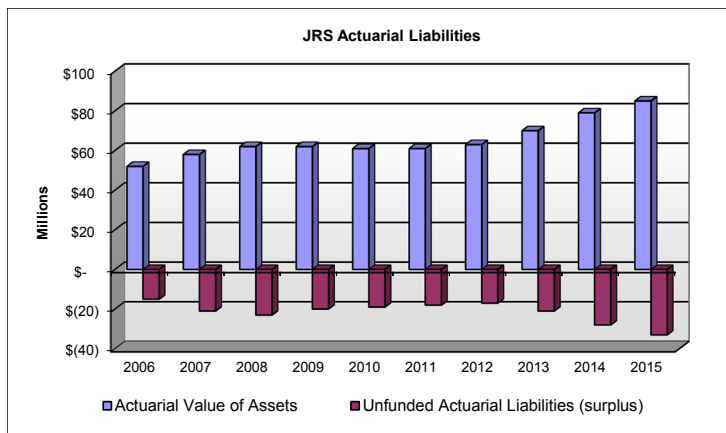
*A Component Unit of the State of Montana*

## History of Actuarial Liabilities

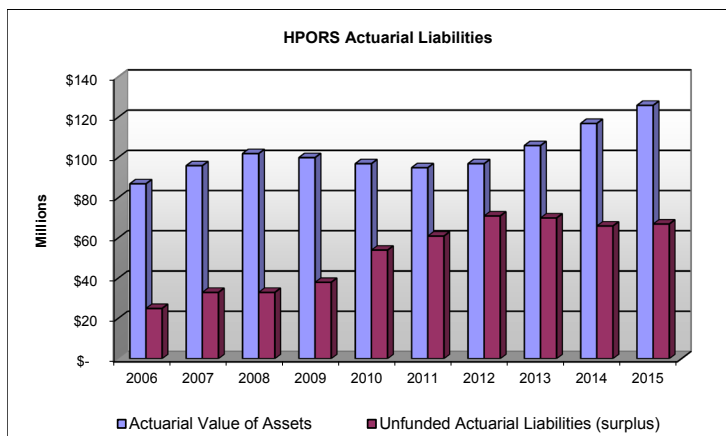
(in millions)



Fiscal Year	Actuarial Value of Assets	Unfunded Actuarial Liabilities (surplus)
2006	\$ 3,459	\$ 460
2007	3,825	376
2008	4,065	439
2009	4,002	791
2010	3,890	1,352
2011	3,801	1,610
2012	3,817	1,833
2013	4,140	1,021
2014	4,596	1,582
2015	4,927	1,544



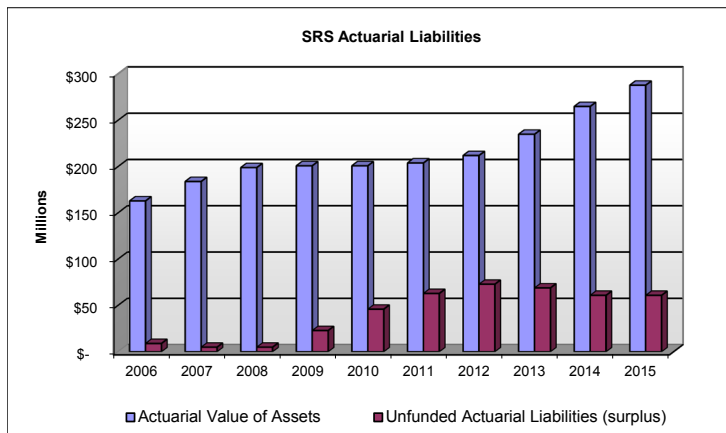
Fiscal Year	Actuarial Value of Assets	Unfunded Actuarial Liabilities (surplus)
2006	\$ 52	\$ (15)
2007	58	(21)
2008	62	(23)
2009	62	(20)
2010	61	(19)
2011	61	(18)
2012	63	(17)
2013	70	(21)
2014	79	(28)
2015	85	(33)



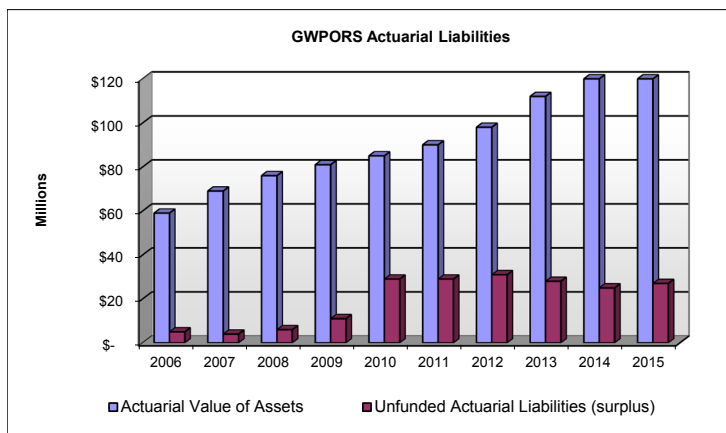
Fiscal Year	Actuarial Value of Assets	Unfunded Actuarial Liabilities (surplus)
2006	\$ 87	\$ 25
2007	96	33
2008	102	33
2009	100	38
2010	97	54
2011	95	61
2012	97	71
2013	106	70
2014	117	66
2015	126	67

# STATISTICAL SECTION

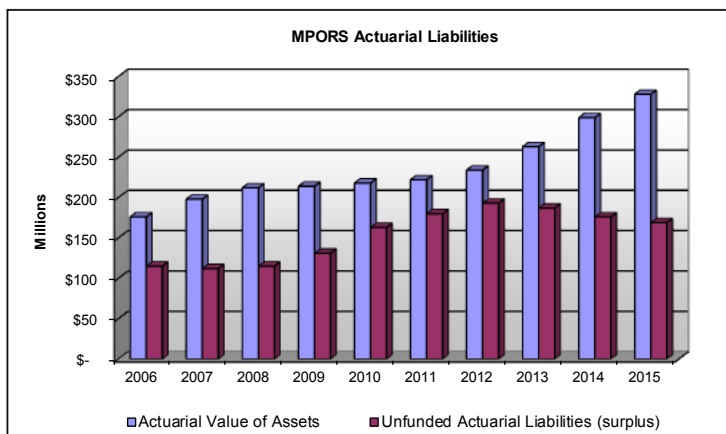
## Public Employees' Retirement Board A Component Unit of the State of Montana History of Actuarial Liabilities (cont.) (in millions)



Fiscal Year	Actuarial Value of Assets	Unfunded Actuarial Liabilities (surplus)
2006	\$ 163	\$ 9
2007	184	5
2008	199	5
2009	201	23
2010	201	46
2011	204	63
2012	212	73
2013	235	69
2014	265	61
2015	288	61



Fiscal Year	Actuarial Value of Assets	Unfunded Actuarial Liabilities (surplus)
2006	\$ 59	\$ 5
2007	69	4
2008	76	6
2009	81	11
2010	85	29
2011	90	29
2012	98	31
2013	112	28
2014	129	25
2015	145	27



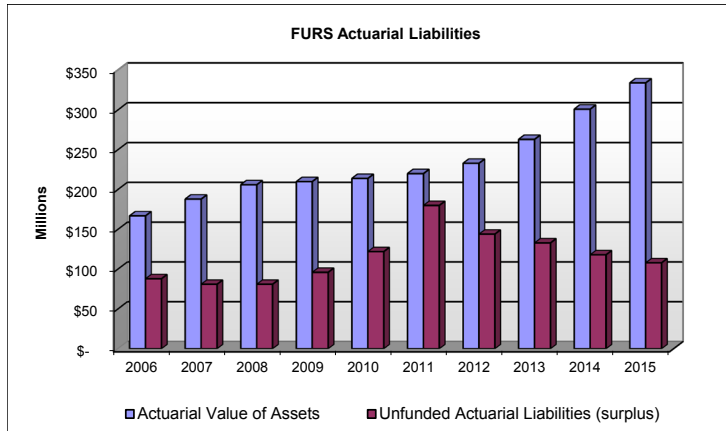
Fiscal Year	Actuarial Value of Assets	Unfunded Actuarial Liabilities (surplus)
2006	\$ 176	\$ 115
2007	198	112
2008	212	115
2009	214	131
2010	218	163
2011	222	180
2012	234	193
2013	263	187
2014	299	176
2015	328	169

## Public Employees' Retirement Board

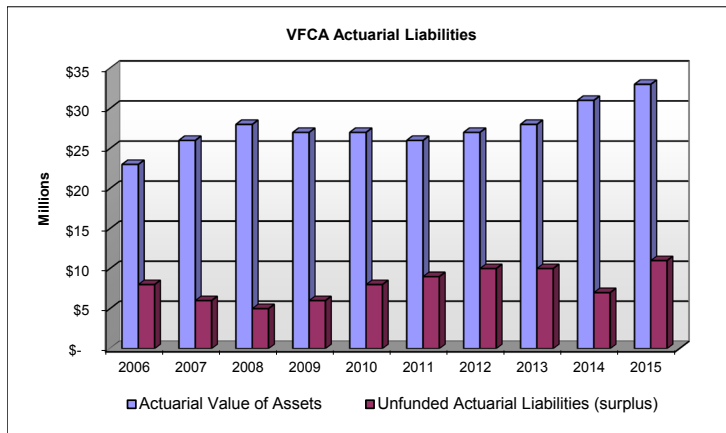
*A Component Unit of the State of Montana*

### History of Actuarial Liabilities (cont.)

(in millions)



Fiscal Year	Actuarial Value of Assets	Unfunded Actuarial Liabilities (surplus)
2006	\$ 167	\$ 88
2007	188	81
2008	206	81
2009	210	96
2010	214	122
2011	220	180
2012	233	144
2013	263	133
2014	301	118
2015	334	108



Fiscal Year	Actuarial Value of Assets	Unfunded Actuarial Liabilities (surplus)
2006	\$ 23	\$ 8
2007	26	6
2008	28	5
2009	27	6
2010	27	8
2011	26	9
2012	27	10
2013	28	10
2014	31	7
2015	33	11

## STATISTICAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### Schedule of Fair Values by Type of Investment, Last Ten Years

(in thousands)

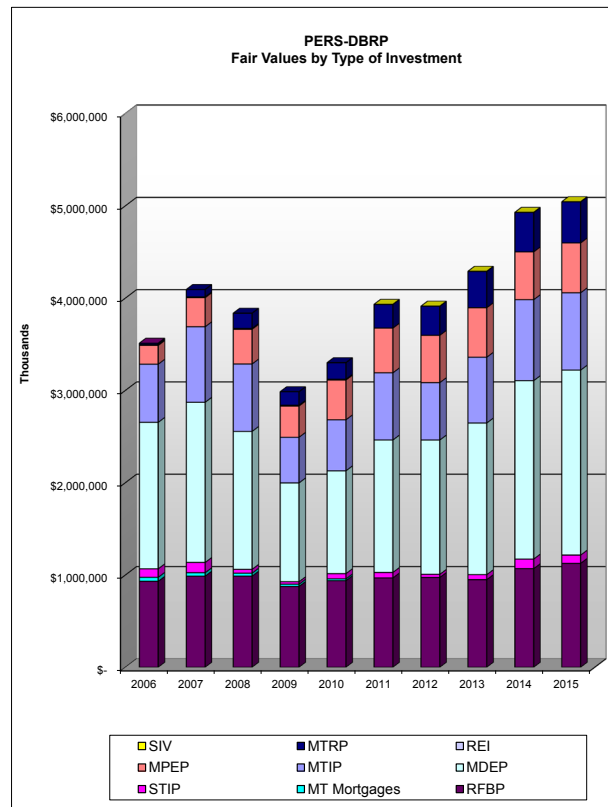
System	2006	2007	2008	2009	2010	2011
<b>PERS-DBRP <sup>1</sup></b>						
<i>Fixed Income:</i>						
Retirement Funds Bond Pool (RFBP)	\$ 932,048	\$ 987,821	\$ 988,124	\$ 876,390	\$ 939,430	\$ 969,119
Montana Mortgages	43,097	36,861	31,837	24,055	19,185	
Short Term Investment Pool (STIP)	92,362	111,318	41,820	27,140	56,727	59,256
<i>Equities:</i>						
Montana Domestic Equity Pool (MDEP)	1,586,747	1,735,718	1,494,306	1,070,435	1,114,072	1,434,773
Montana International Equity Pool (MTIP)	630,135	818,362	730,360	494,790	552,712	727,765
Montana Private Equity Pool (MPEP)	203,406	315,059	376,615	338,517	430,729	484,324
<i>Alternative Investments:</i>						
Real Estate Investments (REI)	8,636	8,816	8,931	8,937	8,963	
Montana Real Estate Pool (MTRP)	15,200	79,459	164,667	145,478	178,787	256,368
Structured Investment Vehicles (SIV)			4,306	2,619	3,640	1,023
<b>Total</b>	<b>\$ 3,511,631</b>	<b>\$ 4,093,414</b>	<b>\$ 3,840,966</b>	<b>\$ 2,988,361</b>	<b>\$ 3,304,245</b>	<b>\$ 3,932,628</b>
<b>PERS-DCRP DISABILITY OPEB <sup>2</sup></b>						
<i>Fixed Income:</i>						
Short Term Investment Pool (STIP)						
<i>Alternative Investments:</i>						
Structured Investment Vehicles (SIV)						
<b>Total</b>						
<b>JRS</b>						
<i>Fixed Income:</i>						
Retirement Funds Bond Pool (RFBP)	\$ 14,685	\$ 15,576	\$ 15,581	\$ 14,019	\$ 15,034	\$ 15,497
Short Term Investment Pool (STIP)	1,519	1,770	967	913	1,392	1,312
<i>Equities:</i>						
Montana Domestic Equity Pool (MDEP)	23,744	26,348	22,790	16,507	17,608	23,098
Montana International Equity Pool (MTIP)	9,365	12,162	10,973	7,551	8,732	11,733
Montana Private Equity Pool (MPEP)	3,047	4,744	5,733	5,224	6,725	7,788
<i>Alternative Investments:</i>						
Montana Real Estate Pool (MTRP)	225	1,206	2,515	2,247	2,820	4,046
Structured Investment Vehicles (SIV)			99	83	89	23
<b>Total</b>	<b>\$ 52,585</b>	<b>\$ 61,806</b>	<b>\$ 58,658</b>	<b>\$ 46,544</b>	<b>\$ 52,400</b>	<b>\$ 63,497</b>

<sup>1</sup>Does not include the Defined Benefit Education.

<sup>2</sup> In 2013, DC-Disability and DC-Education were transposed in the CAFR and reported incorrectly.

# STATISTICAL SECTION

2012	2013	2014	2015
\$ 974,139	\$ 950,298	\$ 1,069,517	\$ 1,127,097
33,708	54,005	103,602	89,180
1,455,188	1,643,009	1,933,145	2,004,038
621,887	712,587	877,318	837,968
512,315	536,542	517,873	539,912
315,093	393,155	426,528	445,360
547	710	1,179	766
<b>\$ 3,912,877</b>	<b>\$ 4,290,306</b>	<b>\$ 4,929,162</b>	<b>\$ 5,044,321</b>
		\$ 2,427	\$ 2,738
		27	24
		\$ 2,454	\$ 2,762
\$ 16,031	\$ 16,034	\$ 18,164	\$ 19,324
848	1,085	1,940	1,770
23,933	27,759	32,822	34,351
10,224	12,036	14,901	14,358
8,428	9,064	8,796	9,255
5,168	6,641	7,251	7,640
14	14	22	15
<b>\$ 64,646</b>	<b>\$ 72,633</b>	<b>\$ 83,896</b>	<b>\$ 86,713</b>



# STATISTICAL SECTION

## Public Employees' Retirement Board

A Component Unit of the State of Montana

### Schedule of Fair Values by Type of Investment, Last Ten Years (cont.)

(in thousands)

System	2006	2007	2008	2009	2010	2011
<b>HPORS</b>						
<i>Fixed Income:</i>						
Retirement Funds Bond Pool (RFBP)	\$ 24,889	\$ 25,897	\$ 25,614	\$ 22,471	\$ 24,091	\$ 24,318
Short Term Investment Pool (STIP)	2,134	2,785	1,014	774	1,461	1,521
<i>Equities:</i>						
Montana Domestic Equity Pool (MDEP)	40,232	43,439	37,406	26,680	27,848	35,969
Montana International Equity Pool (MTIP)	15,795	20,513	18,307	12,387	13,815	18,258
Montana Private Equity Pool (MPEP)	5,178	7,979	9,429	8,419	10,751	12,136
<i>Alternative Investments:</i>						
Montana Real Estate Pool (MTRP)	380	2,004	4,127	3,613	4,466	6,313
Structured Investment Vehicles (SIV)			104	70	94	26
<b>Total</b>	<b>\$ 88,608</b>	<b>\$ 102,617</b>	<b>\$ 96,001</b>	<b>\$ 74,414</b>	<b>\$ 82,526</b>	<b>\$ 98,541</b>
<b>SRS</b>						
<i>Fixed Income:</i>						
Retirement Funds Bond Pool (RFBP)	\$ 45,822	\$ 49,551	\$ 50,063	\$ 45,693	\$ 49,172	\$ 51,323
Short Term Investment Pool (STIP)	5,182	5,526	3,300	2,370	4,473	4,719
<i>Equities:</i>						
Montana Domestic Equity Pool (MDEP)	74,633	84,481	73,074	53,630	58,159	76,580
Montana International Equity Pool (MTIP)	29,263	38,004	35,060	24,673	28,703	38,871
Montana Private Equity Pool (MPEP)	9,508	14,859	18,271	17,060	22,037	25,806
<i>Alternative Investments:</i>						
Montana Real Estate Pool (MTRP)	710	3,796	8,054	7,311	9,259	13,434
Structured Investment Vehicles (SIV)			340	215	287	82
<b>Total</b>	<b>\$ 165,118</b>	<b>\$ 196,217</b>	<b>\$ 188,162</b>	<b>\$ 150,952</b>	<b>\$ 172,090</b>	<b>\$ 210,815</b>
<b>GWPORS</b>						
<i>Fixed Income:</i>						
Retirement Funds Bond Pool (RFBP)	\$ 15,806	\$ 18,332	\$ 19,243	\$ 18,518	\$ 20,691	\$ 22,834
Short Term Investment Pool (STIP)	2,782	2,536	1,761	1,514	2,548	2,257
<i>Equities:</i>						
Montana Domestic Equity Pool (MDEP)	26,705	31,082	28,272	21,722	24,643	34,017
Montana International Equity Pool (MTIP)	10,518	14,344	13,545	10,000	12,513	17,252
Montana Private Equity Pool (MPEP)	3,330	5,497	7,008	6,949	9,262	11,524
<i>Alternative Investments:</i>						
Montana Real Estate Pool (MTRP)	255	1,404	3,115	2,981	3,954	6,003
Structured Investment Vehicles (SIV)			181	137	164	39
<b>Total</b>	<b>\$ 59,396</b>	<b>\$ 73,195</b>	<b>\$ 73,125</b>	<b>\$ 61,821</b>	<b>\$ 73,775</b>	<b>\$ 93,926</b>

## STATISTICAL SECTION

	2012	2013	2014	2015
\$	24,653	\$ 24,239	\$ 27,240	\$ 28,714
	847	1,355	2,585	2,012
	36,840	41,883	49,217	51,060
	15,732	18,165	22,336	21,346
	12,958	13,673	13,184	13,757
	7,963	10,031	10,862	11,349
	14	18	29	17
\$	99,007	\$ 109,364	\$ 125,453	\$ 128,255
\$	53,636	\$ 53,724	\$ 61,417	\$ 65,674
	2,715	3,986	6,984	6,236
	80,065	92,868	110,982	116,812
	34,234	40,321	50,346	48,818
	28,179	30,325	29,720	31,447
	17,308	22,245	24,475	25,966
	44	52	77	54
\$	216,181	\$ 243,521	\$ 284,001	\$ 295,007
	\$24,510	\$25,466	\$29,848	\$32,954
	1,476	1,896	3,546	3,132
	36,685	44,058	53,925	58,608
	15,697	19,106	24,482	24,481
	12,940	14,411	14,481	15,792
	8,036	10,600	11,906	13,014
	24	25	39	27
\$	99,368	\$ 115,562	\$ 138,227	\$ 148,008

# STATISTICAL SECTION

## Public Employees' Retirement Board

*A Component Unit of the State of Montana*

### Schedule of Fair Values by Type of Investment, Last Ten Years (cont.)

(in thousands)

