

OPEN MEETING

I. Call to Order

Action Items

A. Adopt Agenda - Upon recognition of a quorum, a motion must be made to adopt the agenda. If any Board member wishes to add new items or make any changes to the agenda, they must do so at this time.

B. Approval of Minutes - Attached are the minutes from the February 13, 2026 board meeting.

Teachers' Retirement Board
Board Meeting
100 North Park Avenue, Suite 110
Helena, Montana

AGENDA
Friday – May 8, 2026

OPEN MEETING:

All Times Are Tentative

8:30 I. Call to Order

Action Items

- A. Adopt Agenda
- B. Approval of Minutes – February 13, 2026

8:32 II. Public Comment

8:35 III. Actuarial Experience Study

Discussion Items

- A. Five Year Period Ending July 1, 2025 – CavMac Consulting
- B. Public Comment

Action Item

- C. Board Consideration of Actuarial Assumption Recommendations

9:50 BREAK

10:05 IV. Administrative Business

Discussion Items

- A. Investment Report – Dan Trost
- B. FY 2025 Legislative Audit Report – Nolan Brilz
- C. YTD Financial Statements and Budget Reports – Nolan Brilz
- D. Personnel Committee Report – Kari Elliott and Elliott Crump
- E. Budget Committee Report – Dan Chamberlin and Brian Youngren
- F. Tentative 2026 Meeting Dates - Aug 7, Oct 9, Dec 4
- G. Public Comment

Action Items

- H. Interest Rate Credited to Member Accounts
- I. Renewal of Contracted Service Agreements
- J. Out of State Travel Request
 - 1. NCTR Trustee Workshop
- K. FY 2027 TRS Budget Request

Information Item

- L. Next Meeting – Aug 7, 2026 – TRS Board Room

10:50 V. Executive Director's Report

Discussion Items

- A. 2027 Legislative Concepts
- B. Executive Summary
 - 1. MASS Meetings
 - 2. Staff Update
 - 3. Accounting Team Introductions

- C. Public Comment

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11:05 VI. Legal Counsel's Report

- Information Item*
- A. Summary of Legal Issues
 - B. Ice Miller Compliance Review

11:15 VII. Board Policy

- Action Items*
Discussion Item
- A. Adopt Revisions to Privacy and Security of Personal Information Policy
 - B. Public Comment

11:20 VIII. Applications and Benefit Adjustments

- Information Items*
- A. Regular, Survivorship, Adjustment & Corrections

11:25 IX. Long Range Planning

- Discussion Item*
- A. Strategic Planning Worksheet Updates
 - B. Public Comment

11:35 X. My TRS and ID.me

- Discussion Item*
- A. Demonstration of Redesigned My TRS and ID.me
 - B. Public Comment

CLOSED MEETING

11:50 XI. Disability Applications

- Discussion Items*
- A. Executive Session to Discuss Disability Applications

OPEN MEETING

- Action Item*
- B. Applications for Disability Retirement Benefits

- Discussion Items*
- C. Public Comment

12:05 XII. Adjournment

NOTE: This will be an in-person board meeting; to join virtually, members of the public can request meeting login information by calling TRS at 406-444-3395 or by sending an email to: TrsOutreach@mt.gov.

The Teachers' Retirement Board is pleased to make reasonable accommodations for any known disability that may interfere with a person's ability to participate in public meetings. If you need an accommodation, you must notify the Board (call 444-3134, e-mail Mary.Corder@mt.gov, or write to P.O. Box 200139, Helena, Montana 59620) no later than 5 working days prior to the meeting to advise of the nature of the accommodation you need.

Montana Teachers' Retirement System Board Meeting

February 13, 2026

Official meeting minutes are the recordings posted at [Montana Teachers' Retirement System YouTube channel](#)
(timestamps may differ)

Board Members Present

Kari Elliott, Chair
Dee Brown, Member
Elliott Crump, Member
Daniel Trost, Member
Brian Youngren, Member

Board Members Absent

Daniel Chamberlin, Vice Chair

Staff Present

Shawn Graham, Executive Director
Tammy Rau, Deputy Executive Director
Jim Malizia, Chief Legal Counsel
Nolan Brilz, Accounting/Fiscal Manager
Darla Fitzpatrick, Communications Manager
Lexi Newcomer, Communications Specialist

Others Present

Kim Popham, Montana Federation of Public Employees

I. Call to Order (00:00:05)

Chair Kari Elliott called the meeting to order at 9:02 a.m. on February 13, 2026.

A. Adoption of the Agenda

Member Daniel Trost moved to adopt the agenda, with Member Elliott Crump seconding. The motion was approved by all members present.

B. Approval of Minutes

Member Trost moved to approve the December 5, 2025 meeting minutes, with Member Crump seconding. The motion was approved by all members present.

II. Public Comment on Board Related Items (00:00:40)

This is an opportunity for members of the public to comment on any public matter not on the agenda and within the jurisdiction of the Board. There was no public comment.

III. Board Meeting Minutes (00:01:21)

A. Recorded Minutes as Official Record

Executive Director Shawn Graham briefed the Board on suggestions to update the format of Board meeting minutes and the recording of Board meetings being official record for meetings.

B. Public Comment

Chair Elliott called for public comment on this topic. There was no public comment.

IV. Administrative Business (00:10:43)

A. Investment Report-Member Daniel Trost

Member Trost briefed the Board.

B. FY 2025 Annual Comprehensive Financial Report – Nolan Brilz

Nolan Brilz, Accounting/Fiscal Manager, briefed the Board.

C. FY 2026 YTD Financial Statements and Budget Reports – Nolan Brilz

Mr. Brilz briefed the Board.

D. Personnel Committee Report –Kari Elliott and Elliott Crump

Chair Elliott and Member Crump briefed the Board on Executive Director Graham's annual evaluation.

E. Tentative 2026 Meeting Dates – May 8, Aug 7, Oct 2, Dec 4

The Board discussed upcoming tentative 2026 meeting dates.

F. Public Comment

Chair Elliott called for public comment on this topic. There was no public comment.

G. Out of State Travel

The Board reviewed requests for the following out-of-state travel:

- John Noble-PRISM Annual Conference (May 2026)
- Tammy Rau-GFOA Conference (June 2026)
- Jim Malizia-NAPPA Legal Education Conference (June 2026)
- Shawn Graham-NCTR Director Meeting (June 2026)

Member Dee Brown moved to approve all out of state travel as presented, with Member Trost seconding. The motion was approved by all members present.

H. Next Meeting Date

The Board will meet on May 8, 2026 in the TRS Board Room.

V. Executive Director’s Report (00:43:25)

A. Executive Summary

Executive Director Graham briefed the Board on staff and operations updates.

B. Legislative Interim Committee Update

Executive Director Graham briefed the Board on the State Administration and Veterans’ Affairs Legislative Interim committee.

C. Public Comment

Chair Elliott called for public comment on this topic. There was no public comment.

VI. TRS Responsive Website (00:53:25)

A. Demonstration of TRS Responsive Website

Darla Fitzpatrick, Communications Manager, gave a demonstration of the new responsive TRS website released in September 2025.

B. Public Comment

Chair Elliott called for public comment on this topic. There was no public comment.

VII. Legal Counsel’s Report (01:05:05)

A. Summary of Legal Issues

Jim Malizia, Chief Legal Counsel, reported no pending legal issues.

VIII. Board Policy (01:05:25)

A. Privacy and Security of Personal Information Revisions

Mr. Malizia reviewed revisions to the Privacy and Security of Personal Information policy.

B. Public Comment

Chair Elliott called for public comment on this topic. There was no public comment.

IX. Applications and Benefit Adjustments (01:10:08)

A. Regular, Survivorship, Adjustment and Corrections

Deputy Director Tammy Rau briefed the Board on retirement applications processed from November 2025 to December 31, 2025.

X. Long Range Planning (01:11:35)

A. 2025-2027 Strategic Planning Commitment Worksheet – Updates

Executive Director Graham updated the Board on progress of the 2025-2027 commitment worksheet.

B. Public Comment

Chair Elliott called for public comment on this topic. There was no public comment.

XI. Disability Applications (01:21:44)

CLOSED MEETING

A. Executive Session to Discuss Disability Applications

The Board began its executive session at 10:31 a.m. to review applications for disability retirement benefits. This session was closed to the public, as a disability applicant's right to privacy clearly exceeds the merits of public disclosure.

OPEN MEETING

A. Applications for Disability Retirement Benefits.

Chair Elliott reopened the meeting at 10:55 a.m. and requested motions for the reviewed disability applications.

Motion/Vote: Member Trost moved to approve L.E.'s request for disability retirement, with Member Brian Youngren seconding. The motion was approved by all members present.

Motion/Vote: Member Youngren moved to approve K.S.'s request for disability retirement, with Member Trost seconding. The motion was approved by all members present.

B. Public Comment

Chair Elliott called for public comment on this topic. There was no public comment.

XII. Adjournment (01:22:40)

With no other business before the Board, Chair Elliott requested a motion to adjourn.

Motion/Vote: Member Trost moved to adjourn the meeting with Member Crump seconding. The motion was approved by all members present, and the meeting was adjourned at 10:56 a.m.

Approve: _____

Attest: _____

Date: _____

II. Public Comment

Information Item **A. Public comment on Board Related Items.** This is an opportunity for the public to comment on any public matter that is not on the agenda of the meeting and is within the jurisdiction of the Teachers' Retirement Board. However, the Board may not take action on any issues raised unless it is included on the agenda and public comment has been allowed. If issues are raised that would require Board action, the issue would need to be included on the agenda for a future meeting. "Public Matter" does not include disability applications, or contested cases and other adjudicative proceedings.

III. Actuarial Experience Study

Discussion Items **A. Experience Study and Recommendations** – Bryan Hoge from CavMac will present the results and recommendations of the five year experience study ending July 1, 2025 which I provided electronically to each board member via email. You will also receive a hard copy of the report at our meeting.

