

ELEVATE

Your Financial Vision



Montana Teachers' Retirement System
July 1, 2026 Actuarial Valuation Results

Why does my Plan need an Actuary?

Develop

- Develop a strategy to systematically fund the promised benefits of the system

Measure

- Measure assets and liabilities (future benefit payments)

Determine

- Determine actuarial contribution rates

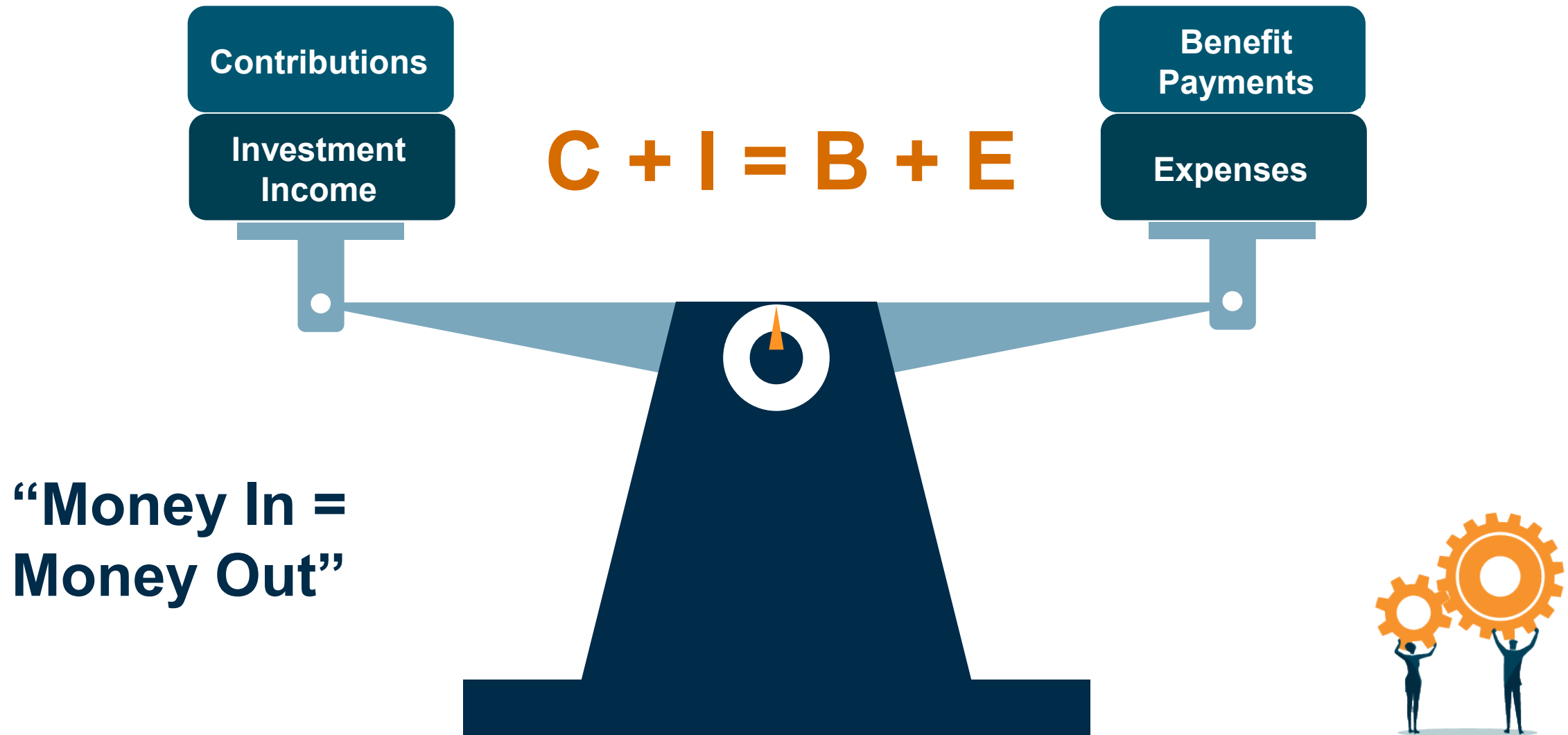
Analyze

- Analyze experience (actual vs. expected)

Report

- Report on trends, risks, accounting, etc.