System	2006	2007	2008	2009	2010	2011
<b>MPORS</b>						
Fixed Income:						
Retirement Funds Bond Pool (RFBP)	\$ 46,944	\$ 51,176	\$ 51,238	\$ 45,995	\$ 51,742	\$ 53,729
Short Term Investment Pool (STIP)	4,338	4,404	85	920	2,305	2,593
Equities:						
Montana Domestic Equity Pool (MDEP)	76,683	87,099	75,279	54,681	59,532	79,542
Montana International Equity Pool (MTIP)	30,633	39,784	36,707	25,207	29,350	40,334
Montana Private Equity Pool (MPEP)	10,089	15,547	18,999	17,242	23,192	26,844
Alternative Investments:						
Montana Real Estate Pool (MTRP)	730	4,102	8,274	7,437	9,547	13,981
Structured Investment Vehicles (SIV)			9	83	148	45
<b>Total</b>	<b>\$ 169,417</b>	<b>\$ 202,112</b>	<b>\$ 190,591</b>	<b>\$ 151,565</b>	<b>\$ 175,816</b>	<b>\$ 217,068</b>
<b>FURS</b>						
Fixed Income:						
Retirement Funds Bond Pool (RFBP)	\$ 44,650	\$ 48,813	\$ 49,419	\$ 45,160	\$ 50,657	\$ 53,467
Short Term Investment Pool (STIP)	4,241	4,488	1,573	1,268	2,649	2,766
Equities:						
Montana Domestic Equity Pool (MDEP)	73,144	82,766	72,476	53,532	58,543	78,947
Montana International Equity Pool (MTIP)	29,143	37,848	34,970	24,862	29,067	40,044
Montana Private Equity Pool (MPEP)	9,587	14,850	18,175	16,890	22,703	26,635
Alternative Investments:						
Montana Real Estate Pool (MTRP)	700	3,744	7,962	7,260	9,403	13,869
Structured Investment Vehicles (SIV)			162	115	170	48
<b>Total</b>	<b>\$ 161,465</b>	<b>\$ 192,509</b>	<b>\$ 184,737</b>	<b>\$ 149,087</b>	<b>\$ 173,192</b>	<b>\$ 215,776</b>
<b>VFCA</b>						
Fixed Income:						
Retirement Funds Bond Pool (RFBP)	\$ 6,233	\$ 6,542	\$ 6,609	\$ 5,742	\$ 6,379	\$ 6,415
Short Term Investment Pool (STIP)	1,870	2,194	1,404	1,571	1,385	1,655
Equities:						
Montana Domestic Equity Pool (MDEP)	9,872	11,043	9,645	6,836	7,245	9,376
Montana International Equity Pool (MTIP)	4,023	5,258	4,731	3,140	3,567	4,753
Montana Private Equity Pool (MPEP)	1,341	1,951	2,411	2,115	2,806	3,145
Alternative Investments:						
Montana Real Estate Pool (MTRP)	95	504	1,047	898	1,124	1,637
Structured Investment Vehicles (SIV)			145	142	89	29
<b>Total</b>	<b>\$ 23,434</b>	<b>\$ 27,492</b>	<b>\$ 25,992</b>	<b>\$ 20,444</b>	<b>\$ 22,595</b>	<b>\$ 27,010</b>



## STATISTICAL SECTION

	2012	2013	2014	2015
\$	56,431	\$ 57,237	\$ 66,377	\$ 71,807
	1,472	2,819	6,007	5,189
	84,109	98,916	119,961	127,640
	35,975	42,936	54,440	53,385
	29,657	32,305	32,111	34,373
	18,220	23,681	26,516	28,401
	24	37	67	45
\$	225,888	\$ 257,931	\$ 305,479	\$ 320,840
\$	56,219	\$ 57,369	\$ 66,856	\$ 72,899
	1,632	3,077	6,327	5,972
	83,940	99,213	120,837	129,543
	35,869	43,017	54,855	54,178
	29,561	32,423	32,332	34,900
	18,175	23,771	26,667	28,829
	26	40	70	51
\$	225,422	\$ 258,910	\$ 307,944	\$ 326,372
\$	6,373	\$ 6,092	\$ 6,834	\$ 7,181
	1,704	1,949	2,322	2,350
	9,516	10,544	12,354	12,759
	4,066	4,559	5,603	5,339
	3,348	3,436	3,297	3,439
	2,057	2,491	2,726	2,840
	28	26	26	20
\$	27,092	\$ 29,097	\$ 33,162	\$ 33,928

# STATISTICAL SECTION

## Public Employees' Retirement Board

*A Component Unit of the State of Montana*

### Schedule of Fair Values by Type of Investment, Last Ten Years (cont.)

(in thousands)

System	2006	2007	2008	2009	2010	2011
<b>PERS-DCRP<sup>1</sup></b>						
Fixed Income:						
Short Term Investment Pool (STIP) <sup>2</sup>	\$ 874	\$ 1,381	\$ 2,015	\$ 2,464	\$ 2,774	\$ 3,308
Alternative Investments:						
Defined Contributions Fixed Annuity	1,832	1,805	3,128	4,820	6,725	7,971
Defined Contributions Variable Annuity	26,102	38,634	39,622	38,198	49,946	67,271
Structured Investment Vehicles (SIV)			188	205	167	56
<b>Total</b>	<b>\$ 28,808</b>	<b>\$ 41,820</b>	<b>\$ 44,953</b>	<b>\$ 45,687</b>	<b>\$ 59,612</b>	<b>\$ 78,606</b>
<b>DEFERRED COMPENSATION PLAN</b>						
Fixed Income:						
Short Term Investment Pool (STIP) <sup>2</sup>	\$ 324	\$ 447	\$ 697	\$ 763	\$ 808	\$ 953
Alternative Investments:						
Deferred Comp Fixed Annuity	143,870	159,669	181,740	189,421	213,414	224,800
Deferred Comp Variable Annuity	104,061	128,873	115,151	89,388	106,893	135,180
Deferred Comp Life Insurance	12	12	12	12	12	12
Structured Investment Vehicles (SIV)			65	63	49	16
<b>Total</b>	<b>\$ 248,267</b>	<b>\$ 289,001</b>	<b>\$ 297,665</b>	<b>\$ 279,648</b>	<b>\$ 321,176</b>	<b>\$ 360,961</b>

<sup>1</sup> Effective FY2014, DCRP-Disability was changed to PERS-DCRP Disability OPEB and reported as a Defined Benefit Plan.

<sup>2</sup> Effective FY2014, STIP will be included as an investment option for the DCRP and Deferred Compensation plans.

## STATISTICAL SECTION

---

2012	2013	2014	2015
\$ 3,512	\$ 3,742	\$ 1,206	\$ 1,064
9,500	10,573	10,015	10,197
73,769	90,794	117,713	131,649
57	49	13	9
<u>\$ 86,838</u>	<u>\$ 105,158</u>	<u>\$ 128,947</u>	<u>\$ 142,919</u>
\$ 1,405	\$ 1,301	\$ 944	\$ 659
246,315	246,331	235,981	232,527
129,922	151,259	196,453	206,925
12	12	12	12
23	17	11	6
<u>\$ 377,677</u>	<u>\$ 398,920</u>	<u>\$ 433,401</u>	<u>\$ 440,129</u>

## STATISTICAL SECTION

---

This page intentionally left blank

**Public Employees' Retirement Board**

*A Component Unit of the State of Montana*  
**Schedule of Contribution Rate History**

**PERS-DBRP**

Fiscal Year	State & Universities		Local Government		School Districts		
	Member	Employer	Employer	State	Employer	State	
Hired <07/01/11    Hired >07/01/11							
2015	7.900%	7.900%	8.270%	8.170%	0.100%	7.900%	0.370%
2014	7.900%	7.900%	8.170%	8.070%	0.100%	7.800%	0.370%
2012-2013	6.900%	7.900%	7.170%	7.070%	0.100%	6.800%	0.370%
2010-2011	6.900%		7.170%	7.070%	0.100%	6.800%	0.370%
2008-2009	6.900%		7.035%	6.935%	0.100%	6.800%	0.235%
2000-2007	6.900%		6.900%	6.800%	0.100%	6.800%	0.100%
1998-1999	6.800%		6.800%	6.700%	0.100%	6.700%	0.100%
1994-1997	6.700%		6.700%	6.700%		6.700%	
1993	6.550%		6.550%	6.550%		6.550%	
1992	6.417%		6.417%	6.417%		6.417%	
1991	6.300%		6.417%	6.417%		6.417%	
1990	6.150%		6.417%	6.417%		6.417%	
1984-1989	6.000%		6.417%	6.417%		6.417%	
1982-1983	6.000%		6.320%	6.320%		6.320%	
1979-1981	6.000%		6.200%	6.200%		6.200%	
1978	6.000%		5.950%	5.950%		5.950%	
1977	6.000%		5.550%	5.550%		5.550%	
1976	6.000%		5.200%	5.200%		5.200%	
1974-1975	5.750%		4.900%	4.900%		4.900%	
1972-1973	5.750%		4.600%	4.600%		4.600%	
1970-1971	5.750%		4.300%	4.300%		4.300%	
1968-1969	5.750%		3.800%	3.800%		3.800%	
1947-1967 *	2.5%-9.6%		3.300%	3.300%		3.300%	
1945-1947 *	2.5%-9.6%		3.000%	3.000%		3.000%	

\*1945 - 1967 Member Contributions were based on age and gender.

**JRS**

Fiscal Year	Member	Employer
1998-2015	7.000%	25.810%
1993-1997	7.000%	6.000%
1968-1992	6.000%	6.000%

Prior to 1998 the employer contributed 6% and additional contributions were received based on a portion of the District Court filing fees. In 1998 the filing fees were eliminated and the employer rate was increased to 25.81%.

## STATISTICAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### Schedule of Contribution Rate History (cont.)

#### HPORS

Fiscal Year	Member			
	Non-GABA	GABA	Employer	State
2015	11.000%	11.050%	28.150%	10.180%
2014	10.000%	10.050%	28.150%	10.180%
1998-2013	9.000%	9.050%	26.150%	10.180%
1992-1997	9.000%		26.100%	10.180%
1991	7.590%		26.100%	10.180%
1986-1990	7.590%		16.570%	10.180%
1982-1985	6.500%		16.570%	
1976-1981	6.500%		16.000%	
1975	6.500%		15.000%	
1971-1974	5.000%		8.000%	

#### SRS

Fiscal Year	Member	Employer
2010-2015	9.245%	10.115%
2008-2009	9.245%	9.825%
1998-2007	9.245%	9.535%
1997	7.865%	8.540%
1996	7.865%	8.535%
1986-1995	7.000%	7.670%
1982-1985	7.000%	7.620%
1975-1981	7.000%	7.550%

#### GWPORS

Fiscal Year	Member	Employer
2003-2015	10.560%	9.000%
1998-2002	8.500%	9.000%
1996-1997	7.900%	8.150%
1986-1995	7.900%	7.150%
1982-1985	7.000%	7.150%
1964-1981	7.000%	7.000%

**Public Employees' Retirement Board**

*A Component Unit of the State of Montana*

**Schedule of Contribution Rate History (cont.)**

**MPORS**

Fiscal Year	Member				Employer	State
	Hired <7/1/75	Hired >6/30/75	Hired >6/30/79	Hired >6/30/97 GABA		
2000-2015	5.800%	7.000%	8.500%	9.000%	14.410%	29.370%
1998-1999	7.800%	9.000%	10.500%	11.000%	14.410%	29.370%
1997	7.800%	9.000%	10.500%		14.360%	29.370%
1994-1996	7.800%	9.000%	10.500%		14.360%	15.660%
1993	7.800%	9.000%	10.500%		13.920%	15.660%
1992	6.000%	7.200%	8.700%		13.920%	15.660%
1986-1991	6.000%	6.000%	7.500%		13.020%	15.060%
1982-1985	6.000%	6.000%	7.500%		14.040%	14.040%
1980-1981	6.000%	6.000%	7.500%		14.000%	14.000%
1978-1979	6.000%	6.000%			12.000%	12.000%
1976-1977	6.000%	6.000%			11.000%	12.000%
1974-1975	6.000%				11.000%	12.000%

**FURS**

Fiscal Year	Member			State
	Non-GABA	GABA	Employer	
1998-2015	9.500%	10.700%	14.360%	32.610%
1997	7.800%		14.360%	32.610%
1996	7.800%		14.360%	24.210%
1995	6.000%		13.020%	24.210%
1992-1994	6.000%		13.020%	23.270%
1986-1991	6.000%		13.020%	22.980%
1984-1985	6.000%		18.000%	18.000%
1983	6.000%		15.000%	15.000%
1981-1982	6.000%		12.000%	12.000%

**PERS-DCRP**

Fiscal Year	State & University		Local Government		School Districts		
	Member		Employer	Employer	State	Employer	State
	Hired <07/01/11	Hired >07/01/11					
2015	7.900%	7.900%	8.270%	8.170%	0.100%	7.900%	0.370%
2014	7.900%	7.900%	8.170%	8.070%	0.100%	7.800%	0.370%
2012-2013	6.900%	7.900%	7.170%	7.070%	0.100%	6.800%	0.370%
2010-2011	6.900%		7.170%	7.070%	0.100%	6.800%	0.370%
2008-2009	6.900%		7.035%	6.935%	0.100%	6.800%	0.235%
2003-2007	6.900%		6.900%	6.800%	0.100%	6.800%	0.100%

# STATISTICAL SECTION

## Public Employees' Retirement Board

*A Component Unit of the State of Montana*

### History of Membership in Retirement Plans, Last Ten Years

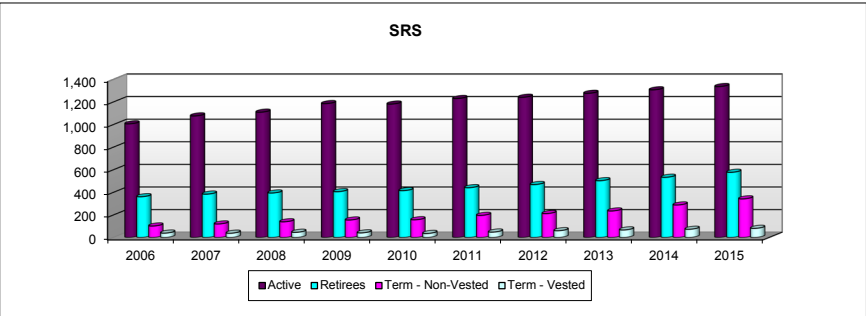
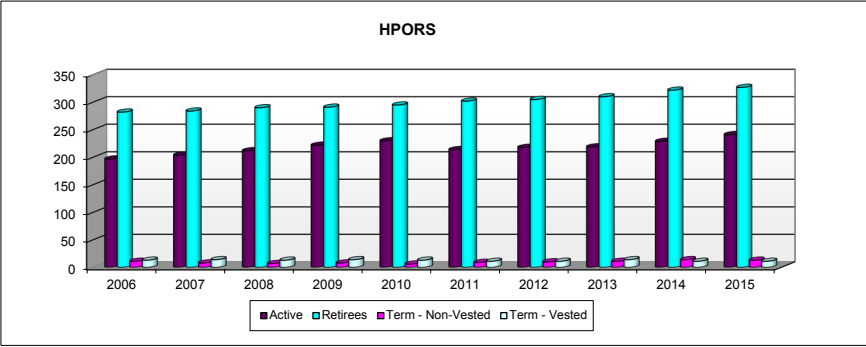
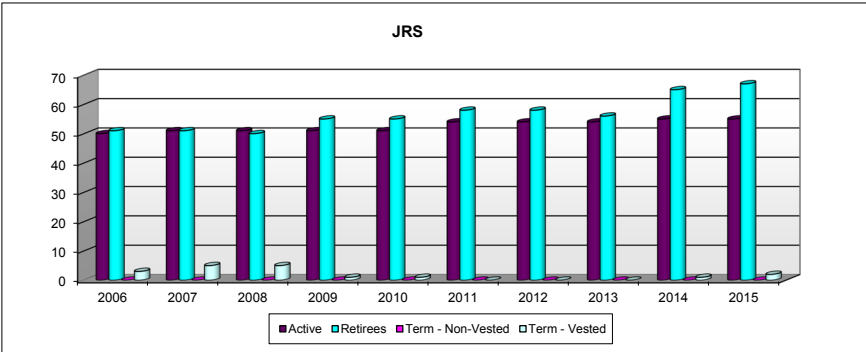
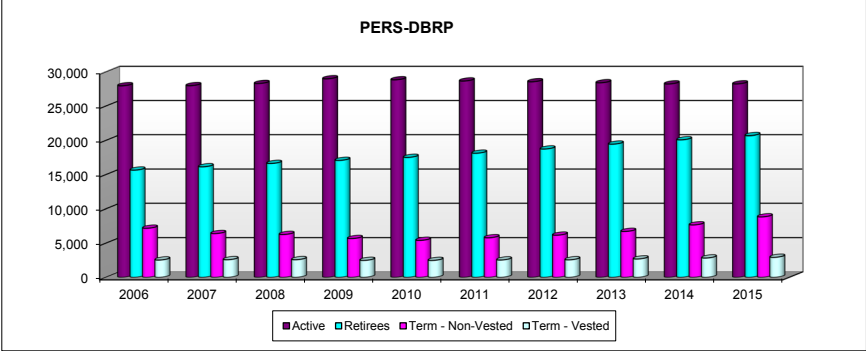
System	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>PERS-DBRP</b>										
Active	27,962	27,977	28,293	28,983	28,834	28,659	28,548	28,401	28,229	28,237
Retirees/Beneficiaries	15,654	16,137	16,627	17,075	17,512	18,123	18,738	19,451	20,081	20,681
Term-Non-Vested	7,178	6,401	6,268	5,670	5,402	5,787	6,164	6,712	7,666	8,839
Term-Vested	2,530	2,576	2,579	2,476	2,471	2,535	2,560	2,686	2,825	2,925
<b>Total</b>	<b>53,324</b>	<b>53,091</b>	<b>53,767</b>	<b>54,204</b>	<b>54,219</b>	<b>55,104</b>	<b>56,010</b>	<b>57,250</b>	<b>58,801</b>	<b>60,682</b>
<b>JRS</b>										
Active	50	51	51	51	51	54	54	54	55	55
Retirees/Beneficiaries	51	51	50	55	55	58	56	65	67	67
Term-Non-Vested										
Term-Vested	3	5	5	1	1				1	2
<b>Total</b>	<b>104</b>	<b>107</b>	<b>106</b>	<b>107</b>	<b>107</b>	<b>112</b>	<b>110</b>	<b>119</b>	<b>123</b>	<b>124</b>
<b>HPORS</b>										
Active	197	204	212	222	230	214	218	219	229	241
Retirees/Beneficiaries	282	284	290	291	295	302	305	310	322	327
Term-Non-Vested	11	8	7	8	6	9	10	11	14	13
Term-Vested	13	14	13	14	13	11	11	14	11	11
<b>Total</b>	<b>503</b>	<b>510</b>	<b>522</b>	<b>535</b>	<b>544</b>	<b>536</b>	<b>544</b>	<b>554</b>	<b>576</b>	<b>592</b>
<b>SRS</b>										
Active	1,006	1,076	1,109	1,185	1,181	1,230	1,241	1,276	1,307	1,336
Retirees/Beneficiaries	361	384	394	406	415	441	469	503	533	577
Term-Non-Vested	102	120	139	155	157	196	212	235	288	342
Term-Vested	39	38	46	41	36	48	60	67	73	81
<b>Total</b>	<b>1,508</b>	<b>1,618</b>	<b>1,688</b>	<b>1,787</b>	<b>1,789</b>	<b>1,915</b>	<b>1,982</b>	<b>2,081</b>	<b>2,201</b>	<b>2,336</b>