The changes to the funded status of the system and the amortization of the system based on the July 1, 2025 valuation are as follows:

	Current Assumptions	New Assumptions
UAAL	\$1,913,002,000	\$2,037,445,000
Funded Status	73.44%	72.19%
Amortization Period	21 years	25 years

Discussion Items **B. Public Comment** - This is an opportunity for any member of the public to comment on the actuarial experience study and/or the recommendations of the actuary.

Action Items **C. Board Consideration of Actuarial Assumptions** – Based on the experience study for the five year period ending July 1, 2025, the recommended actuarial assumptions presented by CavMac are summarized as follows:

Economic Assumptions

<u>Item</u>	<u>Current</u>	<u>Proposed</u>
Price Inflation	2.75%	2.75%
Real Rate of Return	<u>4.55%</u>	<u>4.55%</u>
Investment Return	7.30%	7.30%
Price Inflation	2.75%	2.75%
Real Wage Growth	<u>0.75%</u>	<u>1.00%</u>
Wage Inflation	3.50%	3.75%
Payroll Growth	3.25%	3.00%

Demographic Assumptions

<u>Item</u>	<u>Recommendation</u>
Rates of Withdrawal	Update the rates of withdrawal for both full time members and part time members to reflect Appendix D.
Election of Deferred Annuity or Refund	Recommend changing the assumption to a terminating member who is vested will elect the most valuable option (see p. 27).
Rates of Disability Retirement	Recommend reducing the current rates of disability by 10% (see p. 29).
Rates of Service Retirement	No changes to rates for Early Retirement (see p. 32). Eliminate the assumption for first eligible for an unreduced benefit and combine with regular retirement rates (see p. 34). Revise regular retirement rates to reflect experience (see p. 36).
Rates of Pre-Retirement Mortality	No changes to the Pre-Retirement Mortality table.
Rates of Retiree Mortality	Update mortality assumption to the PUB-2016 Teacher Amount Weighted Retiree mortality table without adjustments, projected generationally using MP-2021 (see p. 40).
Rates of Contingent Survivor Mortality	Update mortality assumption to the PUB-2016 Amount Weighted Contingent Survivor mortality table without adjustments, projected generationally using MP-2021 (see p. 43).
Rates of Disabled Post-Retirement Mortality	Update mortality assumption to the PUB-2016 Amount Weighted Non-Safety Disabled Retiree mortality table without projection (see p. 47).
Rates of Salary Increase	Increase the wage base component of the total salary increase assumption from 3.50% to 3.75%
Percent Married	No change to this assumption
Missing Data	No change to this assumption
Part-time Employees	No change to this assumption

Benefits for Terminating Members No change to this assumption for non-vested. Recommend that vested members will choose the most valuable option.

Interest on Member Accounts Recommend maintaining the assumption to reflect the adopted rate by the Board each year which cannot exceed 2.00%.

Actuarial Methods

<u>Item</u>	<u>Recommendation</u>
Actuarial Cost Method	No change to this assumption
Actuarial Value of Assets	No change to this assumption
Amortization Method	No change to this assumption

The change in results represents the financial impact of adopting the proposed assumptions.

	Current Valuation July 1, 2025	Demographic Changes	Demographic and Economic Changes
Employer Contribution Rate:			
Normal Rate	2.65%	3.27%	3.27%
UAAL	<u>9.31%</u>	<u>8.69%</u>	<u>8.69%</u>
Total Statutory Employer Rate	11.96%	11.96%	11.96%
Actuarial Accrued Liability	7,201,718	7,326,161	7,326,161
Actuarial Value of Assets	<u>5,288,716</u>	<u>5,288,716</u>	<u>5,288,716</u>
UAAL	1,913,002	2,037,445	2,037,445
Amortization Period	21	24	25

* In thousands

IV. Administrative Business

Discussion Items

A. Investment Report- Dan Trost will report on the recent activities of the BOI. The attached report from BOI shows our investment returns through March 31, 2026.

B. FY 2025 Legislative Audit Report –Nolan Brilz, Accounting Manager for TRS, will present the results of our FY 2025 Legislative Audit. TRS received an unmodified opinion with no recommendations. Each Board Member will receive a hard copy of the blue book at the meeting and you can view the electronic version ahead of time by following this link: <https://archive.legmt.gov/content/Publications/Audit/Report/25-09.pdf>

C. YTD Financial Statements and Budget Reports – Attached for the Board's information are the fiscal reports thru March 31, 2026. Nolan Brilz, Accounting Manager for TRS, will present the budget reports and answer any questions you might have.

D. Personnel Committee Report – Kari Elliott and Elliott Crump will provide a verbal report on the Personnel Committee meeting held on April 28th to review pay plan recommendations effective for FY 2027.

E. Budget Committee Report –Dan Chamberlin and Brian Youngren will provide a verbal report on the Budget Committee conference call held on April 22nd to review the TRS budget request and justification for fiscal year 2027.

F. Next Meeting Dates – Tentative dates are August 7, October 9 and December 4, 2022. CavMac is scheduled to be here for the October 9th meeting to present the results of the July 1, 2026, Actuarial Valuation Report.

G. Public Comment – Opportunity for any member of the public to comment on the administrative business of the Board.

Action Items

H. Set the Interest Rate Credited to Member Accounts - Each year the Board is required to set the rate of interest that is credited to active member accounts. The Board adopted an Interest Policy 3-0310-001 in October of 2025 that prescribes how the interest rate is to be set: <https://trs.mt.gov/docs/trs-board/Policy-3-0310-001-InterestRates.pdf>

The policy states:

A. Interest Credited to Member Accounts

1.The interest rate used to credit interest to member accounts for each fiscal year shall be the lesser of the average projected average of the Short-Term Investment Pool (STIP) interest rate earned by the Montana Board of Investments as of March 31st of the preceding fiscal year or 2.0%.

2.Interest on a member's account is compounded annually and credited monthly.

Attached are charts compiled by the accounting staff showing the year to date short-term returns. The Board of Investment's short-term interest year-to-date rate as of March 31, 2026, was 4.20%; however, board policy dictates that the rate be set to the lesser of 2.00% or the FYTD STIP average.

Staff recommend the interest rate credited to member accounts for the period July 1, 2026 thru June 30, 2027, remain at the current level of 2.00%.

Action Item: Set the interest rate credited to member accounts for FY 2027.

I. *Renewal of Contracted Services Agreements:* Each May the TRS Board renews contracted services agreements that are set to expire for the following fiscal year. The following contracts are up for renewal:

1. Ice Miller has been our tax counsel for IRS compliance and other federal issues since 1997. Ice Miller is one of a few firms in the country with attorneys who specialize in the area of public pension plan compliance with IRS regulations.

Staff recommend the Board approve the attached legal services agreement addendum with Ice Miller for FY 2027. Ice Miller's hourly rates are included as addendum A.

Action Item: Approve the renewal of the Ice Miller contracted services agreement.

2. Rising Stars Project Management and Test Lead services for M-Trust enhancements. This addendum maintains the current annual fee at a cost not to exceed \$120,000 per year for up to three more fiscal years. We are billed for actual hours worked at a rate of \$91.35 per hour. TRS legal counsel is in the process of working through the sole source justification requirements with State Procurement.

Staff recommend the Board approve the attached service agreement addendum with Rising Stars.

Action Item: Approve the contract addendum for Rising Stars Project Management and Test Lead services related M-Trust enhancements.

J. *Out-of-State Travel* – In past years, either in lieu of, or in addition to the NCTR Annual Conference, board members have attended the NCTR Summer Trustee Workshop. The Board should discuss which members would be available to attend the annual conference and/or the trustee workshop and decide whether to authorize out-of-state travel for this purpose.

1. ***NCTR Summer Trustee Workshop*** – This year's trustee workshop will be held at UC, Berkeley, CA on July 12-15th. Currently, there is no agenda available for the trustee workshop; however, board members that have attended the summer

workshop in the past have indicated that it is a productive conference. Last year, the Board approved out of state travel for up to 2 Board members to attend the trustee workshop; however, none were able to attend. Nothing prohibits more than two board members attending either conference.

Estimated cost – NCTR Summer Trustee Workshop: \$5,500 per Board member including a registration fee of \$2,710 for each participant.

Action Item: Approve out of state travel for up to ? Board members to attend the NCTR Trustee Workshop.

K. TRS Fiscal Year 2027 Budget – Attached is the proposed budget and justification for the fiscal year beginning July 1, 2026, through June 30, 2027. The spreadsheet includes the budget approved for the current year (FY 2026) as well as the projected expenditures through June 30th. A brief explanation/justification has been provided for most of the line item amounts requested for FY 2027. Nolan Brilz, Accounting Manager for TRS will lead the Board through the budget justification discussion and provide additional detail or explanation for any of the listed items at the Board's request.

The proposed FY 2027 budget of \$4,397,477 is 1.18% greater than the approved budget for FY 2026 of \$4,346,286. Some changes in expenditure categories are as follows:

- Personal Services increases 0.89% over the amount that was approved for FY 26 which includes market/retention recommendations from the Personnel Committee and the legislatively adopted greater of \$1.00 per hour or 2.5% increase for all TRS employees beginning in July of 2026. We discovered an error in the personal services calculations in the budget justification for last fiscal year so our increase was overstated last year by \$107,476. When corrected for this mistake, our actual increase for FY 27 is 5.11% which is inclusive of the statutory increase and personnel committee recommendation of an additional \$26,000 for market adjustments for certain staff.
- Contracted services decreased by 3.10% primarily due to the actuarial experience study being completed in FY 26 so that expense is not budgeted in FY 27.
- Supplies/Materials increased by 43.33% from \$84,300 to \$120,825 mainly attributable to Asset Broker fees which are SITSD fees that are charged to TRS. \$27,000 is included as a new cost for ID.me services in the Asset Broker category.
- Communication costs decreased by 11.19% primarily due elimination of the postage and mailing for the newsletter
- Repairs/Maintenance increased by 52.19% due to an increase in Adobe Cold Fusion annual costs and a one-time \$9,750 additional license cost for M-Trust Test and Staging servers.
- Total operating costs for TRS increased by \$27,319 or 1.64% from \$1,669,159 in FY 2026 to \$1,696,477 in FY 2027.