Basic Retirement Funding Formula



$$C + I = B + E$$

“B” depends on

Plan Provisions

Experience



“C” depends on

Short Term

Actuarial Assumptions
Actuarial Cost Method

Long Term

I, B, E

July 1, 2026 Funding Results



- Updated assumptions in accordance with the Experience Study for the Five-Year Period ended June 30, 2025
 - Increased unfunded actuarial accrued liability by \$126.5 million

- Key assumption changes
 - Increased general wage growth assumption from 3.50% to 3.75%
 - Updated mortality, retirement, termination and salary merit scales to better reflect recent experience
 - Reduced payroll growth assumption from 3.25% to 3.00%

Plan Experience

Assets



Market value of asset returns were 13.1% while returns on actuarial smoothed assets were 10.1%.

UAAL



UAAL increased \$126.5M due to experience study but decreased \$1.5M overall from \$1,913.0M to \$1,911.5M.

Key Results

Funded Ratio



Funded ratio using actuarial value of assets increased from 73.44% to 74.56%.

Amortization Period



Amortization period remained at 21 years.



Asset Returns

- Both Market and Actuarial asset returns are net of Investment and Administrative Expenses.
- Market: 13.12% (5.82% more than 7.30% expected)
- Actuarial: 10.07% (2.77% more than 7.30% expected)



Deferred Experience

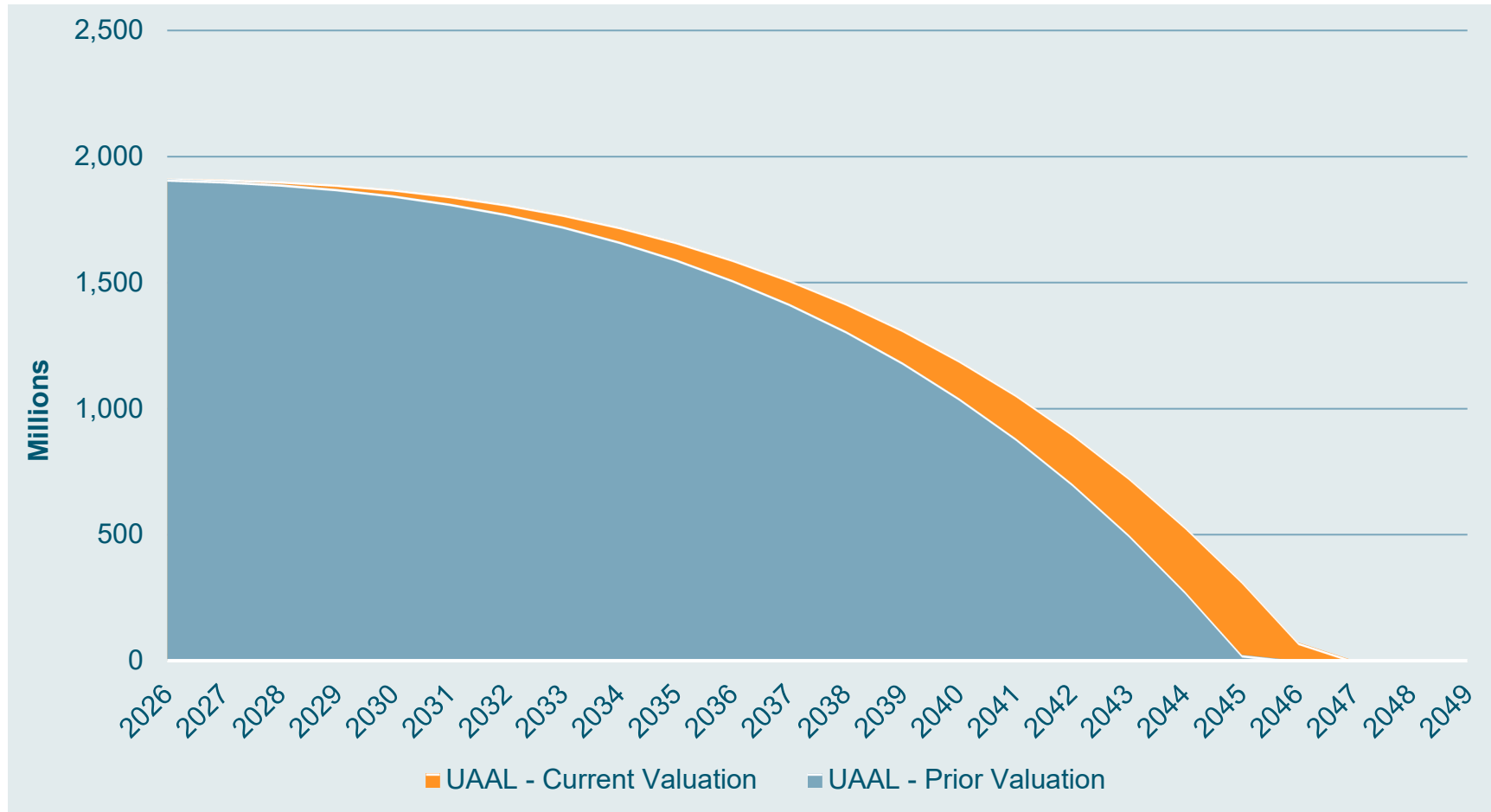
- Market value of assets are \$303.1 million more than the actuarial value of assets.
- Experience is recognized over a four-year period.