**Public Employees' Retirement Board**

*A Component Unit of the State of Montana*

**History of Membership in Retirement Plans, Last Ten Years**



## STATISTICAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

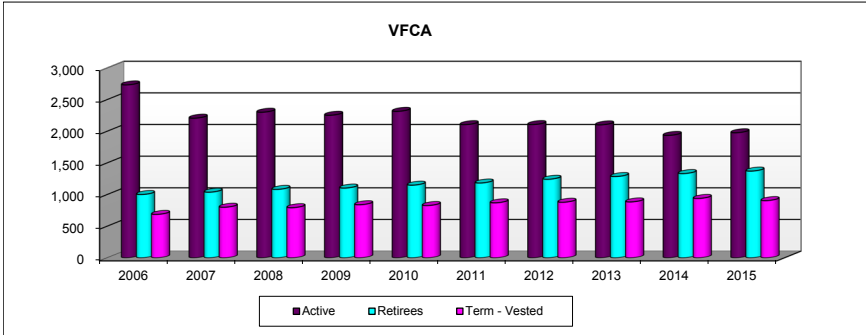
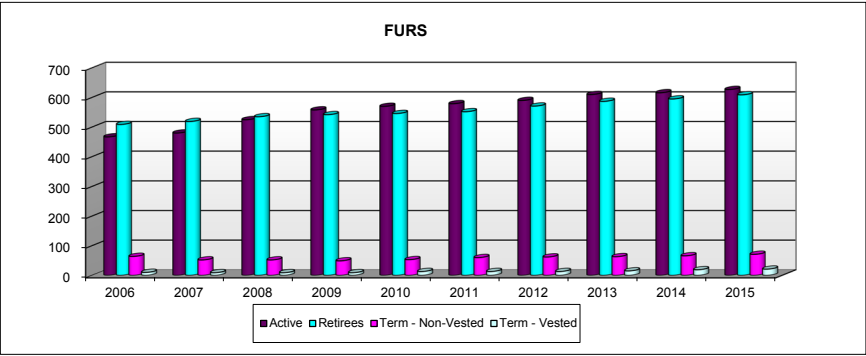
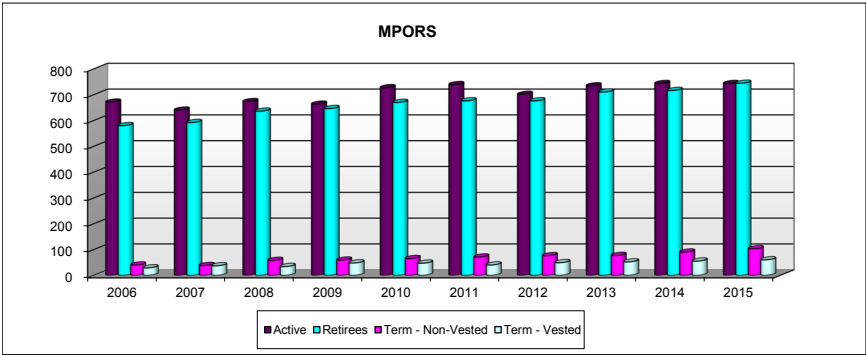
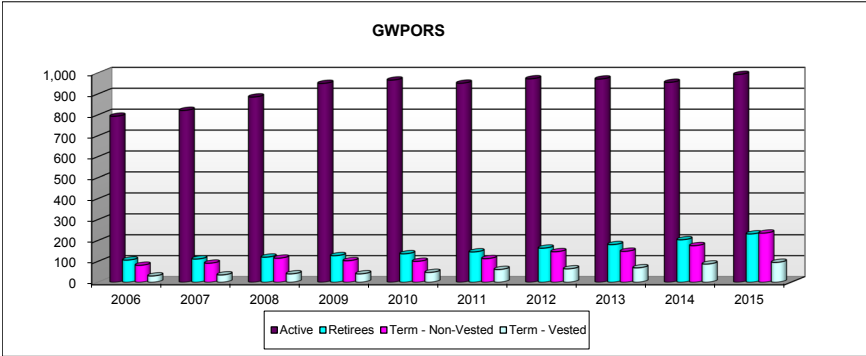
#### History of Membership in Retirement Plans, Last Ten Years (cont.)

System	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>GWPORS</b>										
Active	793	821	885	950	966	951	972	971	955	993
Retirees/Beneficiaries	106	111	120	127	136	145	163	180	203	231
Term-Non-Vested	81	91	115	103	100	113	146	148	175	235
Term-Vested	30	35	40	40	47	61	64	69	87	95
<b>Total</b>	<b>1,010</b>	<b>1,058</b>	<b>1,160</b>	<b>1,220</b>	<b>1,249</b>	<b>1,270</b>	<b>1,345</b>	<b>1,368</b>	<b>1,420</b>	<b>1,554</b>
<b>MPORS</b>										
Active	617	640	673	663	727	739	701	734	743	743
Retirees/Beneficiaries	580	592	636	646	670	676	676	710	716	744
Term-Non-Vested	40	38	58	59	65	71	76	77	90	103
Term-Vested	29	37	34	48	47	40	49	52	55	60
<b>Total</b>	<b>1,266</b>	<b>1,307</b>	<b>1,401</b>	<b>1,416</b>	<b>1,509</b>	<b>1,526</b>	<b>1,502</b>	<b>1,573</b>	<b>1,604</b>	<b>1,650</b>
<b>FURS</b>										
Active	467	480	525	558	570	579	590	610	616	627
Retirees/Beneficiaries	509	519	535	542	546	552	571	587	595	609
Term-Non-Vested	64	52	52	49	53	60	62	63	66	71
Term-Vested	10	9	9	9	13	13	13	15	19	21
<b>Total</b>	<b>1,050</b>	<b>1,060</b>	<b>1,121</b>	<b>1,158</b>	<b>1,182</b>	<b>1,204</b>	<b>1,236</b>	<b>1,275</b>	<b>1,296</b>	<b>1,328</b>
<b>VFCA</b>										
Active	2,733	2,207	2,301	2,253	2,315	2,105	2,106	2,101	1,935	1,977
Retirees/Beneficiaries	1,001	1,038	1,082	1,103	1,149	1,183	1,242	1,285	1,332	1,371
Term-Vested	687	800	793	840	827	870	879	884	939	905
<b>Total</b>	<b>4,421</b>	<b>4,045</b>	<b>4,176</b>	<b>4,196</b>	<b>4,291</b>	<b>4,158</b>	<b>4,227</b>	<b>4,270</b>	<b>4,206</b>	<b>4,253</b>

**Public Employees' Retirement Board**

*A Component Unit of the State of Montana*

**History of Membership in Retirement Plans, Last Ten Years**



# STATISTICAL SECTION

## Public Employees' Retirement Board

*A Component Unit of the State of Montana*

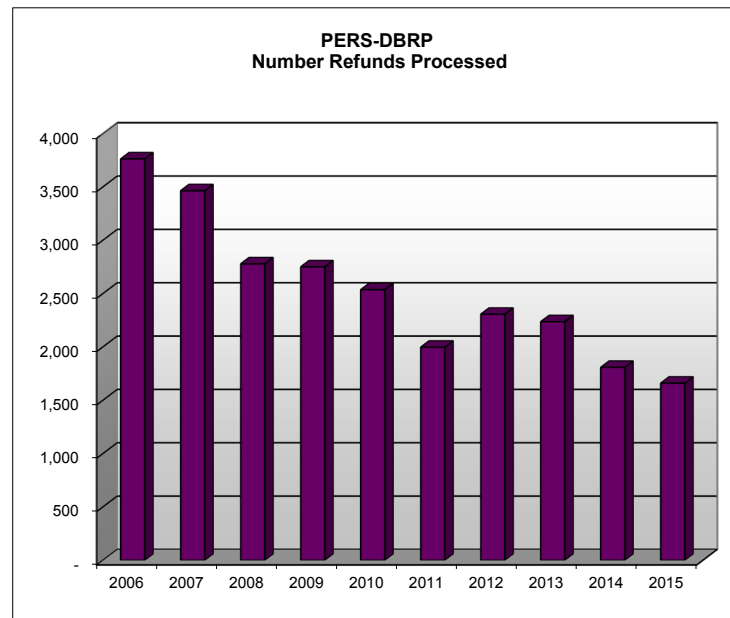
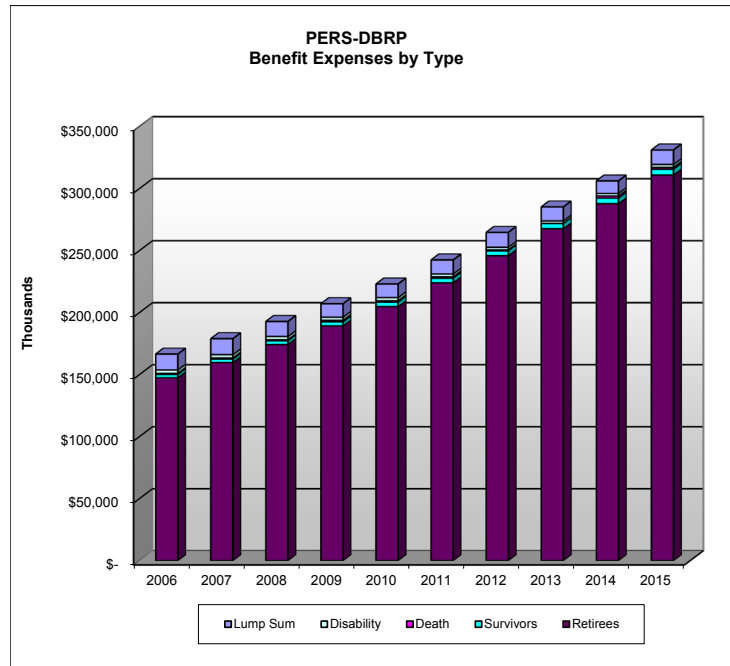
### Schedule of Benefit Expenses and Refunds by Type, Last Ten Years

(in thousands)

System	2006	2007	2008	2009	2010	2011	2012
<b>PERS-DBRP</b>							
<i>Benefit Expenses</i>							
Retirees	\$ 147,502	\$ 159,790	\$ 174,357	\$ 189,360	\$ 204,885	\$ 224,108	\$ 245,959
Survivors	2,681	2,815	3,043	3,244	3,692	3,748	3,968
Disability	2,738	2,717	2,583	2,521	2,481	2,253	2,065
<i>Refunds</i>							
Death	965	866	832	1,277	1,128	1,114	770
Lump Sum	12,754	12,868	12,124	10,821	10,967	11,302	11,991
<b>Total</b>	<b>\$ 166,640</b>	<b>\$ 179,056</b>	<b>\$ 192,939</b>	<b>\$ 207,223</b>	<b>\$ 223,153</b>	<b>\$ 242,525</b>	<b>\$ 264,753</b>
<b>Number of Lump Sum</b>	<b>3,763</b>	<b>3,465</b>	<b>2,779</b>	<b>2,751</b>	<b>2,537</b>	<b>1,998</b>	<b>2,307</b>
<b>JRS</b>							
<i>Benefit Expenses</i>							
Retirees	\$ 1,699	\$ 1,728	\$ 1,486	\$ 1,926	\$ 2,069	\$ 2,190	\$ 2,291
Survivors	44	44	335	46	49	50	53
Disability							
<i>Refunds</i>							
Death			8				
Lump Sum							
<b>Total</b>	<b>\$ 1,743</b>	<b>\$ 1,772</b>	<b>\$ 1,829</b>	<b>\$ 1,972</b>	<b>\$ 2,118</b>	<b>\$ 2,240</b>	<b>\$ 2,344</b>
<b>Number of Lump Sum</b>							
<b>HPORS</b>							
<i>Benefit Expenses</i>							
Retirees	\$ 6,061	\$ 6,181	\$ 6,505	\$ 6,821	\$ 7,198	\$ 7,462	\$ 7,794
Survivors	149	155	176	191	216	233	239
Disability	155	124	132	115	143	162	188
<i>Refunds</i>							
Death						9	2
Lump Sum	89	139	61	26	58	121	65
<b>Total</b>	<b>\$ 6,454</b>	<b>\$ 6,599</b>	<b>\$ 6,874</b>	<b>\$ 7,153</b>	<b>\$ 7,615</b>	<b>\$ 7,987</b>	<b>\$ 8,288</b>
<b>Number of Lump Sum</b>	<b>7</b>	<b>3</b>	<b>5</b>	<b>1</b>	<b>4</b>	<b>5</b>	<b>8</b>
<b>SRS</b>							
<i>Benefit Expenses</i>							
Retirees	\$ 5,439	\$ 5,997	\$ 6,435	\$ 6,878	\$ 7,291	\$ 8,273	\$ 9,356
Survivors	153	187	215	272	293	292	347
Disability	560	585	593	670	693	665	676
<i>Refunds</i>							
Death		1		38		7	
Lump Sum	365	934	722	968	766	938	1,248
<b>Total</b>	<b>\$ 6,517</b>	<b>\$ 7,704</b>	<b>\$ 7,965</b>	<b>\$ 8,826</b>	<b>\$ 9,043</b>	<b>\$ 10,175</b>	<b>\$ 11,627</b>
<b>Number of Lump Sum</b>	<b>71</b>	<b>153</b>	<b>146</b>	<b>141</b>	<b>125</b>	<b>102</b>	<b>144</b>

# STATISTICAL SECTION

2013	2014	2015
\$ 267,690	\$ 287,895	\$ 311,019
4,240	4,512	4,717
1,922	2,048	2,301
169	1,728	1,465
11,254	10,070	11,688
<b>\$ 285,275</b>	<b>\$ 306,253</b>	<b>\$ 331,190</b>
<b>2,237</b>	<b>1,809</b>	<b>1,661</b>
<hr/>		
\$ 2,478	\$ 2,911	\$ 2,928
75	112	113
<b>\$ 2,553</b>	<b>\$ 3,023</b>	<b>\$ 3,041</b>
<hr/>		
\$ 8,270	\$ 8,894	\$ 9,498
248	238	238
191	212	196
51	84	69
<b>\$ 8,760</b>	<b>\$ 9,428</b>	<b>\$ 10,001</b>
<b>5</b>	<b>5</b>	<b>4</b>
<hr/>		
\$ 10,430	\$ 11,482	\$ 12,560
392	403	471
761	802	988
	45	1
1,159	1,185	1,217
<b>\$ 12,742</b>	<b>\$ 13,917</b>	<b>\$ 15,237</b>
<b>137</b>	<b>107</b>	<b>115</b>



# STATISTICAL SECTION

## Public Employees' Retirement Board

*A Component Unit of the State of Montana*

### Schedule of Benefit Expenses and Refunds by Type, Last Ten Years (cont.)

(in thousands)

System	2006	2007	2008	2009	2010	2011	2012
<b>GWPORS</b>							
<i>Benefit Expenses</i>							
Retirees	\$ 1,760	\$ 2,022	\$ 2,208	\$ 2,427	\$ 2,566	\$ 2,801	\$ 3,106
Survivors	28	29	33	41	49	54	80
Disability	19	18	9		3	2	7
<i>Refunds</i>							
Death	27	16	21	53	4	6	10
Lump Sum	477	702	643	840	879	991	1,227
<b>Total</b>	<b>\$ 2,311</b>	<b>\$ 2,787</b>	<b>\$ 2,914</b>	<b>\$ 3,361</b>	<b>\$ 3,501</b>	<b>\$ 3,854</b>	<b>\$ 4,430</b>
<b>Number of Lump Sum</b>	<b>85</b>	<b>125</b>	<b>113</b>	<b>110</b>	<b>143</b>	<b>114</b>	<b>130</b>
<b>MPORS</b>							
<i>Benefit Expenses</i>							
Retirees	\$ 11,256	\$ 11,861	\$ 12,827	\$ 13,960	\$ 14,652	\$ 15,835	\$ 16,195
Survivors	491	517	547	560	613	629	654
Disability	285	314	333	340	462	546	504
<i>Refunds</i>							
Death						3	1
DROP	234	502	3,777	148	407	449	352
Lump Sum	317	186	513	794	442	498	355
<b>Total</b>	<b>\$ 12,583</b>	<b>\$ 13,380</b>	<b>\$ 17,997</b>	<b>\$ 15,802</b>	<b>\$ 16,576</b>	<b>\$ 17,960</b>	<b>\$ 18,061</b>
<b>Number of Lump Sum</b>	<b>27</b>	<b>23</b>	<b>34</b>	<b>42</b>	<b>39</b>	<b>36</b>	<b>37</b>
<b>Number of DROP</b>	<b>3</b>	<b>5</b>	<b>20</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>4</b>
<b>FURS</b>							
<i>Benefit Expenses</i>							
Retirees	\$ 10,527	\$ 11,307	\$ 12,788	\$ 13,428	\$ 14,031	\$ 12,554	\$ 15,884
Survivors	408	412	442	433	427	479	466
Disability	105	131	124	126	140	2,560	169
<i>Refunds</i>							
Death		1				12	
Lump Sum	46	241	116	70	86	128	119
<b>Total</b>	<b>\$ 11,086</b>	<b>\$ 12,092</b>	<b>\$ 13,470</b>	<b>\$ 14,057</b>	<b>\$ 14,684</b>	<b>\$ 15,733</b>	<b>\$ 16,638</b>
<b>Number of Lump Sum</b>	<b>8</b>	<b>21</b>	<b>16</b>	<b>13</b>	<b>8</b>	<b>6</b>	<b>13</b>
<b>VFCA</b>							
<i>Benefit Expenses</i>							
Retirees	\$ 1,561	\$ 1,635	\$ 1,710	\$ 1,779	\$ 1,848	\$ 1,938	\$ 2,046
Survivors	3	2	7	1	9		
Disability							
<b>Total</b>	<b>\$ 1,564</b>	<b>\$ 1,637</b>	<b>\$ 1,717</b>	<b>\$ 1,780</b>	<b>\$ 1,857</b>	<b>\$ 1,938</b>	<b>\$ 2,046</b>

## STATISTICAL SECTION

---

2013	2014	2015
\$ 3,497	\$ 3,789	\$ 4,412
59	61	88
19	60	50
	69	
841	1,187	801
\$ 4,416	\$ 5,166	\$ 5,351
<b>122</b>	<b>110</b>	<b>103</b>
\$ 17,269	\$ 18,245	\$ 19,294
656	675	696
538	530	568
		2
1,177	469	1,446
656	549	733
\$ 20,296	\$ 20,468	\$ 22,739
<b>44</b>	<b>36</b>	<b>37</b>
<b>7</b>	<b>5</b>	<b>10</b>
\$ 16,965	\$ 18,106	\$ 18,986
478	490	484
227	252	271
	24	4
73	166	2
\$ 17,743	\$ 19,038	\$ 19,747
<b>6</b>	<b>9</b>	<b>8</b>
\$ 2,819	\$ 2,281	\$ 2,369
\$ 2,819	\$ 2,281	\$ 2,369

## STATISTICAL SECTION

---

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### Schedule of Distributions Processed, Last Ten Fiscal Years

(in thousands)

System	2006	2007	2008	2009	2010	2011	2012
<b>PERS-DCRP</b>							
Number of Retirements	2	3	6	3	35	8	4
Number of Deaths	2	3	1	1	2		1
Number of Full Refunds	115	145	106	145	116	182	158
Amount Refunded	\$ 1,475	\$ 2,457	\$ 2,254	\$ 1,744	\$ 1,438	\$ 3,226	\$ 3,077
Number of Partial Refunds	10	10	10	3	13	75	35
Amount Refunded	\$ 96	\$ 153	\$ 243	\$ 128	\$ 198	\$ 393	\$ 323
Number of Forfeitures	103	118	134	121	94	124	98
Amount of Contributions Forfeited <sup>1</sup>	\$ 264	\$ 315	\$ 215	\$ 266	\$ 318	\$ 417	\$ 415

<sup>1</sup>Members terminating with less than 5 years of membership service forfeit their employer contributions.



2013	2014	2015
35	26	20
5	8	5
179	147	164
\$ 3,759	\$ 3,616	\$ 5,215
60	57	46
\$ 436	\$ 967	\$ 698
75	72	91
\$ 398	\$ 252	\$ 333

# STATISTICAL SECTION

## Public Employees' Retirement Board

A Component Unit of the State of Montana

### Retired Members by Type of Benefit

As of June 30, 2015

	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor <sup>2</sup>
<b>PERS-DBRP</b>					
	\$ 1 - 250	1,960	1,709	2	249
	251 - 500	3,493	3,020	34	439
	501 - 750	2,965	2,565	37	363
	751 - 1,000	2,291	1,974	33	284
	1,001 - 1,250	1,821	1,599	25	197
	1,251 - 1,500	1,363	1,204	14	145
	1,501 - 1,750	1,211	1,095	15	101
	1,751 - 2,000	1,029	942	3	84
	Over 2,000	4,548	4,347	7	194
	Total	20,681	18,455	170	2,056

	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor <sup>2</sup>
<b>PERS-DCRP</b>					
<b>Disability OPEB</b>	\$ 1 - 250				
	251 - 500	2		2	
	501 - 750	2		2	
	751 - 1,000	1		1	
	1,001 - 1,250				
	1,251 - 1,500				
	1,501 - 1,750				
	1,751 - 2,000				
	Over 2,000				
	Total	5	0	5	0

	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor <sup>2</sup>
<b>JRS</b>					
	\$ 1 - 250				
	251 - 500				
	501 - 750	1	1		
	751 - 1,000	1			1
	1,001 - 1,250	2	1		1
	1,251 - 1,500	6	3		3
	1,501 - 1,750				
	1,751 - 2,000	2			2
	Over 2,000	55	41		14
	Total	67	46		21

<sup>1</sup> Option Selected:

- 1 - Beneficiary receives lump sum of member's unused contributions
- 2 - Beneficiary receives 100 percent of member's reduced monthly benefit
- 3 - Beneficiary receives 50 percent of member's reduced monthly benefit
- 4A - Guaranteed for the life of member or a minimum of 10 years after member's retirement
- 4B - Guaranteed for the life of member or a minimum of 20 years after member's retirement
- 5A - Survivorship benefit - guaranteed for life of beneficiary with GABA increases
- 5B - Survivorship benefit - guaranteed for life of beneficiary without GABA increases

<sup>2</sup>For the purposes of this schedule Survivor is anyone receiving a monthly benefit that is not the original member.