Total Administrative Expenses in the proposed budget increased by 1.18% from \$4,346,286 to \$4,397,477.

Action Item: Approve the FY 2027 TRS Budget Request and/or provide instructions to staff for any revisions as necessary

Information Item **L. Next Meeting Date** – August 7, 2026

	<u>UNITS OUTSTANDING</u>	<u>UNIT VALUE</u>	<u>MARKET VALUE\$(000)</u>	<u>ALLOCATION (%)</u>
Allocation				
TEACHERS RETIREMENT			5,510,160	100.00
SHORT TERM INVESTMENT POOL (STIP)	57,437,049.65	100.00000	57,437	1.04
Consolidated Asset Pension Pool (CAPP)	2,664,893,425.60	204.61318	5,452,723	98.96

	<u>ITD</u>	<u>INCEPTION DATE</u>
Longest Measurable Plan Return	7.81	7/1/1994

	<u>MONTH</u>	<u>3 Months</u>	<u>FYTD</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>	<u>20 Years</u>	<u>Benchmark ITD</u>	<u>INCEPTION DATE</u>
Returns										
TEACHERS RETIREMENT	(3.51)	(0.67)	5.40	11.03	9.05	6.83	8.40	7.03	8.34	1/1/2011
TEACHERS RETIREMENT CUSTOM BENCHMARK (YWN2D) - BLDR	(4.06)	0.13	8.26	15.59	10.79	6.63	8.43	-	8.60	
SHORT TERM INVESTMENT POOL (STIP) [1]	0.33	0.97	3.20	4.32	4.93	3.51	2.41	1.91	2.56	4/1/1997
SHORT TERM CUSTOM BENCHMARK (MONSTCB) - BLDR	0.32	0.92	3.07	4.19	4.95	3.52	2.36	1.85	2.49	
Consolidated Asset Pension Pool (CAPP)	(3.56)	(0.70)	5.43	11.13	9.10	6.88	-	-	8.29	4/1/2017
CAPP CUSTOM BENCHMARK (MONCAPP) - BLDR	(4.11)	0.12	8.32	15.75	10.87	6.67	-	-	8.22	

Allocation - Asset Class	Plan Market Value \$(000)	Allocation (%)
TEACHERS RETIREMENT	5,510,160	100.00
Domestic Equity - PAC	1,476,919	26.81
International Equity - PAC	836,579	15.18
Private Investments - PAC	953,803	17.31
Real Assets - PAC	335,500	6.09
Real Estate - PAC	678,090	12.31
Core Fixed Income - PAC	753,383	13.67
Non-Core Fixed Income - PAC	390,303	7.08
Cash Equivalents - PAC	28,148	0.51
PENSION CASH	57,437	1.04

Returns	MONTH	3 Months	FYTD	1 Year	3 Years	5 Years	10 Years	20 Years	ITD	INCEPTION DATE
Domestic Equity - PAC	(4.94)	(3.32)	7.12	18.59	17.55	10.78	13.34	9.93	10.42	5/1/2003
Domestic Equity - PAC Custom Blend (MONDE) - BLDR	(4.93)	(3.89)	6.56	18.38	17.95	11.04	13.79	10.38	11.06	
International Equity - PAC	(10.54)	(0.25)	10.29	24.19	13.98	6.32	8.33	4.83	5.53	4/1/1997
International Equity - PAC Custom Blend (MONIE) - I [2]	(10.84)	(0.68)	11.19	25.32	14.38	6.83	8.33	5.22	5.79	
Private Investments - PAC	0.10	(0.58)	2.13	2.69	4.24	9.58	11.27	10.65	11.84	5/1/2002
Private Equity PAC Custom (MONPE) - BLDR	(3.66)	1.88	12.40	20.44	12.73	6.19	10.46	11.07	10.80	
Real Assets - PAC	0.09	3.33	5.88	8.05	7.90	11.25	-	-	6.16	4/1/2017
Real Assets - PAC Custom Blend (MU7EBM) - BLDR	(1.99)	15.38	29.24	33.40	15.50	11.40	-	-	6.88	

	<u>MONTH</u>	<u>3 Months</u>	<u>FYTD</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>	<u>20 Years</u>	<u>ITD</u>	<u>INCEPTION DATE</u>
Returns										
Real Estate - PAC	(0.33)	1.17	2.73	3.33	(0.69)	4.49	5.63	-	4.11	6/1/2006
Real Estate - PAC Custom Blend (MONRE) - BLDR	0.70	0.70	2.05	2.92	(4.25)	2.51	2.16	-	3.87	
Core Fixed Income Pre and Post CAPP [3]	(1.80)	0.14	3.36	4.59	3.73	0.59	1.75	3.65	4.99	4/1/1995
Core Fixed Income Custom Benchmark (CFIBM1)	(1.76)	(0.05)	3.10	4.35	3.63	0.31	1.45	3.16	4.40	
Non-Core Fixed Income Pre and Post CAPP [4]	(2.71)	(0.73)	4.68	9.09	8.69	3.87	5.11	-	6.72	6/1/2009
Bloomberg U.S. HY - 2% Issuer Cap (WE6D)	(1.18)	(0.50)	3.36	7.01	8.60	4.22	6.12	-	7.60	
Cash Equivalents - PAC	0.39	1.30	3.26	5.04	5.83	4.12	-	-	2.95	5/1/2017
SHORT TERM CUSTOM BENCHMARK (MONSTCB) - BLDR	0.32	0.92	3.07	4.19	4.95	3.52	-	-	2.57	

Performance shown on this report is net of all fees.

1,2 Inception Date shown is earliest date of Net All performance. Actual inception date, respectively is 4/1/1990 (1), 1/1/1997 (2).

* Totals may not sum due to rounding differences.

Allocation of Plan Market Values is an approximation. Plans do not own specific Asset Classes. Values represented are allocated pro rata based on the Plans % ownership of CAPP.

3 Core Fixed Income Pre and Post CAPP:

The Core Fixed Income composite is the result of a consolidation completed on 11/29/2019. Inclusive of the Broad Fixed Income PAC prior to 3/31/2017. Inclusive of the Broad Fixed Income, Intermediate TIPS, Intermediate US Treasury & Agency, Intermediate Investment Grade Credit, Mortgage Backed, and Diversified Strategies PACs from 4/1/2017 through 11/29/2019.

4 Non-Core Fixed Income Pre and Post CAPP:

The composite is inclusive of the following portfolios: MU3N Post Advisory Group – PP from 6/1/2009 to present, MU3M Neuberger Berman – PP from 1/1/2010 to present, MU8R Shenkman Capital Management – PP from 12/1/2017 to present, and MU8P Oaktree Capital Management – PP from 12/5/2017 to present

SHORT TERM CUSTOM BENCHMARK is composed of:

From inception to 4/30/2018: LIBOR 1 Month

5/1/2018 to present: Federal Reserve US Treasury 1M Constant Maturity Index

TEACHERS RETIREMENT CUSTOM BENCHMARK is composed of:

From inception to 3/31/2017: The portfolio weighted average of S&P 1500 Super Composite, MSCI ACWI ex US IMI Net, S&P 1500 + 4% Qtr Lag, LIBOR 1 Month, BBG BARC US Agg, and NCREIF ODCE 1 Qtr Lag (Net).

From 4/1/2017 to present: Equity and Cash Equivalents weighted average of CAPP Custom Benchmark and Short Term Custom Benchmark.

DOMESTIC EQUITY - PAC CUSTOM BLEND is composed of:

From inception to 4/30/2017: S&P 1500 Super Composite

5/1/2017 to present: MSCI US IMI Gross

INTERNATIONAL EQUITY - PAC CUSTOM BLEND is composed of:

From inception to 10/31/2006: MSCI EAFE Net

11/1/2006 to 6/30/2007: MSCI ACWI ex US Net

7/1/2007 to 2/28/2014: 92.5% ACWI ex US + 7.5% ACWI ex US SC IMI

3/1/2014 to present: 100% MSCI ACWI ex US IMI Net

PRIVATE EQUITY PAC CUSTOM is composed of:

From inception to 3/31/2017: S&P 1500 + 4% Qtr Lag

4/1/2017 to 12/31/2020: MSCI USA Small Cap Gross

1/1/2021 to present: The portfolio weighted average of MSCI USA Small Cap Gross and S&P LSTA US Leveraged Loan 100 Index

REAL ASSETS - PAC CUSTOM BLEND is composed of:

From inception to 12/31/2020: MSCI AC World Commodity Prod Net Index.

1/1/2021 to 5/31/2024: 33.33% MSCI AC World Commodity Prod Net Index, 33.33% MSCI ACWI Infrastructure Total Return, 33.34% BBG Gbl Inf-Lk US TIPS (Dly).

6/1/2024 to present: The portfolio weighted average of MSCI AC World Commodity Prod Net, MSCI ACWI Infrastructure Total, BBG Inf-Lk US TIPS (Dly), and Short Term Custom Benchmark.