Deferred Experience Recognition

- 2027 Investment Gain: \$122.5 million
- 2028 Investment Gain: \$103.3 million
- 2029 Investment Gain: \$77.3 million

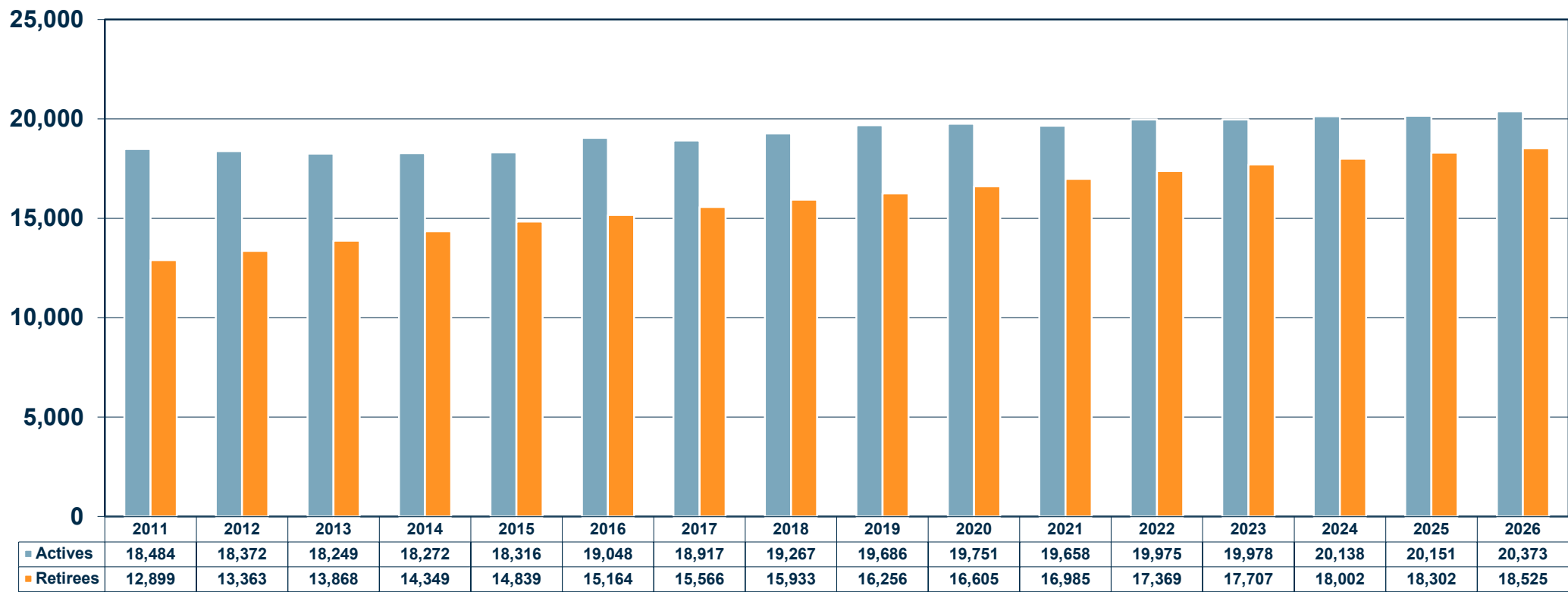
Progress Toward 100% Funding



Since the June 30, 2025 valuation, the expected full funding date has moved from 2046 to 2047 largely due to the higher normal cost rate.