# STATISTICAL SECTION

## Public Employees' Retirement Board

*A Component Unit of the State of Montana*

### Retired Members by Type of Benefit

As of June 30, 2015

	Option Selected <sup>1</sup>						GABA	NON-GABA	
	1	2	3	4A	4B	5A			5B
<b>PERS-DBRP</b>									
	1,376	353	72	31	90	19	19	1,939	21
	2,373	741	144	49	138	40	8	3,478	15
	1,912	678	152	52	121	48	2	2,961	4
	1,461	506	175	32	83	34		2,288	3
	1,138	412	141	42	61	27		1,820	1
	815	350	130	27	30	11		1,360	3
	689	357	105	23	27	10		1,211	
	582	267	120	19	28	13		1,029	
	2,502	1,163	617	103	136	27		4,548	
	12,848	4,827	1,656	378	714	229	29	20,634	47

	Option Selected <sup>1</sup>						GABA <sup>3</sup>	NON-GABA	
	1	2	3	4A	4B	5A			5B
<b>DCRP-Disability</b>									
<b>PERS OPEB</b>									
	2							2	
	2							2	
	1							1	
	5	0	0		0	0	0	0	5

	Option Selected <sup>1</sup>						GABA	NON-GABA
	1	2	3	4A	4B	5A		
<b>JRS</b>								
		1						1
			1					1
	1					1		2
	1	4	1				2	4
		1				1	1	1
	13	31	6		3	2	27	28
	15	37	8		3	4	30	37

<sup>3</sup>GABA is not an option for PERS DCRP-Disability OPEB retired members

GABA - Members covered under the Guaranteed Annual Benefit Adjustment

NON-GABA - Members not covered under the Guaranteed Annual Benefit Adjustment

# STATISTICAL SECTION

## Public Employees' Retirement Board

A Component Unit of the State of Montana

### Retired Members by Type of Benefit (cont.)

As of June 30, 2015

HPORS	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor <sup>2</sup>
	\$ 1 - 250	3			3
	251 - 500	9	3		6
	501 - 750	7	3		4
	751 - 1,000	7	3		4
	1,001 - 1,250	2	2		
	1,251 - 1,500	11	8		3
	1,501 - 1,750	18	12	1	5
	1,751 - 2,000	42	32		10
	Over 2,000	228	187	6	35
	Total	327	250	7	70

SRS	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor <sup>2</sup>
	\$ 1 - 250	20	15	1	4
	251 - 500	36	30	1	5
	501 - 750	47	38	2	7
	751 - 1,000	32	27		5
	1,001 - 1,250	39	32		7
	1,251 - 1,500	33	25	4	4
	1,501 - 1,750	39	30	2	7
	1,751 - 2,000	42	34	6	2
	Over 2,000	289	263	16	10
	Total	577	494	32	51

GWPORS	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor <sup>2</sup>
	\$ 1 - 250	1	1		
	251 - 500	22	19	1	2
	501 - 750	29	26		3
	751 - 1,000	24	17		7
	1,001 - 1,250	26	20		6
	1,251 - 1,500	27	23	1	3
	1,501 - 1,750	17	16		1
	1,751 - 2,000	14	12	1	1
	Over 2,000	71	68		3
	Total	231	202	3	26

<sup>1</sup> Option Selected:

- 1 - Beneficiary receives lump sum of member's unused contributions
- 2 - Beneficiary receives 100 percent of member's reduced monthly benefit
- 3 - Beneficiary receives 50 percent of member's reduced monthly benefit
- 4A - Guaranteed for the life of member or a minimum of 10 years after member's retirement
- 4B - Guaranteed for the life of member or a minimum of 20 years after member's retirement
- 5A - Survivorship benefit - guaranteed for life of beneficiary with GABA increases
- 5B - Survivorship benefit - guaranteed for life of beneficiary without GABA increases

<sup>2</sup> For the purposes of this schedule Survivor is anyone receiving a monthly benefit that is not the original member.

# STATISTICAL SECTION

## Public Employees' Retirement Board

*A Component Unit of the State of Montana*

### Retired Members by Type of Benefit

As of June 30, 2015

	Option Selected <sup>1</sup>						GABA	NON-GABA
	1	2	3	4A	4B	5A		
<b>HPORS</b>						3	3	
	1	7				1	4	5
	1	4				2	4	3
	1	3				3	4	3
		2					1	1
		11					8	3
	3	15					8	10
	4	37			1		16	26
	31	193			4		188	40
	41	272			14		236	91

	Option Selected <sup>1</sup>						GABA	NON-GABA
	1	2	3	4A	4B	5A		
<b>SRS</b>	8	5	3			4	19	1
	10	19	4		3		36	
	25	15	3		2	2	47	
	15	13	1	1	1	1	31	1
	16	17	3		2	1	39	
	15	15	3				33	
	13	18	3		2	3	39	
	17	14	2	2	5	2	41	1
	150	80	31	14	9	5	289	
	269	196	53	17	24	18	574	3

	Option Selected <sup>1</sup>						GABA	NON-GABA
	1	2	3	4A	4B	5A		
<b>GWPORS</b>	1						1	
	8	8	2	1	2	1	22	
	15	6	3		3	2	29	
	12	4	3		1	4	24	
	11	4	7	1	1	2	26	
	14	7	6				27	
	12	4	1				17	
	5	5	3	1			14	
	30	28	7		6		71	
	108	66	32	3	13	9	231	

GABA - Members covered under the Guaranteed Annual Benefit Adjustment

NON-GABA - Members not covered under the Guaranteed Annual Benefit Adjustment

# STATISTICAL SECTION

## Public Employees' Retirement Board

A Component Unit of the State of Montana

### Retired Members by Type of Benefit (cont.)

As of June 30, 2015

	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor <sup>4</sup>
<b>MPORS<sup>2</sup></b>					
	\$ 1 - 250	19	19		
	251 - 500	11	10		1
	501 - 750	18	18		
	751 - 1,000	11	11		
	1,001 - 1,250	10	9		1
	1,251 - 1,500	14	9		5
	1,501 - 1,750	71	44	1	26
	1,751 - 2,000	115	68	4	43
	Over 2,000	475	384	16	75
	Total	744	572	21	151
<b>FURS</b>					
	\$ 1 - 250	30	20		10
	251 - 500	21	20		1
	501 - 750	5	4		1
	751 - 1,000	9	9		
	1,001 - 1,250	7	7		
	1,251 - 1,500	12	10		2
	1,501 - 1,750	41	25		16
	1,751 - 2,000	93	40	1	52
	Over 2,000	391	330	7	54
	Total	609	465	8	136
<b>VFCA</b>					
	\$ 1 - 250	1,367	1,363		4
	251 - 500	4	4		
	501 - 750				
	751 - 1,000				
	1,001 - 1,250				
	1,251 - 1,500				
	1,501 - 1,750				
	1,751 - 2,000				
	Over 2,000				
	Total	1,371	1,367		4

<sup>1</sup> Option Selected (excluding the VFCA):

- 1 - Beneficiary receives lump sum of member's unused contributions
- 2 - Beneficiary receives 100 percent of member's reduced monthly benefit
- 3 - Beneficiary receives 50 percent of member's reduced monthly benefit
- 4A - Guaranteed for the life of member or a minimum of 10 years after member's retirement
- 4B - Guaranteed for the life of member or a minimum of 20 years after member's retirement
- 5A - Survivorship benefit - guaranteed for life of beneficiary with GABA increases
- 5B - Survivorship benefit - guaranteed for life of beneficiary without GABA increases

<sup>2</sup> MPORS does not include DROP members.

<sup>3</sup> Option Selected VFCA:

- 1 - Member receiving monthly benefit
- 2 and 5B - Benefit paid to survivor equal to member's full or partial benefit. Benefit is limited to 40 months including any pension paid to member before death.

<sup>4</sup> For the purposes of this schedule Survivor is anyone receiving a monthly benefit that is not the original member.

## STATISTICAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### Retired Members by Type of Benefit

As of June 30, 2015

	Option Selected <sup>1</sup>						GABA	NON-GABA
	1	2	3	4A	4B	5A		
<b>MPORS</b>								
	2	17					16	3
	5	6					11	
	8	10					16	2
	3	8					11	
	5	5					9	1
		13				1	13	1
	5	60				6	66	5
	13	94				8	111	4
	63	402				10	429	46
	104	615				25	682	62

	Option Selected <sup>1</sup>						GABA	NON-GABA
	1	2	3	4A	4B	5A		
<b>FURS</b>								
	2	27				1	23	7
	5	16					16	5
	1	4					5	
	2	7					9	
	1	6					5	2
	4	8					10	2
	2	35				4	39	2
	4	83				6	93	
	43	339				9	368	23
	64	525				20	568	41

	Option Selected <sup>3</sup>						GABA	NON-GABA
	1	2	3	4A	4B	5A		
<b>VFCA</b>								
	1,363	4					N/A	N/A
	4							
	1,367	4						

GABA - Members covered under the Guaranteed Annual Benefit Adjustment

NON-GABA - Members not covered under the Guaranteed Annual Benefit Adjustment

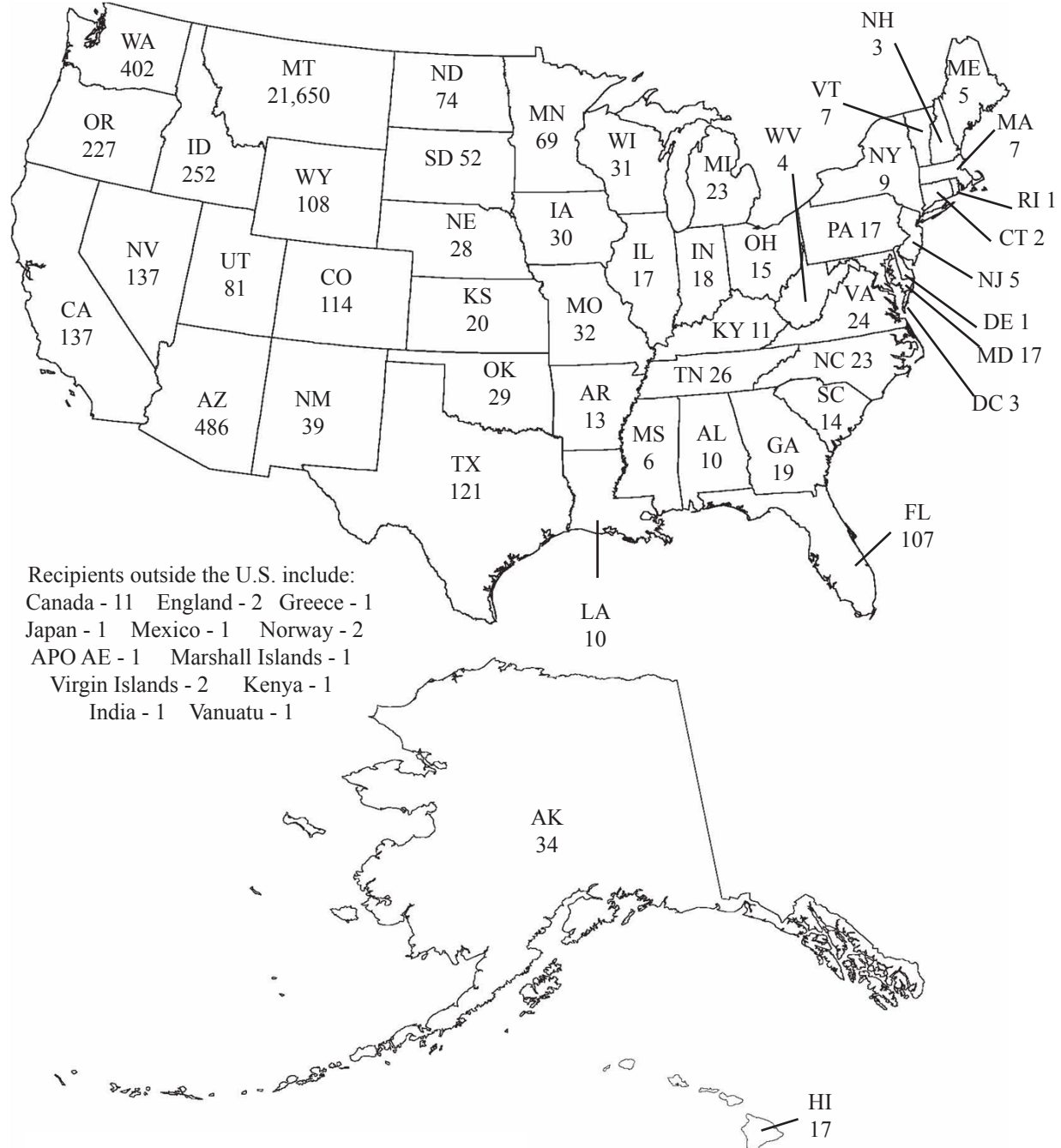
# STATISTICAL SECTION

## Public Employees' Retirement Board

*A Component Unit of the State of Montana*

### Distribution of Defined Benefit Recipients by Location

as of June 30, 2015





This page intentionally left blank

# STATISTICAL SECTION

## Public Employees' Retirement Board

*A Component Unit of the State of Montana*

### Schedule of Active Members by Age and Gender

As of June 30, 2015

System	Ages	Male	Female	Total	System	Ages	Male	Female	Total
PERS-DBRP	Under 20	24	19	43	GWORS	Under 20	2	1	3
	20 - 29	976	1,255	2,231		20 - 29	132	28	160
	30 - 39	2,008	2,650	4,658		30 - 39	178	63	241
	40 - 49	2,494	3,371	5,865		40 - 49	214	56	270
	50 - 59	4,094	5,440	9,534		50 - 59	169	44	213
	60 - 69	2,140	2,589	4,729		60 - 69	37	14	51
	70 & Older	207	194	401		70 & Older	2	1	3
	<sup>1</sup> Unknown			776		<sup>1</sup> Unknown			52
Total		11,943	15,518	28,237	Total		734	207	993
JRS	Under 20				MPORS <sup>2</sup>	Under 20	3		3
	20 - 29					20 - 29	109	14	123
	30 - 39					30 - 39	232	15	247
	40 - 49	4		4		40 - 49	224	20	244
	50 - 59	11	11	22		50 - 59	57	1	58
	60 - 69	20	1	21		60 - 69	9		9
	70 & Older	5	1	6		70 & Older			
	<sup>1</sup> Unknown			2		<sup>1</sup> Unknown			10
Total		40	13	55	Total		634	50	694
HPORS	Under 20				FURS	Under 20			
	20 - 29	30	5	35		20 - 29	86	4	90
	30 - 39	73	5	78		30 - 39	230	11	241
	40 - 49	80		80		40 - 49	198	2	200
	50 - 59	32	3	35		50 - 59	80	1	81
	60 - 69	3		3		60 - 69	14		14
	70 & Older					70 & Older			
	<sup>1</sup> Unknown			10		<sup>1</sup> Unknown			1
Total		218	13	241	Total		608	18	627
SRS	Under 20	4		4	PERS-DCRP	Under 20	1		1
	20 - 29	237	40	277		20 - 29	63	92	155
	30 - 39	331	64	395		30 - 39	243	346	589
	40 - 49	301	48	349		40 - 49	296	326	622
	50 - 59	195	32	227		50 - 59	292	343	635
	60 - 69	55	7	62		60 - 69	115	134	249
	70 & Older	2	1	3		70 & Older	9	8	17
	<sup>1</sup> Unknown			19		<sup>1</sup> Unknown			16
Total		1,125	192	1,336	Total		1,019	1,249	2,284

<sup>1</sup>Membership data not received as of June 30, 2015.

<sup>2</sup>MPORS does not include DROP.

VFCA not included because membership data not required on members until retirement.

**Public Employees' Retirement Board**

*A Component Unit of the State of Montana*

**Schedule of Retired Members by Age and Gender**

As of June 30, 2015

System	Ages	Male	Female	Total	System	Ages	Male	Female	Total
<b>PERS-DBRP</b>	Under 20				<b>GWPORS</b>	Under 20			
	20 - 29					20 - 29			
	30 - 39	2		2		30 - 39			
	40 - 49	14	21	35		40 - 49	2	1	3
	50 - 59	610	627	1,237		50 - 59	45	9	54
	60 - 69	4,084	4,217	8,301		60 - 69	87	19	106
	70 & Older	5,558	5,548	11,106		70 & Older	66	2	68
<b>Total</b>		10,268	10,413	<b>20,681</b>	<b>Total</b>		200	31	<b>231</b>
<b>JRS</b>	Under 20				<b>MPORS<sup>1</sup></b>	Under 20			
	20 - 29					20 - 29			
	30 - 39					30 - 39	4	1	5
	40 - 49					40 - 49	37	7	44
	50 - 59					50 - 59	168	9	177
	60 - 69	15	4	19		60 - 69	257	5	262
	70 & Older	48		48		70 & Older	253	3	256
<b>Total</b>		63	4	<b>67</b>	<b>Total</b>		719	25	<b>744</b>
<b>HPORS</b>	Under 20				<b>FURS</b>	Under 20			
	20 - 29					20 - 29			
	30 - 39	2	1	3		30 - 39	2		2
	40 - 49	18	3	21		40 - 49	21		21
	50 - 59	51	6	57		50 - 59	120	1	121
	60 - 69	81	5	86		60 - 69	203		203
	70 & Older	160		160		70 & Older	260	2	262
<b>Total</b>		312	15	<b>327</b>	<b>Total</b>		606	3	<b>609</b>
<b>SRS</b>	Under 20				<b>VFCA</b>	Under 20			
	20 - 29					20 - 29			
	30 - 39	2		2		30 - 39			
	40 - 49	30		30		40 - 49			
	50 - 59	139	11	150		50 - 59	97	2	99
	60 - 69	248	6	254		60 - 69	549	35	584
	70 & Older	135	6	141		70 & Older	653	35	688
<b>Total</b>		554	23	<b>577</b>	<b>Total</b>		1,299	72	<b>1,371</b>

<sup>1</sup> MPORS does not include DROP.