REAL ESTATE - PAC CUSTOM BLEND is composed of:

From inception to 3/31/2017: NCREIF ODCE 1 Qtr Lag (Net)

4/1/2017 to 6/30/2020: MSCI US REIT INDEX GROSS

7/1/2020 to present: NCREIF ODCE 1 QTR LAG (NET)

Core Fixed Income Custom Benchmark is composed of:

From inception 3/31/2017: BBG BARC Agg (Dly)

4/1/2017 to 11/30/2019: The portfolio weighted average of Broad Fixed Income - PAC Custom Blend, BBG BARC US Corp Int Inv Grd Idx, BBG BARC US MBS Idx, BBG Barclays US Intermediate TIPS, BBG BARC Tsy Int

12/1/2019 to present: BBG Agg (Dly)

**THE TEACHERS' RETIREMENT SYSTEM
CONSOLIDATED BALANCE SHEET
as of March 31, 2026**

	3/31/2026	3/31/2025
	AGENCY ACCOUNT	AGENCY ACCOUNT
ASSETS		
Current Assets		
Cash	1,750,605	(36,787,214)
Accounts Receivable	53,047	19,043
Interest Receivable	0	0
Total Current Assets	1,803,652	(36,768,171)
Investments		
Short-term Investment Pool	57,437,050	92,722,776
Consolidated Asset Pension Pool (net)	5,663,521,667	5,205,592,524
Security Lending Collateral	0	0
Total Investments	5,720,958,717	5,298,315,301
Other Assets		
Equipment	16,286	16,286
Accumulated Depreciation Equip	(16,286)	(16,286)
Leashold Improvements	243,881	243,881
Accumulated Dep Leasehold Imp	(217,751)	(182,910)
Intangible Assets	4,287,348	4,287,348
Accumulated Amort Intangible Assets	(4,287,348)	(4,287,348)
Intangible Right to Use Bldg	2,810,123	2,810,123
Accumulated Amort Right to Use Bldg	(785,182)	(619,880)
Total Other Assets	2,051,072	2,251,213
Deferred Outflows - Pension and OPEB	451,824	424,170
TOTAL ASSETS	5,725,265,265	5,264,222,513
LIABILITIES & FUND BAL.		
Liabilities		
Accounts Payable	50,763	59,933
Standard Lease	2,253,160	2,382,094
Uncleared Collections	1,749,754	3,021,708
Compensated Absenses	258,476	256,558
Security Lending	0	0
OPEB Implicit Rate Subsidy	89,791	54,636
Net Pension Liability - PERS	1,979,140	1,957,160
Total Liabilities	6,381,083	7,732,089
Fund Balances		
Pension Accumulation Fund	4,528,571,726	4,299,313,893
Annuity Savings Fund	888,320,822	852,553,936
Year-to-date Income/(Loss)	301,688,911	104,276,955
Adj Fund Bal	0	0
Total Fund Balance	5,718,581,459	5,256,144,785
Deferred Inflows - Pension and OPEB	302,723	345,639
TOTAL LIABILITIES & FUND BAL.	5,725,265,265	5,264,222,513

**THE TEACHERS' RETIREMENT SYSTEM
FUND BALANCE STATEMENT
as of March 31, 2026**

	3/31/2026	3/31/2025
	AGENCY ACCOUNT	AGENCY ACCOUNT
REVENUE		
Contributions	159,998,668	153,157,611
Misc Revenue	143	102
Investment Revenue	503,594,095	303,590,279
TOTAL REVENUE	663,592,905	456,747,992
EXPENSES		
Benefits Paid	351,815,618	342,106,620
Withdrawals	7,131,989	7,677,325
Admin. Exp	2,777,725	2,506,870
Depreciation Exp.	26,130	26,130
Amortization Exp.	0	0
Lease Amortization Exp.	123,976	123,976
Lease Principal & Interest	28,557	30,116
OPEB Expense	0	0
Pension Expense - PERS	0	0
TOTAL EXPENSES	361,903,994	352,471,037
REV OVER EXP	301,688,911	104,276,955
REV OVER EXP	301,688,911	104,276,955
BEG FUND BAL	5,416,892,548	5,151,867,830
Adj Fund Bal	0	0
END FUND BAL	5,718,581,459	5,256,144,785

THE TEACHERS' RETIREMENT SYSTEM
INVESTMENT REVENUE BY SOURCE & ADMINISTRATIVE EXPENSES BY TYPE
as of March 31, 2026

	3/31/2026	3/31/2025
	AGENCY ACCOUNT	AGENCY ACCOUNT
Investment Revenue:		
Short-term Investment Pool	1,868,338	2,154,749
Consolidated Asset Pension Pool		
Securities Gains/(Losses)	100,365,875	82,236,411
Investment Appreciation/(Depreciation)	401,359,883	219,199,119
Securities Lending Activity	0	0
Administrative Investment Exp.	0	0
Total Investment Rev.	503,594,095	303,590,279
Administrative Expense:		
Personal Services	1,831,760	1,629,135
Contracted Services	648,568	625,483
Supplies & Material	67,837	59,510
Communications	111,762	90,473
Travel	13,645	12,736
Rent	2,436	2,430
Repairs & Maintenance	27,921	13,327
Other Expenses	73,797	73,776
Depreciation Exp.	26,130	26,130
Amortization Exp.	0	0
Lease Amortization Exp.	123,976	123,976
Lease Interest	28,557	30,116
OPEB Expense	0	0
Pension Expense - PERS	0	0
Total Administrative Exp.	2,956,388	2,687,092

**Teachers' Retirement System
Operating Budget Status Report
as of March 31, 2026**

ACCOUNT LEVEL	ACCOUNT CATEGORY	EXPENSE FY 2025	BUDGET FY 2026	EXPENDITURE YEAR TO DATE	% BUDGET SPENT	TOTAL PROJECTED	BUDGET SURPLUS/(DEFICIT)
	PERSONAL SERVICES:						
61100	Salaries	1,759,975	2,011,027	1,365,675	67.9%	1,896,745	114,282
61300	Per Diem	4,800	8,000	3,900	48.8%	5,300	2,700
61403	Health Insurance	286,167	320,100	229,230	71.6%	303,750	16,350
61400	Benefits	299,653	338,000	234,804	69.5%	327,741	10,259
	Total Personal Services	2,350,595	2,677,127	1,833,609	68.5%	2,533,536	143,591
	OPERATING EXPENSES:						
62100	Contract Services	802,391	986,157	575,922	58.4%	908,561	77,596
62200	Supplies/Materials	72,377	84,300	67,837	80.5%	71,437	12,863
62300	Communications	131,280	132,210	111,762	84.5%	147,861	(15,651)
62400	Travel	18,379	38,000	13,645	35.9%	33,193	4,807
62500	Rent	3,241	3,500	2,436	69.6%	3,516	(16)
62700	Repairs/Maintenance	13,859	23,825	27,921	117.2%	27,921	(4,096)
62800	Other Expenses	92,973	112,666	73,797	65.5%	107,509	5,157
	Total Operating Expense	1,134,501	1,380,658	873,319	63.3%	1,299,998	80,660
62122	Audit Fees - Biennial Amount	93,304	120,000	72,647	60.5%	120,000	-
	Total Operating and Personal Services	3,578,399	4,177,785	2,779,575	66.5%	3,953,534	224,251
69501	Capital Lease	163,593	168,501	126,376	0.0%	168,501	-
	Subtotal Capital Lease	163,593	168,501	126,376	0.0%	168,501	-
	Totals	3,741,992	4,346,286	2,905,951	66.9%	4,122,035	224,251

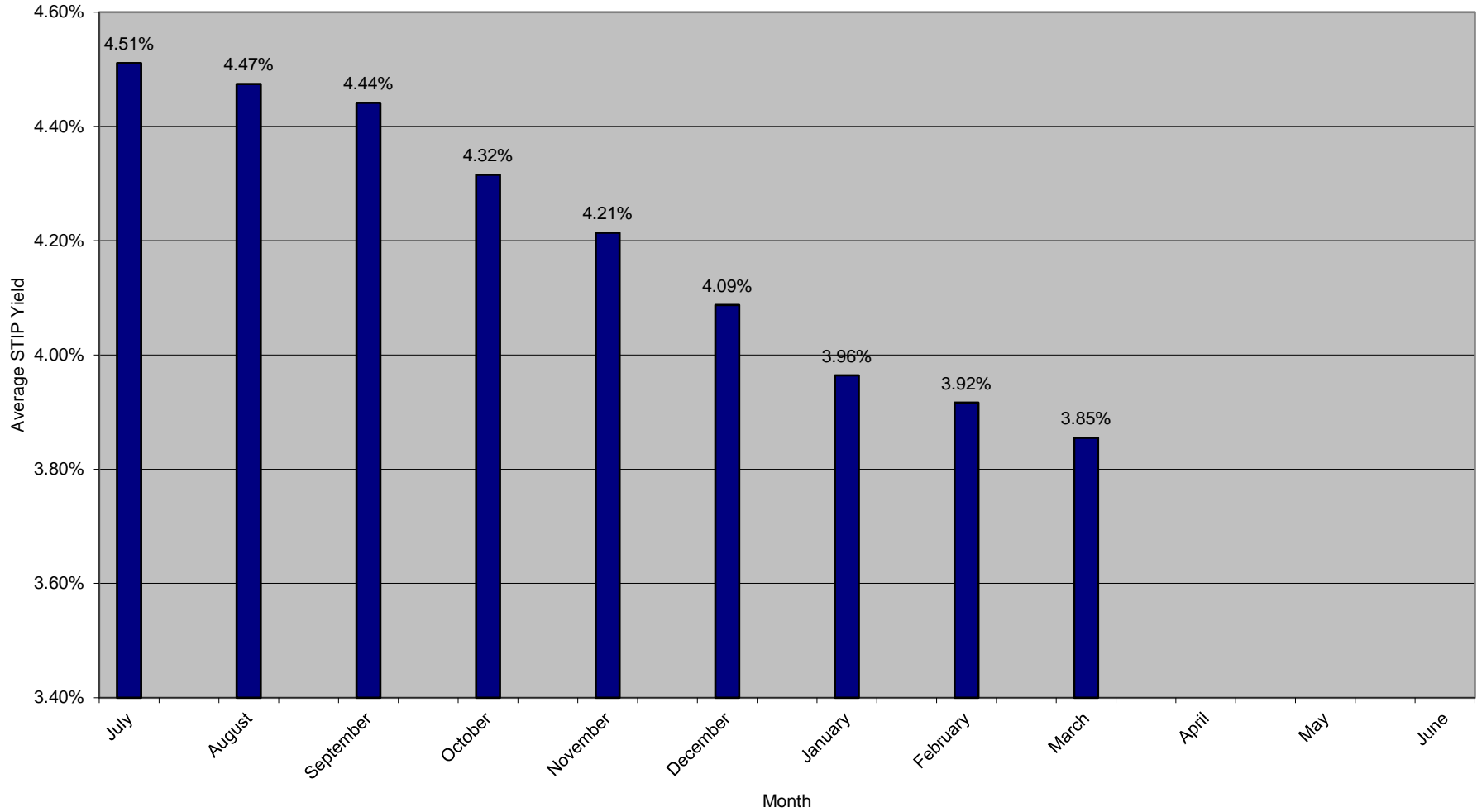
Percent of FY Complete 75%
Percent of Payroll Complete 72%