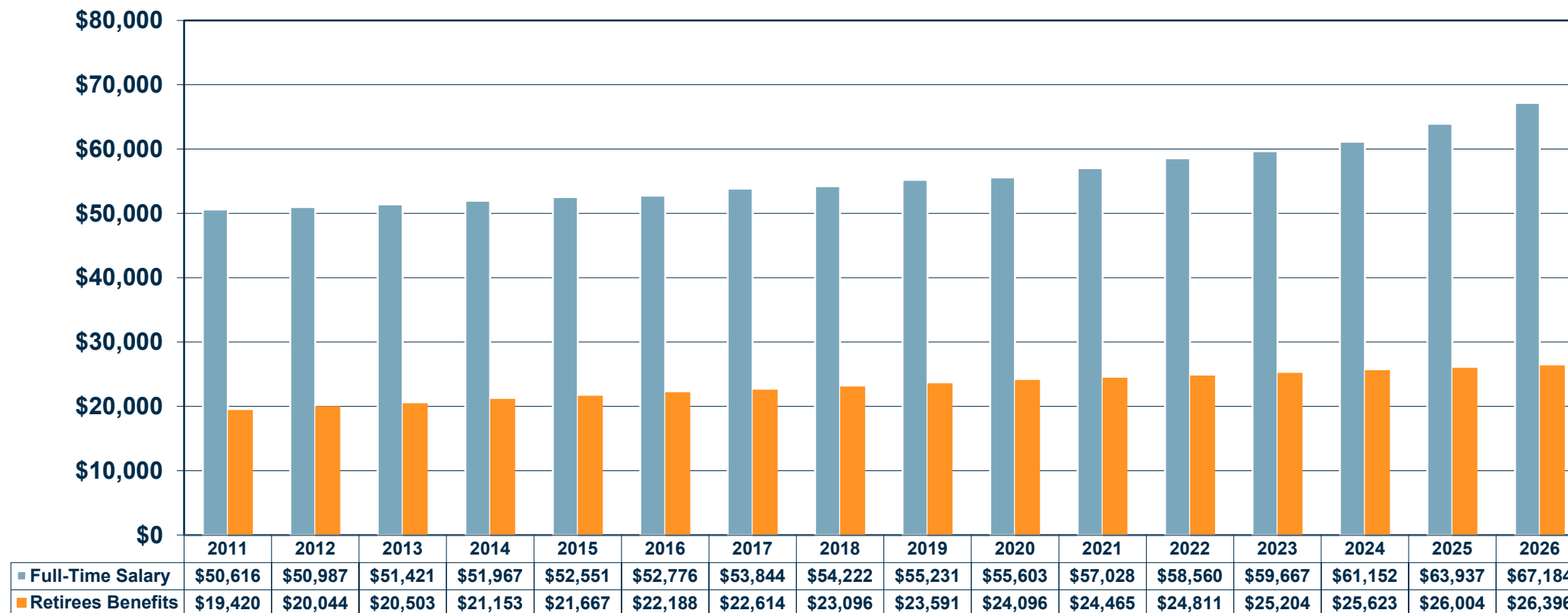


Active and Retired Membership



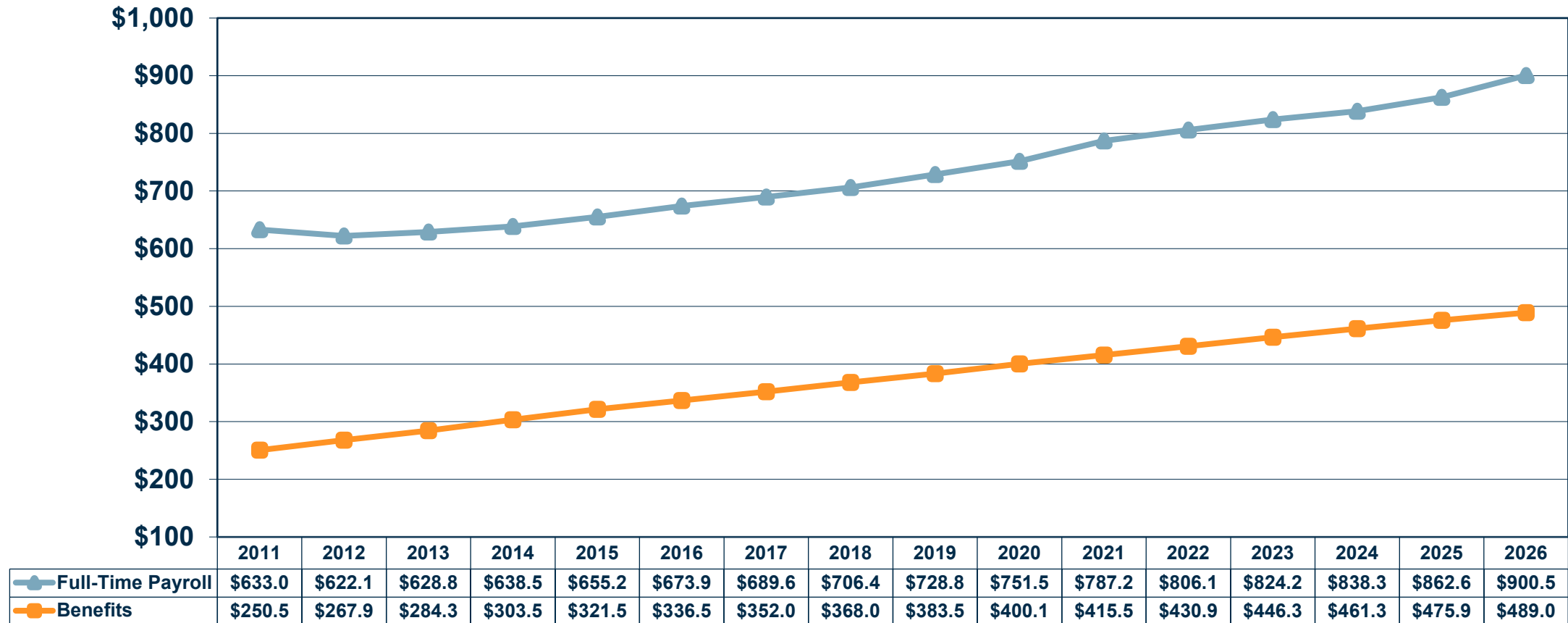
0.7% annual increase for active members since 2011; 1.1% increase for 2026.
2.4% annual increase for retired members since 2011; 1.2% increase for 2026.
1.4 actives per retiree 15 years ago; 1.1 actives per retiree now.