# STATISTICAL SECTION

## Public Employees' Retirement Board

*A Component Unit of the State of Montana*

### Average Benefit Payments, Last Ten Fiscal Years

#### PERS - Defined Benefit Retirement Plan

Retirement Effective Dates	Years of Credited Service						
	0-5	5-10	10-15	15-20	20-25	25-30	30+
Period 7/1/2014 - 6/30/2015							
Average monthly benefit	\$ 1,930	\$ 982	\$ 1,334	\$ 1,688	\$ 1,507	\$ 1,972	\$ 3,078
Average HAC <sup>1</sup>	1,806	2,320	2,553	2,775	3,066	3,098	3,948
Number of retired members	27	159	189	164	180	196	262
Period 7/1/2013 - 6/30/2014							
Average monthly benefit	3,243	1,233	1,888	2,001	2,247	2,533	3,010
Average HAC <sup>1</sup>	2,004	2,799	3,016	3,326	3,548	4,092	4,849
Number of retired members	45	214	201	186	188	192	199
Period 7/1/2012 - 6/30/2013							
Average monthly benefit <sup>1</sup>	2,508	1,315	1,782	1,950	1,582	2,174	3,229
Average HAC <sup>1</sup>	2,225	2,880	3,137	3,418	3,518	3,972	4,728
Number of retired members	48	183	221	169	186	173	263
Period 7/1/2011 - 6/30/2012							
Average monthly benefit	2,024	2,492	808	1,713	2,193	3,627	3,508
Average HAC <sup>1</sup>	1,634	2,746	2,831	3,232	3,319	4,157	4,543
Number of retired members	51	208	213	170	172	183	241
Period 7/1/2010 - 6/30/2011							
Average monthly benefit	2,529	1,322	1,260	1,238	2,501	2,843	3,125
Average HAC <sup>1</sup>	2,055	2,790	2,962	3,060	3,376	3,862	4,473
Number of retired members	43	170	181	163	148	179	293
Period 7/1/2009 - 6/30/2010							
Average monthly benefit	1,941	1,702	2,512	3,309	2,423	2,306	3,637
Average HAC <sup>1</sup>	2,125	2,480	2,670	4,341	3,373	4,010	4,528
Number of retired members	49	163	150	149	114	137	163
Period 7/1/2008 - 6/30/2009							
Average monthly benefit	4,803	1,082	1,642	2,313	2,136	2,309	3,216
Average HAC <sup>1</sup>	2,164	2,614	2,921	3,052	3,324	3,860	4,377
Number of retired members	23	138	159	147	100	168	210
Period 7/1/2007 - 6/30/2008							
Average monthly benefit	534	478	931	1,026	2,160	2,310	3,062
Average HAC <sup>1</sup>	2,049	2,159	2,517	2,948	2,895	3,425	4,017
Number of retired members	21	162	169	161	125	180	196
Period 7/1/2006 - 6/30/2007							
Average monthly benefit	1,408	378	611	1,078	1,282	2,029	3,228
Average HAC <sup>1</sup>	2,211	2,365	2,289	2,644	2,878	3,239	3,851
Number of retired members	23	149	154	174	129	144	188
Period 7/1/2005 - 6/30/2006							
Average monthly benefit	294	342	699	1,358	1,313	1,915	3,032
Average HAC <sup>1</sup>	1,691	2,004	2,298	2,940	2,625	3,005	3,730
Number of retired members	16	139	148	137	110	133	193

<sup>1</sup>HAC = Highest Average Compensation during any consecutive 36 months or 60 months dependent upon date member was hired.

The Average monthly benefit could be skewed in this schedule due to retroactive retirement dates.

The Average HAC may be blank due to system not requiring this information to be updated when a member retires.

**Public Employees' Retirement Board**

*A Component Unit of the State of Montana*

**Average Benefit Payments, Last Ten Fiscal Years (cont.)**

Retirement Effective Dates	DC Disability OPEB						
	Years of Credited Service						
	0-5	5-10	10-15	15-20	20-25	25-30	30+
Period 7/1/2014 - 6/30/2015							
Average monthly benefit		\$ 577					
Average HAC <sup>1</sup>		4,019					
Number of retired members		2					
Period 7/1/2013 - 6/30/2014							
Average monthly benefit							
Average HAC <sup>1</sup>							
Number of retired members							
Period 7/1/2012 - 6/30/2013							
Average monthly benefit							
Average HAC <sup>1</sup>							
Number of retired members							
Period 7/1/2011 - 6/30/2012							
Average monthly benefit		356	\$ 553				
Average HAC <sup>1</sup>		3,564	2,714				
Number of retired members		1	1				
Period 7/1/2010 - 6/30/2011							
Average monthly benefit							
Average HAC <sup>1</sup>							
Number of retired members							
Period 7/1/2009 - 6/30/2010							
Average monthly benefit			746				
Average HAC <sup>1</sup>			3,455				
Number of retired members			1				
Period 7/1/2008 - 6/30/2009							
Average monthly benefit				\$ 800			
Average HAC <sup>1</sup>				2,506			
Number of retired members				1			
Period 7/1/2007 - 6/30/2008							
Average monthly benefit							
Average HAC <sup>1</sup>							
Number of retired members							
Period 7/1/2006 - 6/30/2007							
Average monthly benefit							
Average HAC <sup>1</sup>							
Number of retired members							
Period 7/1/2005 - 6/30/2006							
Average monthly benefit							
Average HAC <sup>1</sup>							
Number of retired members							

<sup>1</sup>HAC = Highest Average Compensation during any consecutive 36 months or 60 months dependent upon date member was hired.

The Average monthly benefit could be skewed in this schedule due to retroactive retirement dates.

The Average HAC may be blank due to system not requiring this information to be updated when a member retires.

# STATISTICAL SECTION

## Public Employees' Retirement Board

*A Component Unit of the State of Montana*

### Average Benefit Payments, Last Ten Fiscal Years (cont.)

#### Judges' Retirement System

Retirement Effective Dates	Years of Credited Service						
	0-5	5-10	10-15	15-20	20-25	25-30	30+
Period 7/1/2014 - 6/30/2015							
Average monthly benefit						\$ 5,600	
Average HAC <sup>1</sup>							9,800
Number of retired members							2
Period 7/1/2013 - 6/30/2014							
Average monthly benefit				\$ 2,792	\$ 4,899		5,088
Average HAC <sup>1</sup>						9,800	9,800
Number of retired members				1	1		1
Period 7/1/2012 - 6/30/2013							
Average monthly benefit		\$ 2,893		4,877		6,474	\$6,018
Average HAC <sup>1</sup>			9,427	9,703		9,494	9,494
Number of retired members			3	3		1	3
Period 7/1/2011 - 6/30/2012							
Average monthly benefit							
Average HAC <sup>1</sup>							
Number of retired members							
Period 7/1/2010 - 6/30/2011							
Average monthly benefit	\$ 2,331		3,069		5,290		6,231
Average HAC <sup>1</sup>		8,906	7,842		9,201		8,906
Number of retired members		1	1		2		1
Period 7/1/2009 - 6/30/2010							
Average monthly benefit						5,601	
Average HAC <sup>1</sup>							9,797
Number of retired members							1
Period 7/1/2008 - 6/30/2009							
Average monthly benefit		1,449	3,404		5,074		4,982
Average HAC <sup>1</sup>		8,270	8,270		8,296		8,158
Number of retired members		1	1		2		1
Period 7/1/2007 - 6/30/2008							
Average monthly benefit			4,989				
Average HAC <sup>1</sup>			8,849				
Number of retired members			1				
Period 7/1/2006 - 6/30/2007							
Average monthly benefit			3,920				
Average HAC <sup>1</sup>			7,841				
Number of retired members			1				
Period 7/1/2005 - 6/30/2006							
Average monthly benefit		2,806					5,192
Average HAC <sup>1</sup>		8,407					7,841
Number of retired members		1					1

<sup>1</sup>HAC = Highest Average Compensation during any consecutive 36 months.

The Average monthly benefit could be skewed in this schedule due to retroactive retirement dates.

The Average HAC may be blank due to system not requiring this information to be updated when a member retires.

**Public Employees' Retirement Board**

*A Component Unit of the State of Montana*

**Average Benefit Payments, Last Ten Fiscal Years (cont.)**

**Highway Patrol Officers' Retirement System**

Retirement Effective Dates	Years of Credited Service											
	0-5	5-10	10-15	15-20	20-25	25-30	30+					
Period 7/1/2014 - 6/30/2015												
Average monthly benefit	\$	1,581	\$	1,113	\$	2,810	\$	3,475	\$	4,315		
Average HAC <sup>1</sup>		5,049				5,412		2,852		6,227		
Number of retired members		2		1		1		4		2		
Period 7/1/2013 - 6/30/2014												
Average monthly benefit				479		2,348		3,330		5,043		
Average HAC <sup>1</sup>				3,557		4,559		5,859		6,641		
Number of retired members				1		1		9		2		
Period 7/1/2012 - 6/30/2013												
Average monthly benefit	\$	2,021				3,241		3,351				
Average HAC <sup>1</sup>		3,925				5,702		7,273				
Number of retired members		1				7		3				
Period 7/1/2011 - 6/30/2012												
Average monthly benefit				711				3,108		4,119		
Average HAC <sup>1</sup>				4,714				5,440		5,383		
Number of retired members				1				1		2		
Period 7/1/2010 - 6/30/2011												
Average monthly benefit				1,799		2,676		3,220				
Average HAC <sup>1</sup>				4,354		4,815		5,355				
Number of retired members				2		3		3				
Period 7/1/2009 - 6/30/2010												
Average monthly benefit		490		201		2,688		2,615		3,769		
Average HAC <sup>1</sup>		3,731		4,039		4,638		4,494		4,952		
Number of retired members		1		4		2		3		1		
Period 7/1/2008 - 6/30/2009												
Average monthly benefit		2,055				2,464				2,920		
Average HAC <sup>1</sup>		3,511				4,263				6,231		
Number of retired members		3				1				3		
Period 7/1/2007 - 6/30/2008												
Average monthly benefit		2,126		760		12,802		2,285		3,625		
Average HAC <sup>1</sup>		3,415		3,450		3,974		4,451		4,517		
Number of retired members		1		1		1		5		1		
Period 7/1/2006 - 6/30/2007												
Average monthly benefit								1,938				
Average HAC <sup>1</sup>								3,976				
Number of retired members								7				
Period 7/1/2005 - 6/30/2006												
Average monthly benefit				2,017				2,525		3,488	\$	5,133
Average HAC <sup>1</sup>				3,092				3,635		3,678		4,840
Number of retired members				1				2		1		1

<sup>1</sup>HAC = Highest Average Compensation during any consecutive 36 months unavailable prior to FY2006.

The Average monthly benefit could be skewed in this schedule due to retroactive retirement dates.

The Average HAC may be blank due to system not requiring this information to be updated when a member retires.

# STATISTICAL SECTION

## Public Employees' Retirement Board

*A Component Unit of the State of Montana*

### Average Benefit Payments, Last Ten Fiscal Years (cont.)

#### Sheriffs' Retirement System

Retirement Effective Dates	Years of Credited Service						
	0-5	5-10	10-15	15-20	20-25	25-30	30+
Period 7/1/2014 - 6/30/2015							
Average monthly benefit	\$ 2,050	\$ 501	\$ 869	\$ 2,228	\$ 3,224	\$ 3,088	\$ 2,942
Average HAC <sup>1</sup>	4,100	2,864	2,793	5,059	4,817	5,042	3,913
Number of retired members	1	10	7	9	8	7	3
Period 7/1/2013 - 6/30/2014							
Average monthly benefit	684	507	957	2,261	2,847	2,426	3,786
Average HAC <sup>1</sup>	1,712	3,339	3,627	5,393	5,673	5,549	6,893
Number of retired members	3	8	4	5	6	4	3
Period 7/1/2012 - 6/30/2013							
Average monthly benefit	1,652	618	1,520	1,828	2,945	3,545	5,683
Average HAC <sup>1</sup>	3,559	4,147	4,944	4,423	5,466	4,932	6,428
Number of retired members	1	5	13	5	12	2	1
Period 7/1/2011 - 6/30/2012							
Average monthly benefit	3,764	6,837	1,864	2,762	2,627	3,650	4,214
Average HAC <sup>1</sup>	3,367	3,121	4,944	5,493	4,680	4,873	6,286
Number of retired members	3	6	4	2	9	2	7
Period 7/1/2010 - 6/30/2011							
Average monthly benefit	604	681	1,608	2,888	2,589	4,107	5,814
Average HAC <sup>1</sup>	6,500	4,199	3,890	5,466	4,778	5,912	6,842
Number of retired members	1	4	3	5	12	4	6
Period 7/1/2009 - 6/30/2010							
Average monthly benefit	2,008	1,450	895	1,810	3,363	3,739	4,135
Average HAC <sup>1</sup>	3,464	4,282	3,652	4,674	5,600	4,946	5,878
Number of retired members	1	2	4	2	4	3	1
Period 7/1/2008 - 6/30/2009							
Average monthly benefit	1,326	561		1,882	2,848	4,338	5,571
Average HAC <sup>1</sup>	2,579	3,405		3,745	4,718	6,003	6,204
Number of retired members	1	3		2	2	2	1
Period 7/1/2007 - 6/30/2008							
Average monthly benefit	1,008	1,454	1,192	3,215	2,436	2,743	6,100
Average HAC <sup>1</sup>	2,121	3,403	2,650	5,228	4,265	4,061	5,503
Number of retired members	2	4	2	1	5	3	1
Period 7/1/2006 - 6/30/2007							
Average monthly benefit	6,714	1,029	1,654	1,927	2,076	3,801	3,801
Average HAC <sup>1</sup>	1,130	3,676	4,385	3,734	3,848	5,276	4,412
Number of retired members	1	4	3	7	12	2	3
Period 7/1/2005 - 6/30/2006							
Average monthly benefit		701	825	1,622	2,868	3,390	3,640
Average HAC <sup>1</sup>		2,799	3,188	3,358	4,285	4,054	3,958
Number of retired members		1	6	2	8	5	1

<sup>1</sup>HAC = Highest Average Compensation during any consecutive 36 months or 60 months dependent upon when member was hired.

The Average monthly benefit could be skewed in this schedule due to retroactive retirement dates.

The Average HAC may be blank due to system not requiring this information to be updated when a member retires.



**Public Employees' Retirement Board**

*A Component Unit of the State of Montana*

**Average Benefit Payments, Last Ten Fiscal Years (cont.)**

**Game Wardens' and Peace Officers' Retirement System**

Retirement Effective Dates	Years of Credited Service						
	0-5	5-10	10-15	15-20	20-25	25-30	30+
Period 7/1/2014 - 6/30/2015							
Average monthly benefit		\$ 607	\$ 1,213	\$ 1,876	\$ 2,106	\$ 2,671	\$ 3,494
Average HAC <sup>1</sup>		2,792	3,588	3,738	4,100		4,848
Number of retired members		7	10	5	5	1	2
Period 7/1/2013 - 6/30/2014							
Average monthly benefit		745	1,151	1,642	2,564	2,109	
Average HAC <sup>1</sup>		3,470	3,809	4,266	4,490	3,695	
Number of retired members		6	6	10	4	1	
Period 7/1/2012 - 6/30/2013							
Average monthly benefit	\$ 2,507	5,232	1,118	1,259	3,630	4,007	
Average HAC <sup>1</sup>	2,695	2,595	3,316	3,820	6,679	5,795	
Number of retired members	4	6	4	7	1	1	
Period 7/1/2011 - 6/30/2012							
Average monthly benefit		643	1,233	1,999			4,003
Average HAC <sup>1</sup>		3,164	3,938	4,027			4,693
Number of retired members		6	6	1			3
Period 7/1/2010 - 6/30/2011							
Average monthly benefit	4,914	625	916	1,337		3,428	3,830
Average HAC <sup>1</sup>	3,063	3,257	3,904	3,368		4,427	4,205
Number of retired members	1	4	6	1		1	1
Period 7/1/2009 - 6/30/2010							
Average monthly benefit	5,706	595	1,286				4,140
Average HAC <sup>1</sup>	2,507	3,039	3,888				4,192
Number of retired members	1	3	6				1
Period 7/1/2008 - 6/30/2009							
Average monthly benefit	1,700	632		1,713			3,676
Average HAC <sup>1</sup>	2,925	3,091		3,670			3,904
Number of retired members	3	3		1			3
Period 7/1/2007 - 6/30/2008							
Average monthly benefit		675	958		2,018	3,233	3,838
Average HAC <sup>1</sup>		3,234	3,044		3,537	3,768	4,300
Number of retired members		6	2		1	1	1
Period 7/1/2006 - 6/30/2007							
Average monthly benefit		505			2,517		4,415
Average HAC <sup>1</sup>		2,134			4,676		3,964
Number of retired members		2			1		3
Period 7/1/2005 - 6/30/2006							
Average monthly benefit		556	1,192		1,200		3,730
Average HAC <sup>1</sup>		2,660	3,248		3,044		4,076
Number of retired members		6	2		2		6

<sup>1</sup>HAC = Highest Average Compensation during any consecutive 36 months or 60 months dependent upon when member was hired.

The Average monthly benefit could be skewed in this schedule due to retroactive retirement dates.

The Average HAC may be blank due to the system not requiring this information to be updated when a member retires.

# STATISTICAL SECTION

## Public Employees' Retirement Board

*A Component Unit of the State of Montana*

### Average Benefit Payments, Last Ten Fiscal Years (cont.)

#### Municipal Police Officers' Retirement System

Retirement Effective Dates	Years of Credited Service						
	0-5	5-10	10-15	15-20	20-25	25-30	30+
Period 7/1/2014 - 6/30/2015							
Average monthly benefit	\$ 379	\$ 1,319	\$ 1,098	\$ 2,590	\$ 2,903	\$ 4,100	\$ 5,062
Average FAC <sup>1</sup>	6,224	3,399	3,707	4,269	4,028	5,486	6,452
Number of retired members	4	4	5	4	13	3	3
Period 7/1/2013 - 6/30/2014							
Average monthly benefit		730	1,801	2,850	3,282	4,264	
Average FAC <sup>1</sup>		3,028	4,826	5,699	5,839	6,655	
Number of retired members		1	3	1	8	1	
Period 7/1/2012 - 6/30/2013							
Average monthly benefit	541	1,202	571	2,309	3,057	3,384	
Average FAC <sup>1</sup>	6,801	4,075	2,093	4,664	5,261	5,516	
Number of retired members	5	3	1	6	17	6	
Period 7/1/2011 - 6/30/2012							
Average monthly benefit	124	1,191	1,247	2,466	3,058		5,701
Average FAC <sup>1</sup>	5,411	4,023	4,289	4,648	5,117		6,411
Number of retired members	2	3	1	1	7		2
Period 7/1/2010 - 6/30/2011							
Average monthly benefit	273	2,315	1,810	2,601	2,942	4,498	
Average FAC <sup>1</sup>	5,617	4,113	4,862	4,884	4,831	5,893	
Number of retired members	3	1	1	4	8	1	
Period 7/1/2009 - 6/30/2010							
Average monthly benefit	1,016	1,334	2,365	2,541	2,218	3,078	6,121
Average FAC <sup>1</sup>	3,905	3,325	4,618	4,541	4,224		6,594
Number of retired members	4	5	4	4	9	1	1
Period 7/1/2008 - 6/30/2009							
Average monthly benefit		2,434		2,111	1,951	4,356	5,332
Average FAC <sup>1</sup>		4,199		4,574	4,030	5,120	5,383
Number of retired members		1		5	8	1	2
Period 7/1/2007 - 6/30/2008							
Average monthly benefit	108	1,746	1,339	2,881	2,644	3,717	4,986
Average FAC <sup>1</sup>	5,911	3,341	3,736	4,816	4,235	4,589	4,507
Number of retired members	10	3	2	3	13	14	2
Period 7/1/2006 - 6/30/2007							
Average monthly benefit	1,077		1,867	2,495	2,472	4,355	
Average FAC <sup>1</sup>	2,452		3,209	3,907	4,111	4,759	
Number of retired members	2		6	4	12	2	
Period 7/1/2005 - 6/30/2006							
Average monthly benefit	1,654		1,466	1,860	3,024	6,393	5,982
Average FAC <sup>1</sup>	2,707		4,067	5,875	4,243	6,220	5,527
Number of retired members	3		1	1	4	1	2

<sup>1</sup>FAC = Final Average Compensation during any consecutive 36 months.

The Average monthly benefit could be skewed in this schedule due to retroactive retirement dates.

The Average HAC may be blank due to system not requiring this information to be updated when a member retires.

**Public Employees' Retirement Board**

*A Component Unit of the State of Montana*

**Average Benefit Payments, Last Ten Fiscal Years (cont.)**

**Firefighters' Unified Retirement System**

Retirement Effective Dates	Years of Credited Service						
	0-5	5-10	10-15	15-20	20-25	25-30	30+
<b>Period 7/1/2014 - 6/30/2015</b>							
Average monthly benefit	\$ 1,375	\$ 1,634	\$ 1,209	\$ 1,936	\$ 4,621	\$ 5,623	
Average HAC <sup>1</sup>	1,763	4,444	2,713	5,475	5,367	5,217	
Number of retired members	2	1	2	8	4	4	
<b>Period 7/1/2013 - 6/30/2014</b>							
Average monthly benefit	1,423	1,819	2,493	3,335	4,176	5,716	
Average HAC <sup>1</sup>	5,161	5,865	6,698	5,902	5,931	6,580	
Number of retired members	2	1	5	4	2	3	
<b>Period 7/1/2012 - 6/30/2013</b>							
Average monthly benefit	\$ 1,472	647	1,441	1,219	4,747	6,167	
Average HAC <sup>1</sup>	2,859	3,637	4,549	2,175	6,656	6,686	
Number of retired members	1	2	2	5	6	5	
<b>Period 7/1/2011 - 6/30/2012</b>							
Average monthly benefit	1,304	3,122	2,942	4,077	480		
Average HAC <sup>1</sup>	5,946	5,885	5,616	6,638	6,837		
Number of retired members	2	1	7	6	5		
<b>Period 7/1/2010 - 6/30/2011</b>							
Average monthly benefit	280	2,334	4,127	3,785	4,107		
Average HAC <sup>1</sup>	1,506	4,814	5,945	5,075	4,481		
Number of retired members	1	1	1	9	5		
<b>Period 7/1/2009 - 6/30/2010</b>							
Average monthly benefit	2,074	2,891	260	2,869	3,918	4,282	
Average HAC <sup>1</sup>	3,686	4,987	448	4,496	5,146	5,433	
Number of retired members	2	1	2	3	4	5	
<b>Period 7/1/2008 - 6/30/2009</b>							
Average monthly benefit	1,158	2,083	4,078	3,324	4,989		
Average HAC <sup>1</sup>	3,989	3,593	5,928	3,897	4,876		
Number of retired members	5	1	5	2	2		
<b>Period 7/1/2007 - 6/30/2008</b>							
Average monthly benefit	2,459	1,785	2,529	3,925	5,037		
Average HAC <sup>1</sup>	3,453	2,902	4,248	4,736	4,945		
Number of retired members	1	1	8	4	9		
<b>Period 7/1/2006 - 6/30/2007</b>							
Average monthly benefit	2,273	1,643	3,440	2,945	4,125	5,923	
Average HAC <sup>1</sup>	3,643	3,254	5,431	3,665	4,588	5,694	
Number of retired members	2	2	1	5	3	8	
<b>Period 7/1/2005 - 6/30/2006</b>							
Average monthly benefit	2,763	2,638	3,876	2,955	5,194		
Average HAC <sup>1</sup>	4,235	4,333	5,005	3,930	4,480		
Number of retired members	1	2	1	5	8		

<sup>1</sup>HAC = Highest Average Compensation during any consecutive 36 months.