Teachers' Retirement System
Budget Analysis - Contracted Services
as of March 31, 2026

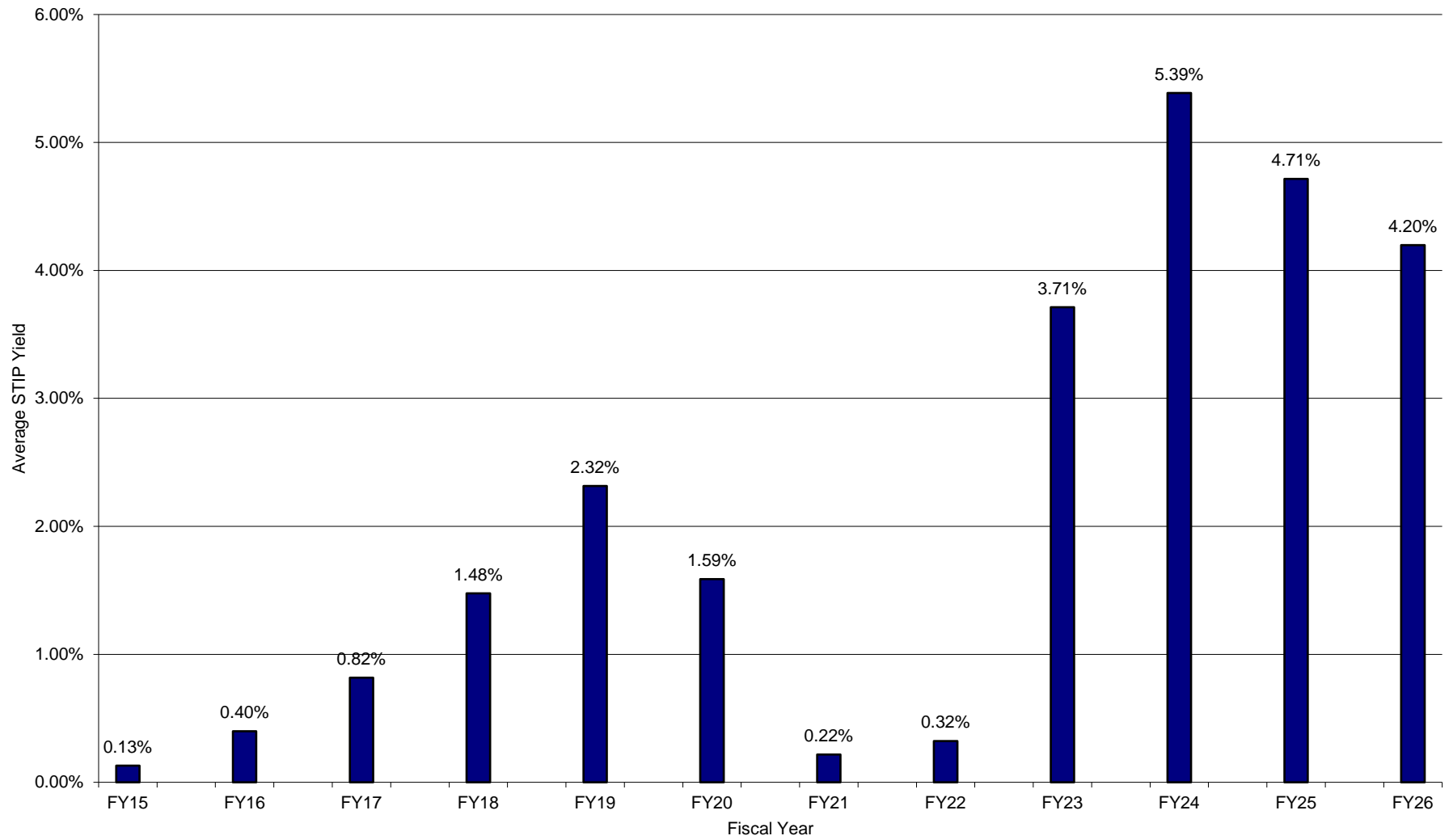
ACCOUNT CODE	ACCOUNT NAME	EXPENSE FY 2025	BUDGET FY 2026	ACTUAL EXP TO DATE	% OF BUDGET
62102	Consulting & Professional	193,841	193,550	106,160	54.8%
62104	Insurance	0	3,002	2,926	97.5%
62104A	INS & Bonds - Non fixed	276	150	0	0.0%
62108	Legal Fees/Court Costs	223	37,500	450	1.2%
62113	Warrant Writing Fees	36,081	54,381	33,853	62.3%
62114	Payroll Service Fees	5,780	6,763	6,763	100.0%
62114A	Workers Comp Mgmt	443	688	697	101.3%
62115	Photographic Services	50	50	20	40.0%
62116	Medical Services	6,259	13,000	5,530	42.5%
62136	IT Consult & Prof Servs	267,741	359,000	192,933	53.7%
62145	Food Services Expense	1,188	1,000	892	89.2%
62148	SABHRS Costs/DOA	144,919	153,756	116,714	75.9%
6215A	LinedIn Charge	0	0	171	N/A
62186A	Recycling	832	850	666	78.4%
62187	Records Storage	2,933	3,000	2,361	78.7%
62190	Printing, Pub & Graphics	49,177	50,000	36,614	73.2%
62191	Printing, Other Provider	3,221	4,000	2,321	58.0%
621B1	SITSD Storage Hosting	16,822	19,000	7,021	37.0%
621B2	SITSD Server Hosting Services	30,135	35,000	18,217	52.0%
621B4	SITSD Application Services	117	700	0	0.0%
621B5	SITSD Email	2,752	3,600	2,306	64.0%
621B8	SITSD Operations Support	8,092	6,700	0	0.0%
621B9	SITSD Database Hosting	2,386	3,500	2,279	65.1%
621C2	SITSD Application Development	1,410	2,000	8,448	N/A
621C5	SITSD Enterprise Services	27,714	31,000	26,900	86.8%
621C6	SITSD Professional Services	0	1,000	0	0.0%
621C8	SITSD Email Restore	0	1,000	0	0.0%
621D9	Public Information Requests	0	1,967	1,680	85.4%
	SUBTOTAL	802,391	986,157	575,922	58.4%
62122	Audit Fees - Current	93,304	120,000	72,647	60.5%
	TOTAL CONTRACTED SERVICES	895,695	1,106,157	648,568	58.6%

Percent of FY Complete: 75%

STIP Yield
FY2026



STIP YIELD
Average per Fiscal Year



**FY 2027 ADDENDUM TO RENEW
CONTRACT FOR TAX COUNSEL SERVICES**

This addendum is entered into by and between ICE MILLER, LLP (“Ice Miller”), and the BOARD OF THE TEACHERS’ RETIREMENT SYSTEM OF THE STATE OF MONTANA (“TRS”). This addendum amends the agreement entered into between the parties effective July 1, 2022 (“Agreement”) and is incorporated therewith. The contact information for the parties is as follows:

Audra Ferguson
ICE MILLER LLP
One American Square
Suite 2900
Indianapolis, IN 46282-0200

Montana Teachers’ Retirement Board
c/o Shawn Graham, Executive Director
Montana Teachers’ Retirement System
100 N Park Ave, Ste 110
PO Box 200139
Helena, MT 59620-0139

The Parties Agree as follows:

1. The Agreement is renewed for an additional term of one year, effective July 1, 2026 and terminating June 30, 2027.
2. Ice Miller will provide services as requested by TRS.
3. Services provided by Ice Miller will be billed and paid at the discounted rates specified in Exhibit A to this addendum.
4. Except as expressly amended by this addendum, all other terms of the Agreement remain in full force and effect.

Each person signing this addendum represents that he/she is authorized and empowered to legally bind the party he/she represents, and further acknowledges that he/she has read this addendum, understands it, and agrees to its conditions.

ICE MILLER LLP

MONTANA TEACHERS’ RETIREMENT

Audra J. Ferguson,
Legal Counsel

Shawn Graham
Executive Director

Date
/
/
/
/
/
/
/

Date

EXHIBIT A

FY 2027 TRS/Ice Miller Contract Renewal

Attorney	Current 2026 Standard Hourly Rate	2026 15% Discount
Matt Ehinger, Partner	\$975	\$828.75
Audra Ferguson, Partner	\$725	\$616.25
Nicole Giambarrese, Partner	\$730	\$620.50
Shalina Schaefer, Partner	\$675	\$573.75
Kathleen Sheil Scheidt, Partner	\$865	\$735.25
Tara Sciscoe, Senior Counsel	\$825	\$701.25
Eric Dawes, Actuary	\$915	\$777.75
Robert Gauss, Senior Counsel	\$795	\$675.75
Lisa Erb Harrison, Senior Counsel	\$755	\$641.75
Chris Sears, Senior Counsel	\$795	\$675.75
Lindsay Knowles, Of Counsel	\$565	\$480.25
Stan Prybe, Of Counsel	\$635	\$539.75
Maria Montero, Associate	\$605	\$514.25
Rachel Mattingly Phillips, Associate	\$420	\$357.00
Josh Schlake, Associate	\$535	\$454.75
Taretta Shine, Paralegal	\$415	\$352.75
Greg Wolf, Paralegal	\$415	\$352.75

Note: The standard hourly rates for these personnel are subject to change from time to time.