Average Salary and Benefits

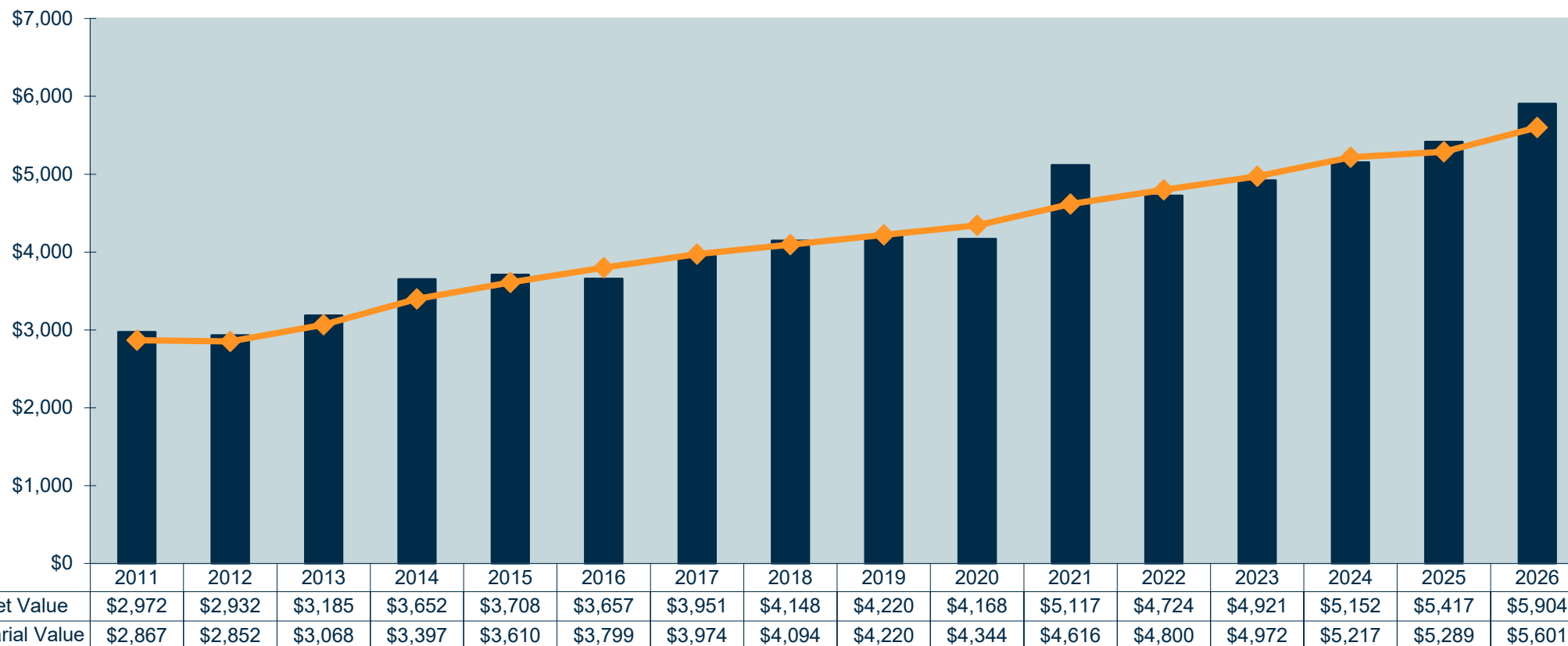


1.9% annual increase for average salary since 2011; 5.1% increase for 2026.
2.1% annual increase for average benefits since 2011; 1.5% increase for 2026.

Payroll & Benefits (Millions)