The Average monthly benefit could be skewed in this schedule due to retroactive retirement dates.

The Average HAC may be blank due to system not requiring this information to be updated when a member retires.

# STATISTICAL SECTION

## Public Employees' Retirement Board

*A Component Unit of the State of Montana*

### Average Benefit Payments, Last Ten Fiscal Years (cont.)

#### Volunteer Firefighters' Compensation Act

Retirement Effective Dates	Years of Credited Service						
	0-5	5-10	10-15	15-20	20-25	25-30	30+
Period 7/1/2014 - 6/30/2015							
Average monthly benefit		\$ 75	\$ 94	\$ 703	\$ 172	\$ 220	\$ 249
Average HAC <sup>1</sup>							
Number of retired members		10	19	21	17	6	4
Period 7/1/2013 - 6/30/2014							
Average monthly benefit		75	94	140	169	210	238
Average HAC <sup>1</sup>							
Number of retired members		9	19	20	15	9	4
Period 7/1/2012 - 6/30/2013							
Average monthly benefit		75	98	143	173	207	253
Average HAC <sup>1</sup>							
Number of retired members		9	22	21	10	10	3
Period 7/1/2011 - 6/30/2012							
Average monthly benefit		75	106	136	169	211	239
Average HAC <sup>1</sup>							
Number of retired members		4	11	28	30	7	5
Period 7/1/2010 - 6/30/2011							
Average monthly benefit		75	96	145	172	211	
Average HAC <sup>1</sup>							
Number of retired members		5	14	24	14	18	
Period 7/1/2009 - 6/30/2010							
Average monthly benefit		76	100	424	168	946	
Average HAC <sup>1</sup>							
Number of retired members		8	21	19	24	12	
Period 7/1/2008 - 6/30/2009							
Average monthly benefit		75	102	145	166	219	
Average HAC <sup>1</sup>							
Number of retired members		1	13	23	16	8	
Period 7/1/2007 - 6/30/2008							
Average monthly benefit		75	94	402	167	213	225
Average HAC <sup>1</sup>							
Number of retired members		3	14	23	23	6	3
Period 7/1/2006 - 6/30/2007							
Average monthly benefit		75	90	144	167	205	225
Average HAC <sup>1</sup>							
Number of retired members		5	16	22	17	6	6
Period 7/1/2005 - 6/30/2006							
Average monthly benefit			96	148	166	206	225
Average HAC <sup>1</sup>							
Number of retired members			14	18	24	14	1

<sup>1</sup>HAC = Highest Average Compensation is not applicable to the VFCA. Members are unpaid volunteers and do not contribute to the fund.

The Average monthly benefit could be skewed in this schedule due to retroactive retirement dates.

This page intentionally left blank

## STATISTICAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### Schedule of Average Monthly Benefit Payments, All Retirees

For the Fiscal Year Ended 2015

System	Years of Service	Recipients's Age									
		< 45	45-49	50-54	55-59	60-64	65-69	70-74	75-79	Over 80	Average
PERS-DBRP	0-4	\$ 191	\$ 271	\$ 135	\$ 119	\$ 241	\$ 231	\$ 272	\$ 217	\$ 262	\$ 243
	5-9	342	367	338	298	356	363	358	335	297	339
	10-14	838	605	545	522	787	705	609	561	501	618
	15-19	872	733	657	773	911	955	920	866	752	868
	20-24		852	1,275	1,169	1,425	1,364	1,236	1,164	1,033	1,231
	25-29		1,634	2,272	2,186	2,170	2,075	1,851	1,671	1,437	1,917
	30-34	2,351		3,139	3,040	3,144	2,801	2,572	2,203	1,835	2,655
	35-39			3,075	3,454	3,847	3,478	3,262	2,702	2,265	3,202
	40-UP				5,999	3,756	3,813	4,103	3,875	2,715	3,618
	<b>Average</b>		<b>\$ 815</b>	<b>\$ 768</b>	<b>\$ 1,793</b>	<b>\$ 1,774</b>	<b>\$ 1,703</b>	<b>\$ 1,491</b>	<b>\$ 1,274</b>	<b>\$ 1,131</b>	<b>\$ 911</b>
JRS	0-4										
	5-9						\$ 1,492		\$ 2,806	\$ 1,909	\$ 1,870
	10-14					\$ 3,069	3,105	\$ 3,331		3,342	3,287
	15-19					4,949	5,182	4,732	4,680	3,112	3,992
	20-24					6,474	4,899	4,982			5,452
	25-29					6,792	5,726	5,451	5,088	5,774	5,668
	30-34							6,231		6,813	6,619
	35-39										
	40-UP										
	<b>Average</b>						<b>\$ 5,247</b>	<b>\$ 3,856</b>	<b>\$ 4,643</b>	<b>\$ 4,313</b>	<b>\$ 3,413</b>
HPORS	0-4	\$ 2,073	\$ 1,823	\$ 1,283		\$ 1,810	\$ 972				\$ 1,628
	5-9		565	1,464	\$ 1,423	2,055	1,376	\$ 1,657		\$ 1,591	1,276
	10-14	2,322	2,443	1,247	555	1,719	796		\$ 314	912	1,101
	15-19	2,564	2,540	2,129	2,422	2,378		2,081		972	1,933
	20-24		3,474	3,181	2,375	2,586	2,132	1,916	1,864	1,805	2,314
	25-29			3,835	3,738	4,164	3,439	2,813	2,790	2,036	2,931
	30-34						4,433	3,779	3,824	2,471	3,540
	35-39							5,346	4,545	3,172	4,300
	40-UP									4,361	4,361
	<b>Average</b>	<b>\$ 2,196</b>	<b>\$ 2,535</b>	<b>\$ 2,799</b>	<b>\$ 2,426</b>	<b>\$ 2,750</b>	<b>\$ 2,797</b>	<b>\$ 2,730</b>	<b>\$ 2,460</b>	<b>\$ 2,037</b>	<b>\$ 2,521</b>
SRS	0-4	\$ 1,307	\$ 1,652	\$ 1,641	\$ 1,849	\$ 2,142	\$ 923	\$ 1,177	\$ 257	\$ 176	\$ 1,350
	5-9	174	\$1,614	800	602	790	802	728	727	441	801
	10-14	3,109	2,459	639	1,301	1,418	1,023	1,090	995	970	1,199
	15-19	2,789	2,763	2,037	2,381	1,754	1,427	1,542	1,455	1,089	1,701
	20-24		3,109	2,572	2,290	2,500	2,289	2,170	1,949	863	2,353
	25-29		2,547	3,267	2,984	3,668	3,597	3,444	2,531	1,442	3,065
	30-34				4,894	4,768	4,330	3,604	3,073	1,987	4,209
	35-39					4,702	2,911	5,258	3,321	3,593	3,889
	40-UP										
	<b>Average</b>	<b>\$ 1,946</b>	<b>\$ 2,616</b>	<b>\$ 1,989</b>	<b>\$ 2,178</b>	<b>\$ 2,404</b>	<b>\$ 1,999</b>	<b>\$ 2,235</b>	<b>\$ 1,719</b>	<b>\$ 1,196</b>	<b>\$ 2,089</b>

**Public Employees' Retirement Board**

*A Component Unit of the State of Montana*

**Schedule of Average Monthly Benefit Payments, All Retirees**

For the Fiscal Year Ended 2015

System	Years of Service	Recipients's Age									Average
		< 45	45-49	50-54	55-59	60-64	65-69	70-74	75-79	Over 80	
<b>GWPORS</b>	0-4				\$ 342	\$ 382	\$ 442				\$ 389
	5-9		\$ 925	\$ 818	515	606	700	\$ 567			636
	10-14				1,217	1,220	1,129	1,153	\$ 1,672		1,195
	15-19		1,780	2,148	1,501	1,817	1,440	1,271		\$ 926	1,520
	20-24			1,688	2,401	2,255		1,537	1,875	1,270	1,893
	25-29			2,390	3,556	2,044	2,579	2,519	2,231	1,564	2,266
	30-34			3,927	3,644	3,891	3,752	3,671	3,033	2,158	3,224
	35-39				4,052	4,791	3,258		3,422	2,773	3,408
	40-UP						4,574				4,441
	<b>Average</b>		<b>\$ 1,210</b>	<b>\$ 2,047</b>	<b>\$ 1,838</b>	<b>\$ 1,619</b>	<b>\$ 1,380</b>	<b>\$ 1,738</b>	<b>\$ 2,404</b>	<b>\$ 1,810</b>	<b>\$ 1,703</b>
<b>MPORS</b>	0-4	\$ 1,915	\$ 1,756	\$ 898	\$ 687	\$ 332	\$ 1,147	\$ 503	\$ 1,696	\$ 1,734	\$ 946
	5-9	2,410	2,264	1,320	1,213	1,041	1,181	1,931	1,743	1,911	1,561
	10-14	2,599	2,426	1,342	1,663	1,653	1,694	1,815	1,981	1,817	1,739
	15-19	3,038	2,433	2,312	2,144	2,204	2,191	1,816	1,818	2,122	2,190
	20-24	3,197	2,707	2,822	2,476	2,461	2,588	2,267	2,035	2,039	2,394
	25-29		4,264	3,933	3,490	4,272	4,186	3,472	3,066	2,580	3,698
	30-34			4,970	5,109	5,332	5,486	5,384	2,787	2,970	4,980
	35-39						4,836			2,863	3,849
	40-UP										
	<b>Average</b>	<b>\$ 2,511</b>	<b>\$ 2,571</b>	<b>\$ 2,358</b>	<b>\$ 2,248</b>	<b>\$ 2,383</b>	<b>\$ 2,679</b>	<b>\$ 2,489</b>	<b>\$ 2,074</b>	<b>\$ 2,089</b>	<b>\$ 2,365</b>
<b>FURS</b>	0-4	\$ 2,162		\$ 1,709	\$ 1,767	\$ 1,966	\$ 2,053				\$ 1,918
	5-9	2,155	\$ 2,275	1,019	418	1,011	1,309		\$ 2,194		1,289
	10-14		2,891	2,168	1,484	1,878	1,801	\$ 1,085	1,793	\$ 1,980	1,808
	15-19		2,756	1,760	2,050	2,244	1,725	1,563	1,336	1,914	1,862
	20-24	2,170	1,732	2,548	2,753	2,568	2,105	1,948	1,741	1,869	2,148
	25-29			3,727	3,956	3,957	3,566	3,205	2,327	1,877	3,049
	30-34			6,304	4,865	4,841	4,910	5,036	3,771	2,054	4,578
	35-39					6,206	5,262	5,523	5,740	3,168	5,045
	40-UP										
	<b>Average</b>	<b>\$ 2,164</b>	<b>\$ 2,062</b>	<b>\$ 2,721</b>	<b>\$ 3,061</b>	<b>\$ 3,285</b>	<b>\$ 3,296</b>	<b>\$ 3,004</b>	<b>\$ 2,464</b>	<b>\$ 1,969</b>	<b>\$ 2,785</b>
<b>VFCA</b>	0-4										
	5-9										
	10-14				\$ 105	\$ 87	\$ 87	\$ 88	\$ 85	\$ 86	\$ 87
	15-19				225	129	124	125	128	124	127
	20-24				158	159	160	165	163	163	162
	25-29				199	200	196	203	198	197	199
	30-34				231	228	226	225	225	225	228
	35-39				278	270	225		225		246
	40-UP										
	<b>Average</b>				<b>\$ 179</b>	<b>\$ 152</b>	<b>\$ 142</b>	<b>\$ 140</b>	<b>\$ 136</b>	<b>\$ 135</b>	<b>\$ 145</b>

## STATISTICAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### Principal Participating Employers

Current Year and Nine Years Ago

	As of June 30, 2015			As of June 30, 2006		
	Covered Employees <sup>1</sup>	Rank	Percentage of Total System	Covered Employees <sup>1</sup>	Rank	Percentage of Total System
<b>Participating Government</b>						
<b>PERS-DBRP</b>						
STATE OF MONTANA <sup>2</sup>	10,586	1	36.95	10,534	1	37.66
UNIVERSITY OF MONTANA	1,314	2	4.59	1,184	2	4.23
MONTANA STATE UNIVERSITY - BOZEMAN	967	3	3.38	1,038	3	3.71
MISSOULA COUNTY	626	4	2.19	552	4	1.97
CITY OF BILLINGS	580	5	2.02	533	5	1.91
SCHOOL DISTRICT 1 - MISSOULA	502	6	1.75	257	15	0.92
FLATHEAD COUNTY	401	7	1.40	381	7	1.36
SCHOOL DISTRICT 1 - GREAT FALLS	390	8	1.36	423	6	1.51
SCHOOL DISTRICT 2 - BILLINGS	369	9	1.29	369	8	1.32
CITY OF GREAT FALLS	364	10	1.27	333	10	1.19
CASCADE COUNTY	344	12	1.20	360	9	1.29
"All other" *	12,204		42.60	12,010		42.93
TOTAL (508 EMPLOYERS)	28,647		100.00	27,974		100.00

In 2015, "all other" consisted of:

Type	Number	Employees
Cities & Towns	97	2,482
Counties	52	4,053
Other Agencies	117	1,174
School Districts	239	4,150
Universities	3	345
Total	508	12,204

<sup>1</sup> Employee counts are based on June payrolls. Differences in employee counts in this schedule as compared to other CAFR schedules are due to members with members with multiple employers, June 30th refunded members, and members with dual retirement system elections.

<sup>2</sup> For the purposes of this schedule the "State of Montana" is considered one employer. There are a total of 34 State of Montana agencies reporting to PERS-DBRP.

A ten-year analysis may not be available for all employers, due to the employer not being a participating employer at the time.



**Public Employees' Retirement Board**

*A Component Unit of the State of Montana*

**Principal Participating Employers (cont.)**

Current Year and Nine Years Ago

<u>Participating Government</u>	<u>As of June 30, 2015</u>			<u>As of June 30, 2006</u>		
	<u>Covered Employees<sup>1</sup></u>	<u>Rank</u>	<u>Percentage of Total System</u>	<u>Covered Employees<sup>1</sup></u>	<u>Rank</u>	<u>Percentage of Total System</u>
<b><u>JRS</u></b>						
STATE OF MONTANA <sup>2</sup>	55	1	100.00	58	1	100.00
TOTAL (1 EMPLOYER)	55		100.00	58		100.00
<b><u>HPORS</u></b>						
STATE OF MONTANA <sup>2</sup>	242	1	100.00	197	1	100.00
TOTAL (1 EMPLOYER)	242		100.00	197		100.00
<b><u>SRS</u></b>						
MISSOULA COUNTY	132	1	9.83	101	1	9.87
YELLOWSTONE COUNTY	112	2	8.34	97	2	9.48
CASCADE COUNTY	103	3	7.67	76	3	7.43
GALLATIN COUNTY	101	4	7.52	63	5	6.16
FLATHEAD COUNTY	89	5	6.63	72	4	7.04
LEWIS & CLARK COUNTY	67	6	4.99	53	6	5.18
STATE OF MONTANA <sup>2</sup>	61	7	4.54	46	7	4.50
RAVALLI COUNTY	46	8	3.43	39	8	3.81
DAWSON COUNTY	45	9	3.35	30	10	2.93
LAKE COUNTY	43	10	3.20	31	9	3.03
In 2015 "All other" consists of 47 Counties	544		40.50	415		40.57
TOTAL (57 EMPLOYERS)	1,343		100.00	1023		100.00
<b><u>GWPORS</u></b>						
STATE OF MONTANA <sup>2</sup>	947	1	95.66	772	1	96.87
MONTANA STATE UNIVERSITY - BOZEMAN	21	2	2.12	10	3	1.25
UNIVERSITY OF MONTANA	15	3	1.51	11	2	1.38
MONTANA STATE UNIVERSITY - BILLINGS	7	4	0.71	4	4	0.50
TOTAL (5 EMPLOYERS)	990		100.00	797		100.00

<sup>1</sup> Employee counts are based on June payrolls. Differences in employee counts in this schedule as compared to other CAFR schedules are due to members with multiple employers, June 30th refunded members and members with dual retirement system elections.

<sup>2</sup> For the purposes of this schedule the "State of Montana" is considered one employer. For JRS, HPORS and SRS there is only one State of Montana agency. There are four State of Montana agencies reporting under GWPORS.

A ten-year analysis may not be available for all employers, due to the employer not being a participating employer at the time.

## STATISTICAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### Principal Participating Employers (cont.)

Current Year and Nine Years Ago

Participating Government	As of June 30, 2015			As of June 30, 2006		
	Covered Employees <sup>1</sup>	Rank	Percentage of Total System	Covered Employees <sup>1</sup>	Rank	Percentage of Total System
<b>MPORS</b>						
CITY OF BILLINGS	135	1	18.15	125	1	20.10
CITY OF MISSOULA	102	2	13.71	101	2	16.24
CITY OF GREAT FALLS	84	3	11.29	81	3	13.02
CITY OF BOZEMAN	61	4	8.20	46	4	7.40
CITY OF HELENA	52	5	6.99	45	5	7.23
BUTTE-SILVER BOW	47	6	6.32	40	6	6.43
CITY OF KALISPELL	35	7	4.70	33	7	5.31
CITY OF HAVRE	19	8	2.55	20	8	3.22
ANACONDA-DEER LODGE COUNTY	19	9	2.55	17	9	2.73
CITY OF WHITEFISH	18	10	2.42	16	10	2.57
In 2015 "All other" consists of 22 Cities	172		23.12	98		15.75
<b>TOTAL (32 EMPLOYERS)</b>	<b>744</b>		<b>100.00</b>	<b>622</b>		<b>100.00</b>

<b>FURS</b>						
CITY OF BILLINGS	113	1	17.77	109	1	21.54
CITY OF MISSOULA	93	2	14.62	75	2	14.82
CITY OF GREAT FALLS	64	3	10.06	66	3	13.04
CITY OF BOZEMAN	43	4	6.76	30	7	5.93
MISSOULA RURAL FIRE DISTRICT	37	5	5.82			
CITY OF HELENA	35	6	5.50	35	4	6.92
BUTTE-SILVER BOW	34	7	5.35	32	6	6.32
CITY OF KALISPELL	31	8	4.87	35	5	6.92
STATE OF MONTANA <sup>2</sup>	21	9	3.30	10	14	1.98
CITY OF HAVRE	17	10	2.67	17	10	3.36
CITY OF LEWISTOWN	7	20	1.10	27	8	5.34
CITY OF GLENDIVE	4	23	0.63	19	9	3.75
In 2015 "All other" consists of 5 Cities, 1 County, and 8 Rural Fire District	137		21.55	51		10.08
<b>TOTAL (26 EMPLOYERS)</b>	<b>636</b>		<b>100.00</b>	<b>506</b>		<b>100.00</b>

#### **VFCA**

Participating employers is not applicable to VFCA because members are unpaid volunteers.

<sup>1</sup> Employee counts are based on June payrolls. Differences in employee counts in this schedule as compared to other CAFR schedules are due to members with multiple employers, June 30th refunded members and members with dual retirement system elections.