Statement of Work



For

Post Phase III M-Trust Continued Enhancement Project

Between: MONTANA TEACHERS' RETIREMENT SYSTEM

and: RISING STARS LLC

Prepared by: Jim Malizia, TRS Legal Counsel

Effective Date: July 1, 2026

Under Contract #:

Under Contract Name: POST PHASE III M-TRUST CONTINUED ENHANCEMENT PROJECT

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Statement of Work

1.0 Introduction

1.1 Project Title

This Statement of Work (SOW) is made and entered by and between the State of Montana, MONTANA TEACHERS' RETIREMENT SYSTEM, (State or TRS), whose address and phone number are PO BOX 200139, Helena, MT 59620-0139, and RISING STARS LLC, (Contractor), whose address and phone number are 72 Warm Springs Creek Road Clancy, MT 59634 and 406-570-2953.

This SOW incorporates by reference the terms and conditions of the Master Contract for Information Technology (IT) Services SPB15-2895 until end of term, and successor contract _____ ("Master Contract"), including any addenda, amendments, or renewals to or of that contract or any replacement master contract entered into by and between Contractor and the State of Montana. All terms of this Contract and the Master Contract apply to the services engaged under this Contract. If any term of this Contract is in irreconcilable conflict with the Master Contract, the contract term will prevail that provides the most detailed specification of the services to be provided and/or the more comprehensive protection to the State/TRS, including but not limited to protection provided under any warranty, indemnification, limitation of liability, or insurance provision.

1.2 Objectives

Contractor shall provide State with project management and test lead services related to enhancement of TRS's M-Trust pension administration system and particularly of those M-Trust functions tied to integrating member account services accessed by TRS members through TRS's online member account portal, My TRS, IT security enhancements, and IT accessibility compliance. See Section 5 for specific work requirements.

2.0 Staffing Roles and Responsibilities

2.1 Staffing

Project Manager – Contractor

The Contractor's Project Manager is:

Name: Monica Arsenault
Address: 72 Warm Springs Creek Road
City: Clancy
State & Zip: MT 59634
Phone: 406-570-2953
Cell:
Fax:
Email: monica.arsenault@yahoo.com

Project Manager – Agency

The Agency's Project Manager is:

Name: Shawn Graham
Address: PO Box 200139
City: Helena
State & Zip: MT 59620-0139
Phone: 406-444-3376
Cell:
Fax:
Email: ShawnGraham@mt.gov

2.2 Roles and Responsibilities Matrix

Contractor Staff, Roles and Responsibilities

Contractor Staff will consist solely of Monica Arsenault. Contractor will perform the roles and responsibilities broadly described in Section 1.2 Objectives as further refined and described through the project planning process over the term of this SOW.

Agency Staff, Roles and Responsibilities

Agency Staff on this project will include TRS's M-Trust project management team, consisting of the following staff positions/individuals:

- Executive Director, Shawn Graham
- Deputy Executive Director, Tammy Rau
- IT Manager, John Noble
- IT Specialist, Rex Merrick
- Technical Writer/Communications Manager, To Be Determined
- Legal Counsel, Jim Malizia

Agency Staff on this project will also include, from time to time, any TRS staff member with particular expertise related to and/or responsibility for business processes for which a system enhancement is being developed. Such TRS staff members will participate on this project, as necessary to assist with specific enhancements, including to:

- Identify and document business processes to be systematized;
- Define system requirements for communication to coders/developers;
- Verify and validate expected functionality and design of enhancement prototypes; and
- Perform final user acceptance testing.

3.0 Key Assumptions

Given that the work under this SOW follows the M-Trust Project Phases listed in this section (below) and given that all prior work was performed with the same core group of TRS staff members, system developers, and with Contractor working as the project's test lead, TRS expects that work under this SOW will continue apace.

M-Trust Project Phases:

I (pilot project); II (duplicate then-current functionality of TRS’s Pension+ pension administration system in the new M-Trust system format/environment; III (the initial, broad M-Trust enhancement phase to create new system functionality vital to bring TRS’s pension administration into the 21st century), Post-Phase III July 1, 2021, through June 30, 2023, Post-Phase III July 1, 2023, through June 30, 2026, and the Post-Phase III M-Trust Continued Enhancement Project July 1, 2026, through June 30, 2029.

4.0 Risks

The only identifiable risk to completing the work anticipated under this SOW is continued availability of the key TRS staff members and Contractors involved in the work. However, TRS views the risk to be minimal. TRS has the M-Trust system developers, Alfred Munksgard and Associates (“AMA”), under a General Maintenance and Enhancement contract that will remain in effect for the term of this SOW. TRS does not anticipate the retirement or other termination of key staff members during the term of this SOW.

In addition, the Parties understand that changes to federal and/or state law requiring expedited modification of the M-Trust system functionality may impact the anticipated timeline of the services currently anticipated under this contract.

5.0 Scope of Work

Project management services will be provided in close association with TRS staff and the M-Trust system developers, and will include but are not necessarily limited to: business process mapping; requirements gathering and documentation; establishing and managing project plans and schedules as necessary for each enhancement and for the enhancement project overall; communicating with developers to resolve issues; management of “bug” tracking and resolution; creating and maintaining primary TRS documentation of project process and results and ensuring receipt of required system/coding documentation and all other “deliverables” from system developers, preparing Deliverable Acceptance Request documents for authorization for payment for identified project deliverables for review by and signature of TRS staff required to authorize payment, and submission of monthly reports to update TRS administration regarding progress on the project plan and system enhancement development.

Test lead services will include but are not necessarily limited to developing an appropriate testing plan for each enhancement deliverable to ensure the required level of functionality in conformity with enhancement requirements and without adverse effect on other system functions (regression testing), conducting smoke testing, oversight of TRS staff in User Acceptance Testing, documentation of testing “bugs” and communication with system developers to resolve them.

Additional duties include testing and confirming the System will meet the State’s IT security as set forth in the Master Contract.

5.1 Deliverables

Contractor will create and maintain the workplan and deliverables to include the following enhancements:

- Responsive, Accessible Online Beneficiary Designation Application
- Responsive, Accessible Online Withdrawal Application
- Responsive, Accessible Online Retirement Application

Contractor will work on the system enhancements as prioritized and assigned by the M-Trust Steering Committee, consistent with the TRS Board approved strategic plan.

For each enhancement, and in cooperation with TRS staff and the developers, contractor will create deliverables consistent with the M-Trust Post Phase III Enhancements Program Management Plan, including the following:

- Project Approach Documents
- Project Schedules
- Project Requirements Documents
- Project Design Mockups
- Project Test Strategy and Test Approach Documents
- Staging and Production Checkpoint Documents
- Release Notes

Other deliverables may be added as necessary in the sole judgment of TRS to appropriately scope the work to be performed, facilitate development and implementation of system enhancements, document project progress, and collect and maintain final system coding and documentation related to each enhancement.

6.0 Work Approach

The work approach will be consistent with the approach developed and in use since M-Trust Phase III, subject to improvement and refinement as deemed appropriate to complete the enhancements between TRS, Contractor, and the system developers as thoroughly and efficiently as possible.

7.0 State Policies Standards and Computing Environment

The Montana State Policies, Standards and Computing Environment and TRS Policies are incorporated by reference into this contract. If specialty software is needed by the Contractor, the Contractor will use software provided on the State of Montana Approved Enterprise Software List when possible. If the Contractor proposes to use third party software, the proposed software must meet the requirements of the List. The List will be made available to Contractor upon request to the Procurement Officer. Contractor's failure to request the List does not release it from complying with all the requirements of the List.

8.0 Timeline and Period of Performance

The period of performance for this project will start on July 1, 2026, and the work tasks are estimated to continue through June 30, 2029. The State has the right to terminate this SOW with or without cause at its sole discretion as provided in the Master Contract.

9.0 Compensation and Payment Schedule

9.1 Hourly Rate – All Inclusive

In consideration of the services to be provided, TRS shall pay Contractor at the rate of ninety-one dollars thirty-five cents (\$91.35) per hour. It is estimated that Contractor will average approximately 22 hours of service per week during the term of the Contract. Total payments to Contractor for the term of this Contract and any renewal will not exceed \$360,000.00. The hourly rate fee represents the total cost to TRS for Contractor's services. No additional amount will be paid to Contractor for any cost or expense incurred by Contractor in the performance of service under this SOW.

9.2 Invoice Required

Contractor shall submit an invoice to TRS on or before the 5th day of each month for the services provided in the preceding month. The invoice shall include a description of the discreet services performed on a daily basis, the amount of time spent in performance of each discreet service on a daily basis, and the total amount billed for all service performed on a monthly basis.

10.0 Miscellaneous

10.1 Place of Performance

Contractor's services will be performed at the TRS offices or at the home or office of Contractor as appropriate to the specific work being performed. Contractor will attend meetings at the TRS offices as required by TRS or as necessary for the specific meeting. TRS has final authority to determine the appropriate place of performance of any of Contractor's services performed under this SOW.

10.2 Office Space, Equipment and Software

TRS will provide appropriate workspace and ancillary office equipment as necessary for Contractor's performance of services in the TRS offices. Contractor will provide her own laptop computer and basic software necessary to perform the services under this SOW. TRS will provide any specialty software necessary for Contractor's performance of services under this SOW. Specialty software provided by TRS will be made available to Contractor by access to TRS/State data systems. TRS will be responsible to obtain any licenses or other rights of use of specialty software to allow access and use by Contractor.

10.3 Security and Privacy of Confidential Information and Data Systems/Third Party Agent Agreement

Contractor acknowledges that records, information, and documentation that will be provided by the State and received by the Contractor for purposes of performing services under this SOW or that will be accessible to the Contractor by virtue of the Contractor's necessary access to TRS's or the State's data systems will include highly confidential information pertaining to TRS members and retirees. In conformity with Montana law related to confidential information and access to state data systems and the TRS policy on Privacy and Security of Personal Information / Notification of a Breach, TRS must

require and the Contractor has executed and will comply with a *Third Party Agent Agreement for Protection of Confidential Information*, which is incorporated as a material part of this SOW, whether or not designated or provided as an attachment to this SOW.