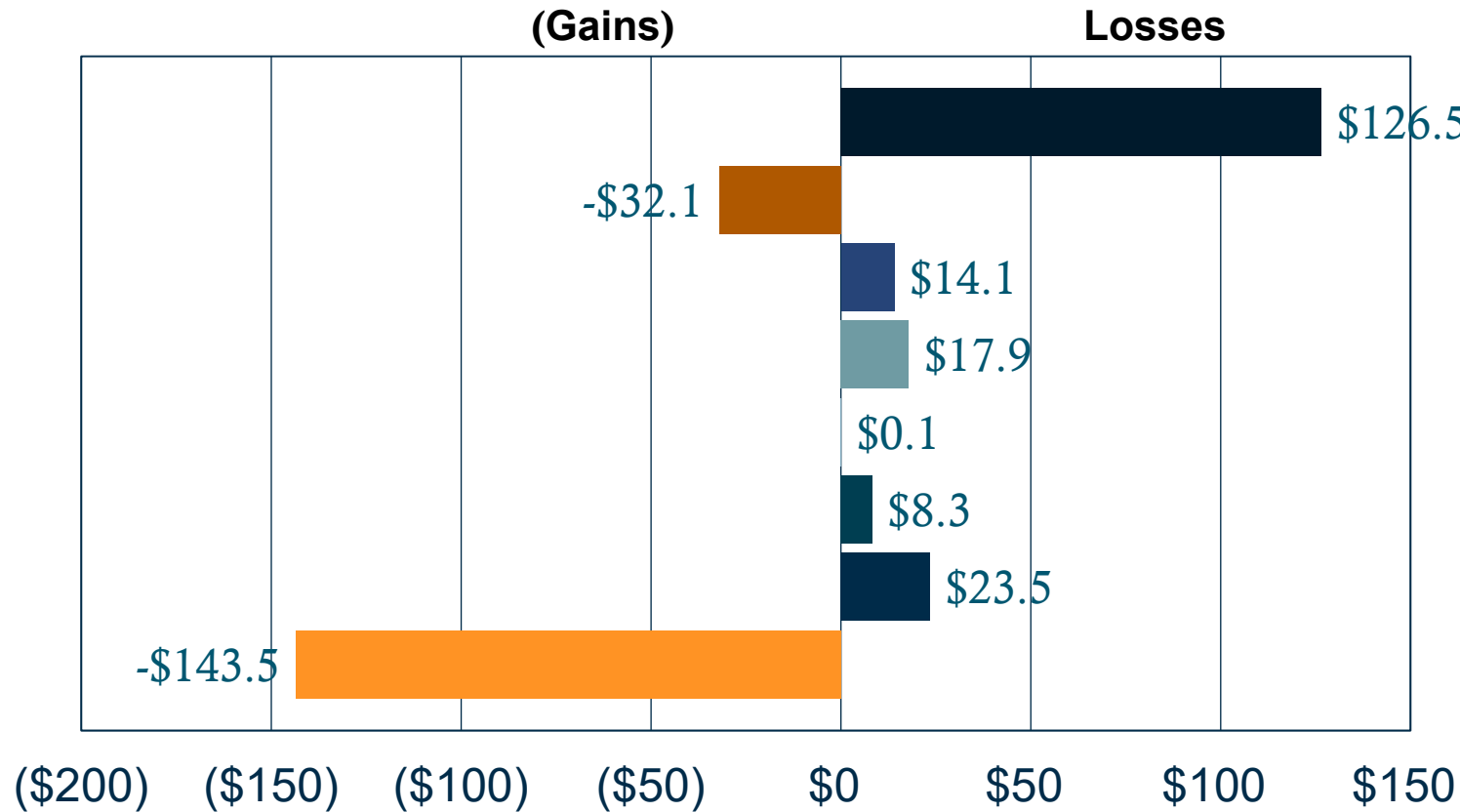


Assets (\$ Millions)



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Market Return	21.7%	2.2%	12.9%	17.1%	4.6%	2.1%	11.9%	8.8%	5.7%	2.7%	27.7%	(4.1)%	8.3%	8.9%	9.4%	13.1%
Actuarial Return	(0.1)%	3.2%	12.0%	13.2%	9.6%	8.8%	8.2%	6.9%	7.0%	7.0%	10.7%	8.1%	7.7%	9.1%	5.5%	10.1%

(Gain)/Loss Analysis (\$ Millions)



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



Funding Results

	July 1, 2026 Valuation After Exp. Study	July 1, 2026 Valuation Prior to Exp. Study	July 1, 2025 Valuation
Total Normal Cost Rate	11.37%	10.76%	10.80%
Less Member Rate	<u>8.15%</u>	<u>8.15%</u>	<u>8.15%</u>
Employer Normal Cost Rate	3.22%	2.61%	2.65%
Rate to Amortize UAL	<u>8.74%</u>	<u>9.35%</u>	<u>9.31%</u>
Total Employer Statutory Rate	11.96%	11.96%	11.96%
Actuarial Accrued Liability	\$7,512.2 million	\$7,385.7 million	\$7,201.7 million
Actuarial Value of Assets	\$5,600.7 million	\$5,600.7 million	\$5,288.7 million
Unfunded Accrued Liability	\$1,911.5 million	\$1,785.0 million	\$1,913.0 million
Funded Ratio	74.56%	75.83%	73.44%
Amortization Period	21 Years	18 Years	21 Years



- Montana University System Retirement Program (MUS-RP)
 - Valuation is performed every two years to determine the supplemental contribution rate necessary to amortize the past service liability of the university members of TRS
 - Initially assumed to be funded by July 1, 2033
 - Current supplemental contribution rate is 4.72%

- July 1, 2026 MUS-RP Valuation
 - To fund by July 1, 2033, rate would need to increase to 15.94%
 - To maintain the current rate of 4.72% and fund by July 1, 2033, an additional contribution of \$223.1 million would be needed



- Additional information regarding the assumptions and methods can be found in the July 1, 2026 actuarial valuation report.
- The actuaries who prepared these results, Todd B. Green, ASA, EA, MAAA, FCA, and Bryan K. Hoge, FSA, EA, MAAA, FCA, are members of the American Academy of Actuaries and are qualified to render the actuarial opinions presented herein. We are happy to provide additional information and answer any questions, if necessary.





**THANK
YOU**