<sup>2</sup> For the purposes of this schedule the "State of Montana" is considered one employer. For FURS there is only one State of Montana agency.

A ten-year analysis may not be available for all employers, due to the employer not being a participating employer at the time.

**Public Employees' Retirement Board**

*A Component Unit of the State of Montana*

**Principal Participating Employers (cont.)**

Current Year and Nine Years Ago

Participating Government	As of June 30, 2015			As of June 30, 2006		
	Covered Employees <sup>1</sup>	Rank	Percentage of Total System	Covered Employees	Rank	Percentage of Total System
<b>PERS-DCRP</b>						
STATE OF MONTANA <sup>2</sup>	1088	1	47.06	689	1	43.01
YELLOWSTONE CITY-COUNTY HEALTH DEPT	78	2	3.37	29	5	1.81
MISSOULA COUNTY	70	3	3.03	44	3	2.75
UNIVERSITY OF MONTANA	61	4	2.64	30	4	1.87
CITY OF BILLINGS	60	5	2.60	53	2	3.31
MONTANA STATE UNIVERSITY - BOZEMAN	53	6	2.29	25	10	1.56
CITY OF MISSOULA	32	7	1.38	27	8	1.69
GALLATIN COUNTY	29	8	1.25	27	7	1.69
YELLOWSTONE COUNTY	26	9	1.12	28	6	1.75
CITY OF GREAT FALLS	24	10	1.04	16	13	1.00
FLATHEAD COUNTY	21	12	0.91	25	9	1.56
"All other" *	770		33.31	609		38.00
<b>TOTAL (288 EMPLOYERS)</b>	<b>2,312</b>		<b>100.00</b>	<b>1,602</b>		<b>100.00</b>

In 2015, "all other" consisted of:		
Type	Number	Employees
Cities & Towns	56	164
Counties	49	221
Other Agencies	46	106
School Dist	123	272
Universities	3	7
<b>Total</b>	<b>277</b>	<b>770</b>

**Deferred Compensation Plan**

STATE OF MONTANA <sup>2</sup>	4,112	1	87.10	0.871	4,495	1	91.62
UNIVERSITY OF MONTANA	104	2	2.20	0.022	129	2	2.63
CITY OF HELENA	103	3	2.18	0.022			
LEWIS AND CLARK COUNTY	89	4	1.89	0.019	66	4	1.35
MONTANA STATE UNIVERSITY - BOZEMAN	64	5	1.36	0.014	108	3	2.20
FALLON COUNTY	29	6	0.61	0.006			
GREAT FALLS TRANSIT	28	7	0.59	0.006	44	5	0.90
SANDERS COUNTY	24	8	0.51	0.005			
MONTANA STATE UNIVERSITY - BILLINGS	16	9	0.34	0.003	22	6	0.45
CITY OF POLSON	14	10	0.30	0.003			
BIG SKY WATER & SEWER DIST #363	8	15	0.17	0.002	5	10	0.10
MONTANA STATE UNIVERSITY - NORTHERN	6	20	0.13	0.001	15	7	0.31
MSU COLLEGE OF TECHNOLOGY - GREAT FALLS	4	27	0.08	0.001	8	8	0.16
CARTER COUNTY	3	30	0.06	0.001	6	9	0.12
"All other" *	117		2.48	0.025	8		0.16
<b>TOTAL (42 EMPLOYERS)</b>	<b>4,721</b>		<b>100.00</b>		<b>4,906</b>		<b>100.00</b>

In 2014, "all other" consisted of:		
Type	Number	Employees
Cities & Towns	8	38
Counties	0	0
Other Agencies	11	32
School Dist	9	47
Universities	0	0
<b>Total</b>	<b>28</b>	<b>117</b>

<sup>1</sup> Employee counts are based on June payrolls. Differences in employee counts in this schedule as compared to other CAFR schedules are due to members with multiple employers, June 30th refunded members and members with dual retirement system elections.

<sup>2</sup> For the purposes of this schedule the "State of Montana" is considered one employer. There are a total of 31 State of Montana agencies reporting to PERS-DCRP. A ten-year analysis may not be available for all employers, due to the employer not being a participating employer at the time.

## STATISTICAL SECTION

---

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### Schedule of Participating Employers

*As of June 30, 2015*

##### **PERS-DBRP (539)**

###### **State Agencies (34)**

Board of Crime Control  
Board of Public Education  
Commissioner of Higher  
Education  
Commissioner of Political  
Practices  
Consumer Council  
Dept of Administration  
Dept of Agriculture  
Dept of Commerce  
Dept of Corrections  
Dept of Environmental  
Quality  
Dept of Fish, Wildlife &  
Parks  
Dept of Justice  
Dept of Labor & Industry  
Dept of Livestock  
Dept of Military Affairs  
Dept of Natural Resources  
& Conservation  
Dept of Public Health &  
Human Services  
Dept of Revenue  
Dept of Transportation  
Governor's Office  
Legislative Council  
Montana Arts Council  
Montana Historical  
Society  
Montana State Fund  
Montana State Library  
Office of Public Defender  
Office of Public Instruction  
Public Employee  
Retirement Administration  
Public Service Commission  
School for the Deaf &  
Blind  
Secretary of State  
State Auditor's Office  
Supreme Court  
Teachers' Retirement System

###### **Counties (55)**

Anaconda-Deer Lodge  
Beaverhead  
Big Horn  
Blaine  
Broadwater  
Carbon  
Carter  
Cascade  
Choteau  
Custer  
Daniels  
Dawson  
Fallon  
Fergus  
Flathead  
Gallatin  
Garfield  
Glacier  
Golden Valley  
Granite  
Hill  
Jefferson  
Judith Basin  
Lake  
Lewis & Clark  
Liberty  
Lincoln  
Madison  
McCone  
Meagher  
Mineral  
Missoula  
Musselshell  
Park  
Petroleum  
Phillips  
Pondera  
Powder River  
Powell  
Prairie  
Ravalli  
Richland  
Roosevelt  
Rosebud  
Sanders

Sheridan  
Stillwater  
Sweet Grass  
Teton  
Toole  
Treasure  
Valley  
Wheatland  
Wibaux  
Yellowstone

###### **Cities & Towns (98)**

Alberton  
Baker  
Belgrade  
Belt  
Big Sandy  
Big Timber  
Billings  
Boulder  
Bozeman  
Bridger  
Broadus  
Browning  
Butte-Silver Bow  
Cascade  
Chester  
Chinook  
Choteau  
Circle  
Colstrip  
Columbia Falls  
Columbus  
Conrad  
Culbertson  
Cut Bank  
Deer Lodge  
Denton  
Dillon  
Drummond  
East Helena  
Ekalaka  
Ennis  
Eureka  
Fairfield  
Fairview

## STATISTICAL SECTION

<b>Cities &amp; Towns (cont.)</b>	Three Forks	SD 1, Plains
Forsyth	Townsend	SD 1, Red Lodge
Fort Benton	Troy	SD 1, Scobey
Fort Peck	Twin Bridges	SD 1, Troy
Froid	Valier	SD 1 & 7, Hysham
Geraldine	Westby	SD 1 & 7, Townsend
Glasgow	West Yellowstone	SD 2, Alberton
Glendive	White Sulphur Springs	SD 2, Alder
Grass Range	Whitefish	SD 2, Billings
Great Falls	Wibaux	SD 2, Bridger
Hamilton	Winnett	SD 2, Deer Park
Hardin	Wolf Point	SD 2, Dodson
Harlem		SD 2, Dupuyer
Harlowton	<b>Colleges &amp; Universities (5)</b>	SD 2, Frazer
Havre	Montana State University -	SD 2, Stevensville
Helena	Billings	SD 2, Sunburst
Hot Springs	Montana State University -	SD 2, Thompson Falls
Hysham	Bozeman	SD 2 & 3, Pryor
Kalispell	Montana State University	SD 2 & 11, Big Sandy
Laurel	College of Technology -	SD 2 & 27, Lodge Grass
Lewistown	Great Falls	SD 3, Belfry
Libby	Montana State University -	SD 3, Billings
Lima	Northern	SD 3, Cascade
Livingston	University of Montana -	SD 3, Fairmont Egan
Malta	Missoula	SD 3, Hamilton
Manhattan		SD 3, Manhattan
Medicine Lake	<b>High Schools (6)</b>	SD 3, Ramsey
Melstone	Beaverhead County	SD 3, Superior
Miles City	Garfield County	SD 3, Westby
Missoula	Jefferson County	SD 3, Wolf Point
Nashua	Powder River County	SD 3 & 13, Fairview
Phillipsburg	Powell County	SD 4, Canyon Creek
Plains	Sweet Grass County	SD 4, Clancy
Plentywood		SD 4, Divide
Polson	<b>School Districts (232)</b>	SD 4, Forsyth
Poplar	SD 1, Big Timber	SD 4, Hellgate
Red Lodge	SD 1, Butte	SD 4, Libby
Richey	SD 1, Choteau	SD 4, Livingston
Ronan	SD 1, Circle	SD 4, Swan River
Roundup	SD 1, Clancy	SD 4 & 28, Highwood
Ryegate	SD 1, Corvallis	SD 4 & 47, Whitehall
Saco	SD 1, Deer Lodge	SD 5, Basin
Scobey	SD 1, Fort Benton	SD 5, Kalispell
Shelby	SD 1, Glasgow	SD 5, Melrose
Sheridan	SD 1, Glendive	SD 5, Park City
Sidney	SD 1, Great Falls	SD 5, Sand Coulee
St Ignatius	SD 1, Heart Butte	SD 5, Sheridan
Stanford	SD 1, Helena	SD 5, Sidney
Stevensville	SD 1, Kalispell	SD 5, Terry
Sunburst	SD 1, Lewistown	SD 6, Columbia Falls
Superior	SD 1, Miles City	SD 6, Columbus
Terry	SD 1, Missoula	SD 6, Lame Deer
Thompson Falls	SD 1, Phillipsburg	SD 6, Ryegate

## STATISTICAL SECTION

---

<b>School Districts (cont.)</b>	SD 14, Bonner	SD 34, Seeley Lake
SD 6, Trout Creek	SD 14, Fortine	SD 35, Gallatin Gateway
SD 6, Wibaux	SD 14, Hot Springs	SD 37, Shepherd
SD 6 & 1, St Regis	SD 14, Malta	SD 38, Big Fork
SD 7, Boulder	SD 14, Shelby	SD 38, Lincoln
SD 7, Bozeman	SD 15, Custer	SD 40, Frenchtown
SD 7, Charlo	SD 15, Cut Bank	SD 41, Bozeman
SD 7, Gardiner	SD 15, Ekalaka	SD 41, Lavina
SD 7, Grant	SD 15, Kalispell	SD 41, Pioneer
SD 7, Hinsdale	SD 15 & 6, Florence-Carlton	SD 43, Lamotte
SD 7, Joliet	SD 15 & 17, Willow Creek	SD 43, Turner
SD 7, Lolo	SD 16, Harlowton	SD 44, Belgrade
SD 7, Medicine Lake	SD 16, Havre	SD 44, Geraldine
SD 7, Twin Bridges	SD 17, Culbertson	SD 44, Moore
SD 7, Victor	SD 17, Morin	SD 44, Whitefish
SD 7 & 2, Savage	SD 17H, Hardin	SD 45, Augusta
SD 7 & 70, Laurel	SD 18, Valier	SD 45, Golden Ridge
SD 8, Arlee	SD 19, Colstrip	SD 45, Wolf Point
SD 8, Elder Grove	SD 20, Garrison	SD 48-1J & 48-2J, Chester
SD 8, West Glacier	SD 20, Kila	SD 50, East Glacier
SD 8, White Sulphur Springs	SD 20, Plentywood	SD 50, Evergreen
SD 9, Browning	SD 20, Whitewater	SD 50, Hays
SD 9, Darby	SD 21, Broadview	SD 52, Absarokee
SD 9, Dixon	SD 21, Fairfield	SD 52, Billings
SD 9, East Helena	SD 21, Galata	SD 52, Ennis
SD 9, Opheim	SD 23, Billings	SD 55, Brockton
SD 9, Poplar	SD 23, Harrison	SD 55, Plevna
SD 9 & 9, Reed Point	SD 23, Lustre	SD 55, Roundup
SD 10, Anaconda	SD 23, Missoula	SD 55F, Sun River Valley
SD 10, Cayuse	SD 23, Polson	SD 57, Havre
SD 10, Chinook	SD 23, Roberts	SD 58, Geyser
SD 10, Conrad	SD 24, Three Forks	SD 58, Whitefish
SD 10, Dillon	SD 24, Worden	SD 58, Yellowstone
SD 10, Noxon	SD 25, Hobson	SD 64, Bainville
SD 11, Brorson	SD 26, Lockwood	SD 64, Mountain View
SD 11, Ovando	SD 26, Reichle	SD 64J, Melstone
SD 11, Potomac	SD 27, Elliston	SD 65, Froid
SD 11, Wise River	SD 27, Grass Range	SD 69, West Yellowstone
SD 11 & 2, Drummond	SD 27, Monforton	SD 72, Big Sky
SD 12, Baker	SD 27, Montana City	SD 73, Swan Lake
SD 12, Harlem	SD 28C, Dutton	SD 74, Roy
SD 12, Havre	SD 28, St Ignatius	SD 74, Vaughn
SD 12, Lima	SD 29, Belt	SD 75, Amsterdam
SD 12, Rosebud	SD 29, Somers	SD 75, Arrowhead
SD 12, Saco	SD 29, Wyola	SD 75, Fairfield
SD 12, Stanford	SD 30, Power	SD 78J & 2, Richey
SD 12 & 12, Molt	SD 30, Ronan	SD 84, Denton
SD J12-5, Shields Valley	SD 30 & 6, Fromberg	SD 85, Ulm
SD 13, Box Elder	SD 32, Clinton	SD 86 & 4, Lambert
SD 13, Eureka	SD 32, Rapelje	SD 87, Box Elder
SD 13, Fishtail	SD 32J, Ashland	SD 89, Smith Valley
SD 13, Lone Rock	SD 33, Condon	SD 99M, Rudyard
SD 13, Nashua	SD 33, Gold Creek	SD 104, Spring Creek

## STATISTICAL SECTION

<b>School Districts (cont.)</b>	Eastern Yellowstone County Special Education Cooperative	Liberty County Conservation District
SD 115, Winifred	Fallon Medical Complex	Lincoln Conservation District
SD 159, Winnett	Fergus County Conservation District	Lincoln County Rural Fire District
Judith Gap Schools	Flathead County Special Education Cooperative	Lockwood Rural Fire District #8
<b>Other Agencies (109)</b>	Flathead Conservation District	Lockwood Water & Sewer District
Anaconda Housing Authority	Flathead Emergency Communications Center	Madison Conservation District
Arlee-Lake County Water & Sewer	Flathead Joint Board of Control	Malta Cemetery District
Bear Paw Cooperative	Flathead Municipal Airport Authority	Malta Irrigation District
Bert Mooney Airport Authority	Flathead Valley Community College	Miles Community College
Big Country Educational Cooperative	Fort Shaw Irrigation District	Milk River Joint Board Control
Big Fork Water & Sewer	Frenchtown Rural Fire District	Missoula Area Special Education Cooperative
Big Horn Cemetery District	Gallatin Airport Authority	Missoula County Airport
Big Sky County Water & Sewer District	Gallatin Canyon Consolidated Rural Fire District	Missoula Rural Fire District
Big Sky Economic Development Authority	Gallatin-Madison Special Education Cooperative	North Central Learning Special Education Cooperative
Big Sky Special Education Cooperative	Gardiner-Park County Water District	North Lake County Public Library
Billings Housing Authority	Glasgow Housing Authority	North Valley Public Library
Bitterroot Conservation District	Glasgow Irrigation District	Northern Montana Joint Refuse Disposal District
Bitterroot Valley Special Education Cooperative	Granite County Hospital & Nursing Home	Northwest Montana Education Cooperative
Buffalo Rapids Irrigation District #1	Granite Conservation District	Pablo-Lake County Water District
Buffalo Rapids Irrigation District #2	Great Divide Education Services	Park County Rural Fire District #1
Butte Housing Authority	Great Falls International Airport	Park County Special Education Cooperative
Cascade County Conservation District	Greenfields Irrigation District	Petroleum Conservation District
Center for Mental Health	Hebgen Basin Rural Fire	Pondera County Canal & Reservoir
Central Montana Special Education Cooperative	Helena Housing Authority	Pondera County Cemetery District 2
Central Valley Fire District	Helena Regional Airport Authority	Pondera County Council on Aging
Choteau County Conservation District	Helena Valley Irrigation District	Port of Montana — Port Authority
Corvallis County Sewer District	Hill County Public Cemetery District	Prairie County Hospital District
Crown Hill Cemetery District	Hinsdale Water and Sewer	Prickley Pear Special Services Cooperative
Daly Ditches Irrigation	Human Resources Council District XI	Rae Water & Sewer
Dawson County Urban Transportation District	Human Resources Council District XII	Red Lodge Rural Fire
Dawson College	Judith Basin Conservation District	Richland County Housing Authority
Deer Lodge County Head Start Program	Lakeside County Sewer Distict	Ronan Library District
Dry Prairie Rural Water District	Lakeview Cemetery District	Roundup Community Library
	Larchmont Golf Course	Sanders Special Education Cooperative
	Lewis & Clark Conservation District	
	Lewis & Clark Library	

## STATISTICAL SECTION

---

### **Other Agencies (cont.)**

Seeley Lake Missoula County  
Water District  
Sheridan-Daniels Special  
Education Cooperative  
Sidney-Richland Airport  
Authority  
Teton County Conservation  
Thompson Falls Public Library  
Upper Musselshell Conservation  
District  
Valley County Conservation  
District  
Victor Water & Sewer  
Whitefish Housing Authority  
Yellowstone City-County  
Health Department  
Yellowstone-West Carbon  
Special Education Cooperative

### **JRS (1)**

Supreme Court

### **HPORS (1)**

Dept of Justice

### **SRS (57)**

#### **State Agencies (1)**

Dept of Justice

#### **Counties (56)**

Anaconda-Deer Lodge  
Beaverhead  
Big Horn  
Blaine  
Broadwater  
Butte-Silver Bow  
Carbon  
Carter  
Cascade  
Choteau  
Custer  
Daniels  
Dawson  
Fallon  
Fergus  
Flathead

Gallatin  
Garfield  
Glacier  
Golden Valley  
Granite  
Hill  
Jefferson  
Judith Basin  
Lake  
Lewis & Clark  
Liberty  
Lincoln  
Madison  
McCone  
Meagher  
Mineral  
Missoula  
Musselshell  
Park  
Petroleum  
Phillips  
Pondera  
Powder River  
Powell  
Prairie  
Ravalli  
Richland  
Roosevelt  
Rosebud  
Sanders  
Sheridan  
Stillwater  
Sweet Grass  
Teton  
Toole  
Treasure  
Valley  
Wheatland  
Wibaux  
Yellowstone

### **GWPORS (7)**

#### **State Agencies (4)**

Dept of Corrections  
Dept of Fish, Wildlife & Parks  
Dept of Livestock  
Dept of Transportation

### **Colleges & Universities (3)**

Montana State University -  
Billings  
Montana State University -  
Bozeman  
University of Montana -  
Missoula

### **MPORS (32)**

Anaconda-Deer Lodge  
Baker  
Belgrade  
Billings  
Bozeman  
Butte-Silver Bow  
Columbia Falls  
Cut Bank  
Dillon  
East Helena  
Glasgow  
Glendive  
Great Falls  
Hamilton  
Havre  
Helena  
Kalispell  
Laurel  
Lewistown  
Libby  
Livingston  
Miles City  
Missoula  
Plains  
Polson  
Poplar  
Red Lodge  
Thompson Falls  
Troy  
West Yellowstone  
Whitefish  
Wolf Point

### **FURS (26)**

#### **State Agency (1)**

Dept of Military Affairs

#### **Cities (16)**

Anaconda-Deer Lodge  
Billings



**Cities (cont.)**

Bozeman  
Butte-Silver Bow  
Columbia Falls  
Glendive  
Great Falls  
Havre  
Helena  
Kalispell  
Lewistown  
Livingston  
Miles City  
Missoula  
Red Lodge  
Whitefish

**Rural Fire Districts (9)**

Central Valley Fire District  
Columbus Rural Fire District  
Frenchtown Rural Fire  
Gallatin Canyon Rural Fire  
Hebgen Basin Rural Fire  
Lockwood Rural Fire  
Missoula Rural Fire  
Red Lodge Rural Fire  
Sourdough Rural Fire