11.0 Appendices

- Appendix A: Rising Stars LLC Third Party Agent Agreement (TPAA)

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Execution/Signature Block

In Witness Whereof, the parties hereto, having read this M-Trust Enhancement PM and TL SOW to Master Contract for Information Technology (IT) Services, **Contract #:** _____ (“Master Contract”) in its entirety, do agree thereto in each and every particular.

Approved

Approved

Montana Teachers’ Retirement System

Rising Stars LLC

Signature

Signature

Print or Type Name

Print or Type Name

Title:

Title:

Date:

Date:

Approved as to Form:

Procurement Officer
State Procurement Bureau

(Date)

**BUDGET JUSTIFICATION FORM
TEACHERS' RETIREMENT BOARD
DOCUMENT NARRATIVE**

	FY 26 Budget Board Approved	FY 26 Expensed thru 3/31/2026	FY 27 Request	Percent Change From FY 25 Budget	Description
Personal Services					
Full time equivalent employees	23.0		23.0		
Salaries	1,932,000	1,365,675	1,993,000	3.16%	Includes Legislative Increases - greater of \$1.00 or 2.50% (July 2026)
Tuition Reimbursement	3,500		-		Moved to 62814
Termination payouts	-		32,000		Natalie Chamberlain retirement 12/31/26
Training Assignments	-		-		No Training Assignments
Pay Plan	75,527		26,000	1.35%	Personnel Committee proposed pay adjustments
61301 - Per Diem	8,000	3,900	8,000		5 Board Meetings, possible NCTR Meetings
Health insurance	320,100	229,230	302,000		State Share Increase from \$1,080 to \$1,107 per month on January 1, 2027
Other benefits	338,000	232,955	340,000		17.2% of Salaries
Additional Position	-		-		No New Positions in FY 2027
Total Personal Services	2,677,127	1,831,760	2,701,000	0.89%	Salary increases of 3.24% on average from Legislative Increase

Contract Services					
62102 - Consulting & Professional Services	47,000	47,000	47,000		Valuation - Actuary (FY2028 is last year of contract)
	15,000	-	25,000		Consulting/Cost Estimates - Legislative Year
	3,000	1,500	1,500		Travel - Actuary (No experience study travel in FY 2027)
	40,100	13,478	-		Experience Study - Every 4 yrs. (last one in FY26) for years FY21-FY25 (next in FY 2030)
	18,400	18,400	18,400		GASB 67 - Actuary
	40,100	15,060	40,100		GASB 68 - Actuary
	-	-	4,600		MUS Valuation - Actuary - Every other year - Odd years
	-	-	-		Peer Review - Full Audit - Every 5 yrs. (last one in FY25) Valuation 7/1/24 (next in FY30)
	13,500	-	13,500		PBI - Death Search Service - Annual CertiDeath Service
	4,000	2,334	4,000		PBI - Address Search Service
	5,000	2,314	-		Twilio SMS Services and SendGrid Services going away for ID.me
			5,000		USPS Paywall - Estimate

**BUDGET JUSTIFICATION FORM
TEACHERS' RETIREMENT BOARD
DOCUMENT NARRATIVE**

	FY 26 Budget Board Approved	FY 26 Expensed thru 3/31/2026	FY 27 Request	Percent Change From FY 25 Budget	Description
	-	-	2,500		508 Compliance - 508 Docs Inc. - Darla Quote for ACFR \$2,037
	6,000	5,801	2,500		CMS - HR Consulting - E.D. Evaluation (Substantial Strategic Planning Every 2 years, Next in FY 2028 ~ \$5k)
	500	274	500		Shredding Service/ Box Pickup
	950		-		Atlassian Pty Ltd - JIRA Server - Moved back to 62750
62104 - Insurance	3,002	2,926	2,906		Fixed
62104A - Insurance & Bonds - Non-Fixed cost	150	-	150		Notary Bonds
62108 - Legal Fees & Court Costs	12,500	450	12,500		Drake Law Firm - 2 Cases per year
	25,000	-	25,000		Ice Miller
62113 - Warrant Writing Fees	54,381	33,853	54,381		Fixed
62114 - Payroll Service Fees	6,763	6,763	7,085		Fixed
62114A - Workers Comp Management	688	697	685		Fixed
62115 - Photographic Services	50	20	50		ID Badges
62116 - Medical Services	13,000	5,530	13,000		Medical Evaluations - MMRO
62136 - System Development	144,000	108,000	144,000		Fixed fee - Alfred - Through June 30, 2028
	120,000	84,933	120,000		Rising Star Inc. - M-Trust Project Management / Testing-Through June 30, 2029
	95,000	-	95,000		M-Trust enhancement development AMA
62145- Food Services	1,000	892	1,000		Board Lunch with staff, X-Mas luncheon
62148 - SABHRS Operation Costs	153,756	116,714	157,442		Fixed
6215A - LinkedIn Charge	-	171	275		Fixed
62186A - Recycling	850	666	1,000		Fixed

**BUDGET JUSTIFICATION FORM
TEACHERS' RETIREMENT BOARD
DOCUMENT NARRATIVE**

	FY 26 Budget Board Approved	FY 26 Expensed thru 3/31/2026	FY 27 Request	Percent Change From FY 25 Budget	Description
62187 - Records Storage	3,000	2,361	3,600		Based on Stored Records/Boxes
62190 - Printing/Publications & Graphics	50,000	36,614	45,000		Annual report, Monthly letters and forms, statements. (Newsletter eliminated).
62191 - Printing/Other Provider	4,000	2,321	4,000		HomeTown Leasing - Office Printers
621B1 - SITSD Storage Hosting	19,000	7,021	11,000		DOA - SITSD - Backup service, Live Storage
621B2 - SITSD Server Hosting Services	35,000	18,217	41,000		DOA - SITSD - Virtual Server, VDI as a Service
621B4 - SITSD Application Services	700	-	-		DOA - SITSD - RSA Soft Token 7 tokens expiring 3/2026
621B5 - SITSD Email	3,600	2,306	3,500		DOA - SITSD - O365 PSTN, O365 Rate
621B8 - SITSD Operations Support	6,700	-	-		DOA - SITSD - SCCM Service - Tanium
621B9 - SITSD Database Hosting	3,500	2,279	3,500		DOA - SITSD - Database Hosting - SQL Licensing
621C2 - ITSD Application Development	2,000	8,448	-		DOA - SITSD - Public website development
621C5 - SITSD Enterprise Services	31,000	26,900	40,500		DOA - SITSD - Cybersecurity Rate, Enterprise Services Allocation
621C6 - SITSD Professional Services	1,000	-	1,000		DOA - SITSD
621C8 - SITSD Email Restore	1,000	-	1,000		DOA - SITSD
621D9 - Public Information Requests	1,967	1,680	2,364		Fixed Cost
Total Contract Services	986,157	575,922	955,538	-3.10%	

Supplies/Materials.					
62205 - Food	750	352	750		Includes Costco Supplies & Board Treats
62218 - Carpentry	-	-	-		

**BUDGET JUSTIFICATION FORM
TEACHERS' RETIREMENT BOARD
DOCUMENT NARRATIVE**

	FY 26 Budget Board Approved	FY 26 Expensed thru 3/31/2026	FY 27 Request	Percent Change From FY 25 Budget	Description
62225 - Books and Reference Materials	300	318	350		
62232 - Safety Supplies	250	224	350		
62236 - Office Supplies / E-Market	8,000	6,102	9,000		Printer Cartridges, Paper, Office Supplies
62238 - Minor Equipment	6,000	-	6,000		Desks, Chairs, Office Equipment
62241 - Office Supplies / Minor Equip	3,500	1,396	3,500		Amazon Supplies, Water
62245 - Computer Hardware	7,500	2,408	7,700		5 laptops, monitors, 2 printers, battery backup units and batteries
62249 - Computer Software	3,000	-	3,000		Misc. Software
622B1 - Asset Broker	55,000	57,037	90,175		DOA - SITSD - Adobe Direct Pass Through, ESPER License Agreement, Hyland Pass Through, ID.me Pass Through, Microsoft Enterprise Agreement, ServiceNow Enterprise Agreement, Tanium EA
Total Supplies/Materials	84,300	67,837	120,825	43.33%	

Communications					
62304 - Postage & Mailing	90,000	83,729	75,000		Monthly Letters and Forms, etc. (Newsletters eliminated)
62307 - Messenger Services	3,460	3,465	3,460		Fixed
62319 - Cellular Phones	200	-	200		Active Membership - Internet Access for seminars
623B0 - SITSD Voice Services	7,800	5,247	8,000		DOA - SITSD - Additional Line, VoIP Phone Service
623B1 - SITSD Video Services	750	466	750		DOA - SITSD - Video Conference Pro License
623B2 - SITSD Network Services	27,000	17,440	27,000		DOA - SITSD - Helena Campus Network Access, Remote Network Access, VPN Client

**BUDGET JUSTIFICATION FORM
TEACHERS' RETIREMENT BOARD
DOCUMENT NARRATIVE**

	FY 26 Budget Board Approved	FY 26 Expensed thru 3/31/2026	FY 27 Request	Percent Change From FY 25 Budget	Description
623B4 - SITS Long Distance	3,000	1,416	3,000		DOA - SITS
Total Communications	132,210	111,762	117,410	-11.19%	

Travel					
Employee Travel - In State	5,000	295	2,500		in-state (Every other year E.D. travel to MASS next in FY 2028)
Employee Travel - Out of State	16,000	3,143	16,000		out-of-state
Board Member Travel	17,000	10,207	19,500		Trustee Workshop (2) Annual Conference (2) (\$3,000/each) Includes \$7,500 for normal board meeting (travel and lodging)
Total Travel	38,000	13,645	38,000	0.00%	

Rent					
62519 - Photocopy Equipment	3,500	2,436	3,750		Office Printer/Copier Rent -2
Total Rent	3,500	2,436	3,750	7.14%	