**VFCA (217)**

Absarokee Volunteer Fire Dept  
Absarokee-Nye Volunteer  
Fire Dept  
Alder Volunteer Fire Dept  
Amsterdam Rural Volunteer  
Fire Dept  
Arlee Volunteer Fire Dept  
Ashland Volunteer Fire Dept  
Augusta Volunteer Fire Dept  
Bad Rock Volunteer Fire Dept  
Baker Rural Volunteer  
Fire Dept  
Basin Volunteer Fire Dept  
Baxendale Volunteer Fire Dept  
Bear Paw Volunteer Fire Dept  
Belfry Volunteer Fire Dept  
Belt Rural Volunteer Fire Dept  
Big Arm Volunteer Fire  
Company  
Big Butte Volunteer Fire Dept  
Bigfork Volunteer Fire Dept,  
Company A

Bigfork Volunteer Fire Dept,  
Company B  
Big Sandy Volunteer Fire Dept  
Birdseye Volunteer Fire Dept  
Black Eagle Volunteer  
Fire Dept  
Blaine County Rural Fire  
District, Chinook  
Blaine County Rural Fire  
District, Harlem  
Blaine County Rural Fire  
District, Hogeland  
Blankenship Rural Volunteer  
Fire Dept  
Blue Creek Volunteer Fire Dept  
Boulevard Volunteer Fire Dept  
Brady Volunteer Fire Dept  
Bridger Canyon Volunteer  
Fire Dept  
Broadwater County Rural Fire  
District, Duck Creek  
Broadwater County Rural Fire  
District, Radersburg  
Broadwater County Rural Fire  
District, Toston  
Broadwater County Rural Fire  
District, Townsend  
Broadwater County Rural Fire  
District, Winston  
Bull Lake Volunteer Fire Dept  
Canyon Creek Fire District  
Cascade Rural Volunteer  
Fire Dept  
Carter Volunteer Fire Dept  
Centerville Volunteer Fire Dept  
Central Valley Fire Dept,  
Company A  
Central Valley Fire Dept,  
Company B  
Central Valley Fire Dept,  
Company C  
Charlo-Moiese Volunteer  
Fire Dept  
Choteau Rural Volunteer  
Fire Dept  
Clancy Volunteer Fire Dept  
Clarks Fork Rural Volunteer  
Fire Dept  
Clinton Volunteer Fire Dept  
Columbia Falls Rural  
Volunteer Fire Dept  
Columbus Rural Volunteer  
Fire Dept

Conrad Rural Volunteer  
Fire Dept  
Cooke City-Silver Gate  
Volunteer Fire Dept  
Coram-West Glacier  
Volunteer Fire Dept  
Corvallis Rural Fire District  
Craig Volunteer Fire Dept  
Creston Volunteer Fire Dept,  
Company #1  
Creston Volunteer Fire Dept,  
Company #2 Lake Blaine  
Culbertson Volunteer Fire Dept  
Darby Volunteer Fire Dept  
Dean Creek Volunteer Fire Dept  
Dearborn Volunteer Fire Dept  
Denton Volunteer Fire Dept  
Dillon Rural Volunteer Fire Dept,  
Company A  
Dillon Rural Volunteer Fire Dept,  
Company B  
Dixon Rural Volunteer Fire Dept  
Dutton Rural Volunteer Fire Dept  
East Missoula Rural Volunteer  
Fire Dept  
East Valley Volunteer Fire Dept  
Eastgate Volunteer Fire Dept  
Elk Park Volunteer Fire Dept  
Elliston Volunteer Fire Dept  
Eureka Rural Volunteer  
Fire Dept  
Evergreen Volunteer Fire Dept  
Fairfield Rural Volunteer  
Fire Dept  
Ferndale Volunteer Fire Dept  
Fisher River Valley Volunteer  
Fire Dept  
Floral Park Volunteer Fire Dept  
Florence Volunteer Fire Dept  
Fort Benton Rural Volunteer  
Fire Dept  
Fort Ellis Rural Volunteer  
Fire Company  
Fort Shaw Rural Volunteer  
Fire Dept  
Frenchtown Rural Volunteer  
Fire Dept, Station 1  
Frenchtown Rural Volunteer  
Fire Dept, Station 2  
Frenchtown Rural Volunteer  
Fire Dept, Station 3  
Frenchtown Rural Volunteer  
Fire Dept, Station 4

## STATISTICAL SECTION

---

### VFCA (cont.)

Frenchtown Rural Volunteer Fire Dept, Station 5	Marion Volunteer Fire Dept	Plentywood Rural Volunteer Fire Dept
Gallatin Gateway Rural Volunteer Fire Dept	Martin City Volunteer Fire Dept	Plevna Volunteer Fire Dept
Gallatin River Ranch Rural Fire District	Marysville Volunteer Fire Dept	Polson Rural Fire Company
Garrison Volunteer Fire Dept	McCormick Rural Volunteer Fire Dept	Power Rural Volunteer Fire Dept
Gateway Hose Volunteer Fire Company	Medicine Lake Volunteer Fire Dept	Racetrack Volunteer Fire Dept
Geraldine Volunteer Fire Dept	Melrose Volunteer Fire Dept	Racetrack Valley Fire District
Georgetown Lake Fire Service Area	Missoula Volunteer Fire Dept, Pumper Company 1	Rae Volunteer Fire Company
Gore Hill Volunteer Fire Dept	Missoula Volunteer Fire Dept, Pumper Company 2	Red Lodge Rural Volunteer Fire Dept, Company 1
Grant Volunteer Fire Company	Missoula Volunteer Fire Dept, Pumper Company 3	Red Lodge Luther Company 2
Grasshopper Valley Volunteer Fire Company	Missoula Volunteer Fire Dept, Tanker Company 1	Roberts Rural Fire District #6
Greenough/Potomac Volunteer Fire Dept	Missoula Volunteer Fire Dept, Tanker Company 2	Rocker Volunteer Fire Dept
Harrison Volunteer Fire Dept	Missoula Volunteer Fire Dept, Tanker Company 3	Rollins Volunteer Fire Dept
Hawk Creek Rural Volunteer Fire Dept	Molt Volunteer Fire Dept	Ronan Volunteer Fire Dept, Station 1
Heath Rural Fire District	Monarch Volunteer Fire Dept	Ronan Volunteer Fire Dept, Station 2 (Pablo)
Helmville Volunteer Fire Dept	Montana City Volunteer Fire Dept, Company 1	Rudyard Volunteer Fire Dept
Heron Rural Fire District	Montana City Volunteer Fire Dept, Company 2	St Ignatius Rural Volunteer Fire Dept
Highwood Volunteer Fire Dept	Montecahto Volunteer Fire District	St Labre Volunteer Fire Dept
Hilger Rural Fire District	Musselshell County Rural Volunteer Fire Dept	St Marie Rural Volunteer Fire Dept
Hobson Rural Volunteer Fire Dept	North Toole County Volunteer Fire Dept	St Regis Volunteer Fire Dept
Home Atherton Volunteer Fire Dept	Noxon Rural Fire District	Sand Coulee Volunteer Fire Dept
Hot Springs Rural Fire District	Olney Rural Volunteer Fire Dept	Seeley Lake Volunteer Fire Dept
Irvine Flats Fire Company	Opportunity Volunteer Fire Dept	Shepherd Volunteer Fire Dept
Jefferson City-Community Volunteer Fire Dept	Ovando Volunteer Fire Dept	Sheridan Volunteer Fire Dept
Jefferson Valley Volunteer Fire Dept	Painted Rocks Fire & Rescue Volunteer Fire Company	Simms Volunteer Fire Dept
Knees Volunteer Fire Dept	Paradise Valley Fire Service	Smith Valley Volunteer Fire Dept
Lewis & Clark County Rural Volunteer Fire Dept	Park City Rural Volunteer Fire Dept #2	Somers Volunteer Fire Dept
Libby Rural Volunteer Fire Dept	Park County Fire Volunteer Dept	Somers Volunteer Fire Dept, Lakeside Company
Libby Rural Volunteer Fire Dept, Company 2	Park County Rural Volunteer Fire Dept #1	Sourdough Rural Volunteer Fire Company
Lima Rural Volunteer Fire Dept	Pendroy Rural Volunteer Fire Dept	South Kalispell Volunteer Fire Dept
Little Basin Creek Volunteer Fire Dept	Phillips County Volunteer Fire Dept	South Toole County Volunteer Fire Dept
Lockwood Rural Fire District #8	Plains/Paradise Rural Volunteer Fire Dept	Stevensville, Burnt Fork Company
Lost Creek/Antelope Gulch Volunteer Fire Dept		Stevensville, Etna Company
Manhattan Rural Volunteer Fire Dept		Stevensville, Sunset Company
		Stevensville, Westside Company
		Superior Volunteer Fire Dept
		Swan Lake Volunteer Fire Dept

## STATISTICAL SECTION

### **VFCA (cont.)**

Swan Valley Volunteer  
Fire Company  
Sweet Grass Volunteer  
Fire Dept, Company A  
Sweet Grass, Volunteer  
Fire Dept, Company B  
Terra Verde Heights Volunteer  
Fire Dept  
Trego-Fortine-Stryker (TFS)  
Volunteer Fire Dept  
Thompson Falls Rural Volunteer  
Fire Dept  
Three Forks Rural Volunteer  
Fire Dept  
Three Mile Volunteer Fire  
Dept - Stevensville  
Tri-Lakes Volunteer Fire Dept,  
Company A  
Tri-Lakes Volunteer Fire Dept,  
Company B  
Trout Creek Rural Volunteer  
Fire Dept  
Troy Rural Volunteer Fire Dept  
Turner Volunteer Fire Dept  
Twin Bridges Volunteer  
Fire Company  
Ulm Volunteer Fire Dept  
Valier Volunteer Fire Dept  
Valley County Long Run  
Volunteer Fire Dept  
Vaughn Rural Volunteer  
Fire Dept  
Victor Rural Volunteer Fire Dept  
West Fork Rural Fire District  
West Glendive Volunteer  
Fire Dept  
West Helena Valley Volunteer  
Fire Dept  
West Valley Anaconda  
Volunteer Fire Dept  
West Valley Kalispell  
Volunteer Fire Dept  
Wheatland County Volunteer  
Fire Dept  
Wibaux Volunteer Fire Dept  
Willow Creek Rural Volunteer  
Fire Dept  
Wilsall Fire Department  
Winifred Rural Volunteer  
Fire Dept  
Wisdom Rural Volunteer  
Fire Dept

Wise River Volunteer  
Fire Company  
Wolf Creek Volunteer Fire Dept  
Wolf Point Rural Volunteer  
Fire Dept  
Worden Fire Dept - Company 1  
York Fire Service Area

### **PERS-DCRP (278)**

#### **State Agencies (31)**

Commissioner of Higher  
Education  
Consumer Council  
Dept of Administration  
Dept of Agriculture  
Dept of Commerce  
Dept of Corrections  
Dept of Environmental  
Quality  
Dept of Fish, Wildlife &  
Parks  
Dept of Justice  
Dept of Labor & Industry  
Dept of Livestock  
Dept of Military Affairs  
Dept of Natural Resources &  
Conservation  
Dept of Public Health &  
Human Services  
Dept of Revenue  
Dept of Transportation  
Governor's Office  
Legislative Council  
Montana Arts Council  
Montana Historical Society  
Montana State Fund  
Montana State Library  
Office of Public Defender  
Office of Public Instruction  
Public Employee Retirement  
Administration  
Public Service Commission  
School for the Deaf & Blind  
Secretary of State  
State Auditor's Office  
Supreme Court  
Teachers' Retirement System

#### **Counties (49)**

Anaconda-Deer Lodge  
Beaverhead  
Big Horn

Blaine  
Broadwater  
Carbon  
Carter  
Cascade  
Custer  
Daniels  
Dawson  
Fallon  
Fergus  
Flathead  
Gallatin  
Garfield  
Glacier  
Granite  
Hill  
Jefferson  
Lake  
Lewis & Clark  
Liberty  
Lincoln  
Madison  
McCone  
Meagher  
Mineral  
Missoula  
Musselshell  
Park  
Phillips  
Pondera  
Powder River  
Powell  
Prairie  
Ravalli  
Richland  
Roosevelt  
Rosebud  
Sanders  
Stillwater  
Sweet Grass  
Teton  
Toole  
Treasure  
Valley  
Wheatland  
Yellowstone

#### **Cities & Towns (53)**

Alberton  
Baker  
Belgrade  
Big Timber

## STATISTICAL SECTION

---

### Cities & Towns (cont.)

Billings  
 Bozeman  
 Butte-Silver Bow  
 Chester  
 Chinook  
 Choteau  
 Circle  
 Colstrip  
 Columbia Falls  
 Columbus  
 Conrad  
 Cut Bank  
 Deer Lodge  
 Dillon  
 East Helena  
 Ennis  
 Eureka  
 Fairfield  
 Fairview  
 Froid  
 Glasgow  
 Glendive  
 Great Falls  
 Hamilton  
 Hardin  
 Harlowton  
 Havre  
 Helena  
 Hot Springs  
 Kalispell  
 Laurel  
 Lewistown  
 Libby  
 Livingston  
 Miles City  
 Missoula  
 Phillipsburg  
 Polson  
 Poplar  
 Red Lodge  
 Ronan  
 Scobey  
 Shelby  
 Sheridan  
 Sidney  
 Stevensville  
 West Yellowstone  
 Whitefish  
 Wolf Point

### Colleges & Universities (5)

Montana State University-  
 Billings  
 Montana State University -  
 Bozeman  
 Montana State University -  
 College of Technology  
 Great Falls  
 Montana State University -  
 Northern  
 University of Montana -  
 Missoula

### High Schools (3)

Powder River County High School  
 Powell County  
 Sweet Grass County

### School Districts (98)

SD 1, Big Timber  
 SD 1, Butte  
 SD 1, Clancy  
 SD 1, Corvallis  
 SD 1, Fort Benton  
 SD 1, Glasgow  
 SD 1, Glendive  
 SD 1, Great Falls  
 SD 1, Heart Butte  
 SD 1, Helena  
 SD 1, Lewistown  
 SD 1, Missoula  
 SD 1, Plains  
 SD 1, Red Lodge  
 SD 1, Scobey  
 SD 1 & 7, Townsend  
 SD 2 & 11, Big Sandy  
 SD 2, Billings  
 SD 2, Deer Park  
 SD 2, Stevensville  
 SD 2, Sunburst  
 SD 3, Belfry  
 SD 3, Billings  
 SD 3, Cascade  
 SD 3, Hamilton  
 SD 3, Superior  
 SD 3, Westby  
 SD 3, Wolf Point  
 SD 4, Forsyth  
 SD 4, Hellgate  
 SD 4, Livingston  
 SD 5, Kalispell  
 SD 5, Sand Coulee

SD 5 Sheridan  
 SD 5, Terry  
 SD 6, Columbia Falls  
 SD 6, Columbus  
 SD 6 & 1, St. Regis  
 SD 7, Boulder  
 SD 7, Bozeman  
 SD 7, Hinsdale  
 SD 7, Lolo  
 SD 7 & 70, Laurel  
 SD 8, Arlee  
 SD 8, Elder Grove  
 SD 9, Browning  
 SD 9, East Helena  
 SD 9, Poplar  
 SD 10, Conrad  
 SD 10, Noxon  
 SD 11, Potomac  
 SD 12, Lima  
 SD 12, Saco  
 SD 13, Eureka  
 SD 13, Lone Rock  
 SD 14, Bonner  
 SD 15, Cut Bank  
 SD 15, Ekalaka  
 SD 15, Kalispell  
 SD 16, Havre  
 SD 17, Culbertson  
 SD 17H, Hardin  
 SD 18, Woodman  
 SD 19, Colstrip  
 SD 20, Plentywood  
 SD 21, Galata  
 SD 23, Missoula  
 SD 23, Polson  
 SD 23, Roberts  
 SD 24, Three Forks  
 SD 24, Worden  
 SD 25, Hobson  
 SD 26, Lockwood  
 SD 30 & 6, Fromberg  
 SD 30, Ronan  
 SD 38, Lincoln  
 SD 40, Frenchtown  
 SD 41, Anderson  
 SD 43, Lamotte  
 SD 44, Belgrade  
 SD 44, Geraldine  
 SD 45 Golden Ridge  
 SD 45, Wolf Point  
 SD 48-1J & 48-2J  
 SD 50, Evergreen  
 SD 50, Hays

**School Districts (cont.)**

SD 52, Absarokee  
 SD 52, Ennis  
 SD 52, Independent  
 SD 57, Havre  
 SD 58, Geyser  
 SD 64, Bainville  
 SD 74, Vaughn  
 SD 75, Greenfield School  
 SD 85, Ulm  
 SD 89, Smith Valley  
 Jordan Public Schools  
 Judith Gap School

**Other Agencies (39)**

Bert Mooney Airport Authority  
 Big Fork County Water & Sewer  
 Big Sky County Water & Sewer  
 District  
 Big Sky Economic Development  
 Authority  
 Billings Housing Authority  
 Bitterroot Valley Special  
 Education Cooperative  
 Central Montana Learning  
 Resource Center  
 Daly Ditches Irrigation District  
 Dawson Community College  
 Flathead Conservation District  
 Flathead Emergency  
 Communication Center  
 Flathead Municipal Airport  
 Authority  
 Flathead Special Education  
 Cooperative  
 Flathead Valley Community  
 College  
 Gallatin Airport Authority  
 Gallatin Canyon Consolidated  
 Rural Fire Department  
 Gallatin Conservation District  
 Granite County Hospital &  
 Nursing Home  
 Great Falls International Airport  
 Greenfields Irrigation District  
 Helena Housing Authority  
 Helena Regional Airport Authority  
 Human Resources Council  
 District XI  
 Human Resources Council  
 District XII  
 Lewis & Clark Library

Lockwood Water & Sewer District  
 Miles City Community College  
 Missoula County Airport  
 Missoula Rural Fire District  
 Northern Montana Joint  
 Refuse Disposal District  
 Phillips Conservation District  
 Prairie County Hospital District  
 Prairie View Special Services  
 Cooperative  
 Prickley Pear Special Services  
 Cooperative  
 Richland County Housing  
 Authority  
 Seeley Lake-Missoula County  
 Water District  
 Sheridan Daniels Special  
 Education Cooperative  
 Thompson Falls Public Library  
 Yellowstone City-County  
 Health Dept

**Deferred Compensation (42)**

**State Agencies (1)**

\*State of Montana

**Counties (4)**

Carter  
 Fallon  
 Lewis & Clark  
 Sanders

**Cities & Towns (10)**

Colstrip  
 Hardin  
 Helena  
 Polson  
 Poplar  
 Sheridan  
 Sidney  
 Thompson Falls  
 Troy  
 Whitehall

**Colleges & Universities (5)**

Montana State University -  
 Billings  
 Montana State University -  
 Bozeman  
 Montana State University  
 College of Technology -  
 Great Falls

Montana State University -  
 Northern  
 University of Montana -  
 Missoula

**School Districts (9)**

SD 2, Billings  
 SD 3, Wolf Point  
 SD 4, Forsyth  
 SD 7, Medicine Lake  
 SD 9, East Helena  
 SD 9, Poplar  
 SD 12, Baker  
 SD 44, Geraldine  
 Havre Public Schools

**Other Agencies (13)**

Big Sky County Water & Sewer  
 District  
 Big Sky Resort Area District  
 Billings Housing Authority  
 Bitterroot Valley Special  
 Education Cooperative  
 Colstrip Park & Recreation  
 District  
 Flathead Conservation District  
 Dawson Community College  
 Gallatin Airport Authority  
 Great Falls Transit  
 Helena Housing Authority  
 Lakeside County  
 Water & Sewer  
 Miles Community College  
 North Valley Public Library

\*For the deferred compensation  
 plan the State of Montana is  
 considered one agency.

## STATISTICAL SECTION

---

This page intentionally left blank



This is a publication of the  
MONTANA PUBLIC EMPLOYEE  
RETIREMENT ADMINISTRATION

100 North Park Avenue, Suite 200  
PO Box 200131  
Helena, MT 59620-0131

Website: <http://mpera.mt.gov>

email: [mpera@mt.gov](mailto:mpera@mt.gov)

Bear Grass ~ Cover Photo courtesy of Barbara Quinn  
A special thank you to Donna Rice and her staff for helping to identify the flowers!

125 copies of this public document were published at an estimated cost of \$12.15 per copy, for a total cost of \$1,518.59 which includes \$1,518.59 for printing and \$0.00 for distribution.