Repairs/Maintenance					
62750 - Software Maintenance					
	8,500	7,552	20,000		Adobe – Cold Fusion - One time \$9,750 additional license cost and annual maintenance for two licenses \$10,250
	9,500	9,120	10,000		Gurock - Test Rails Support
	-	875	965		Atlassian Pty Ltd - JIRA Server
	1,300	1,206	1,350		Active PDF - DocConverter
		7,137	-		DocuSign - Going away for ID.me
	75		95		Domain.com - domain name registration (3) and Email hosting
	300	307	-		SSL Certificate for trs.mt.gov (3-year certificate) - Last FY2025
	500		500		SurveyMonkey
	300	75	300		Techsmith - Camtasia/Snagit Government Bundle
	1,200	1,148	1,200		Vyond Premium single-user plan - Go Animate
	50		50		The Noun Project

**BUDGET JUSTIFICATION FORM
TEACHERS' RETIREMENT BOARD
DOCUMENT NARRATIVE**

	FY 26 Budget Board Approved	FY 26 Expensed thru 3/31/2026	FY 27 Request	Percent Change From FY 25 Budget	Description
	50		50		Shutterstock.com 5-image license - Freepick
	300		-		Canva - Going away
	750	500	750		Lexis - RMTD - Jim
62777 - Carpentry Repairs	1,000	-	1,000		
Total Repairs/Maintenance	23,825	27,921	36,260	52.19%	

Other Expenses					
62801 - Dues	9,000	9,445	11,000		Membership Dues
62802 - Subscriptions	300	-	300		Montana Law Week
62807B Notary Application Fees	100	95	100		
62809 - Education/Training Costs	-	129	-		
62809B Enterprise Learning	1,115	685	1,115		Fixed Cost
62814 - Tuition	-	1,275	3,500		One Employee Max \$3,500
62817 - Meetings and Conference Costs	14,500	6,339	14,500		Staff and Board Registration Fees for Conferences
62876 - Education/Training IT Staff	4,000	-	4,000		No planned trainings
62822 - Freight & Express	100	-	100		FedEx
62827 - Indirect/Admin Costs	30,360	22,440	30,360		Fixed Cost
62878 - Parking Fees	8,721	-	9,600		Nine Spaces - City Parking Commission \$969 each in 2026 - 10% possible increase
62888 - Statewide Cost Allocation Plan	44,470	33,388	44,470		Fixed Cost
Total Other Expenses	112,666	73,797	119,045	5.66%	

**BUDGET JUSTIFICATION FORM
TEACHERS' RETIREMENT BOARD
DOCUMENT NARRATIVE**

	FY 26 Budget Board Approved	FY 26 Expensed thru 3/31/2026	FY 27 Request	Percent Change From FY 25 Budget	Description
Audit Fees					
62122 - Fixed Cost - Financial audit	100,000	70,352	103,888		\$174,240 for 26/27 biennium
62122 - Fixed Cost - GASB 68 Audit	20,000	2,294	28,206		\$30,500 for 26/27 biennium - GASB 67 & 68
Capital Lease					
69000 - Capital Assets	168,501	126,376	173,556		Fixed Lease Contract 3% inflater
Total Operating	1,669,159	1,072,341	1,696,477	1.64%	
Total Administrative Expenses	4,346,286	2,904,101	4,397,477	1.18%	

Retirement Benefits Paid FY 2025	458,959,746
Admin Expenses FY 2025	3,671,746
Admin Expenses as Percent of Benefits FY 2025	0.8000%

* Admin Expenses may not exceed 1.5% of Benefits Paid

V. Executive Director's Report

Discussion Items

A. 2027 Legislative Concepts – Two legislative concept/placeholders were submitted to the Governor's Office of Budget and Program Planning on May 5, 2026. These are simply "concepts" at this time; no actual bill drafts have been provided. TRS staff will present our bill drafts to the TRS Board at the August meeting where we will discuss and finalize legislation for the 2027 Legislative Session. The two concepts submitted are summarized as follows:

Working Retiree 610501-001 – This is a placeholder to extend the sunset date on the 49% allowable earnings limitation working retirees.

Current law (19-20-731, MCA) allows a TRS working retiree to earn up to the greater of 49% of the sum of their average final compensation at the time of retirement or 49% of the median of the average final compensation for members that retired the preceding fiscal year. For the current year, this means that the minimum amount a working retiree can earn in a TRS reportable position without impacting their monthly retirement benefit is \$33,497.99.

The 49% allowable earnings limitation will sunset on June 30, 2027 and will revert back to the 1/3 allowable earnings limitation that was in effect prior to the 2023 legislative session. The TRS Board proposed this change in HB 117 during the 2023 session based on feedback we received from School Administrators of Montana, Montana School Boards Association, Montana Rural Education Association and the Montana Association of School Superintendents about the difficulty they are having hiring non-retired teachers to fully staff their schools. The TRS Board initially requested a six year sunset on the provision and the legislature reduced the sunset to four years so we could monitor retirement patterns to ensure it did not harm the system. The 49% allowable earnings limitation has not harmed the system and does not violate IRS tax code so staff recommends that we extend the sunset on the 49% allowable earnings limitation on working retirees for six more years so that it sunsets June 30, 2033.

University Supplemental Contribution Rate Increase 610501-002 – Section 19-20-621, MCA, requires each employer within the university system with employees participating in the MUS-Retirement Plan to contribute to TRS a supplemental employer contribution sufficient to amortize, by July 1, 2033, the past service liability of the teachers' retirement system for the university system members who do not participate in TRS. The law also requires that the supplemental rate be periodically reviewed and updated. Based on the 2024 valuation of the university supplemental rate, the current rate needs to be increase from 4.72% to 14.21%; however, the actual rate required will not be known until after the July 1, 2026 valuation has been completed.

B. Executive Summary

1. MASS Meetings – The status of my 2026 MASS meeting attendance is as follows:

Feb 5 th	Northcentral MASS in Great Falls - Completed
Mar 4 th	Southcentral MASS in Billings - Completed
Mar 11 th	Northwest MASS in Kalispell – Completed (Dan Chamberlin)
Apr 1 st	Northeast MASS in Sidney - Completed
Apr 2 nd	Hi-Line MASS in Havre – Completed
Apr 8 th	Southeast MASS in Miles City - Completed
Apr 14 th	Central MASS in Lewistown – Completed
Apr 15 th	4 Rivers MASS in Manhattan – Completed
May 6 th	Western MASS in Missoula

Some observations from my meetings include: Central, Hi-Line, Northeast and Southeast regions are embracing the grow-your-own teacher strategy through emergency authorizations of Paras and/or residency programs where they use student teachers and pay them a partial contract. All geographical regions of the State are struggling to recruit and fill specialist positions. Many of them utilize independent contractors to provide specialist services such as school psychologists, speech/language pathologists, physical therapists and occupational therapists which comports with the independent contractor forms we receive at TRS for establishing independent contractor status. Every region relies on working retirees to help fill staffing holes and they seem satisfied with the 120 calendar break in service and the 49% allowable earnings limit. I let them know that we plan to bring legislation to extend the sunset on the 49% allowable earnings provision which will expire June 30, 2027.

Every region appreciates TRS taking the time to come out and meet with them in person and our willingness to work with them on staffing issues. Their appreciation makes the 3,500 miles logged in a state motor pool car worth the effort.

2. Staff Update – Darla Fitzpatrick's last day with TRS was May 1st. The job positing is ready to go and we will start advertising the vacancy relatively soon.

3. Accounting Team Introductions – Nolan Brilz will introduce the accounting team which in addition to himself, consists of our Internal Auditor (Chris Fish) and two Accountants (Christian Ward and Ali Holland). Each member of the team will tell you a little bit about themselves and their primary duties at TRS. We want these team introductions to be interactive so the Board should feel free to ask questions or make comments as you see fit.

C. Public Comment - This is an opportunity for any member of the public to comment on the Executive Director's report.

VI. Legal Counsel's Report

Information Items **A. Legal Update** – Jim Malizia will provide a verbal report on pending cases and recent legal issues.

B. Ice Miller Plan Document Compliance Review – Jim Malizia will walk the board through the highlights of the attached Ice Miller Compliance Report. I'm happy to share that Ice Miller found that TRS has been timely amended to comply with the necessary changes in order to be tax qualified under Code 401(a) and that no additional amendments are required at this time.

March 17, 2026

WRITER'S DIRECT NUMBER: 317- 236-2249
EMAIL: Audra.Ferguson@icemiller.comWRITER'S DIRECT NUMBER: 317-236-2350
EMAIL: Lindsay.Knowles@icemiller.com**Via electronic mail**Shawn Graham
Executive Director
Montana Teachers' Retirement System***RE: 2026 Plan Document Compliance Report for the Montana Teachers' Retirement System***

Dear Shawn,

This Report reviews the Montana Teachers' Retirement System ("Plan") to determine whether the Plan has been timely amended for all relevant changes as required by the Internal Revenue Code ("Code") since the date of the Plan's last Internal Revenue Service ("IRS") favorable determination letter and to provide the Plan with a comprehensive written report on the Plan document.

Our analysis considers that the Plan is a defined benefit plan. On April 23, 2014, the IRS issued a favorable determination letter regarding the Plan's status as a qualified plan under Code § 401(a).

As part of this Report, we disclose that we have served as employee benefits counsel for the Plan since at least 1997. During this period, we have drafted or advised in the drafting of Plan documents and amendments. The review contained in this Report is a document review only. We were not asked to, and did not, perform any review of the actual operations of the Plan's application of its terms. As we know you are aware, failure to follow IRS requirements or the terms of the Plan in operation could adversely impact the Plan's qualified status.

Effective January 1, 2017, the IRS eliminated the staggered five-year remedial amendment cycle system for individually designed qualified retirement plans (*see* Rev. Proc. 2016-37). Since then, the IRS no longer accepts applications for determination letters based on this cycle system. Generally, under the current determination letter program, a plan sponsor with a qualified plan that has received a favorable determination letter can continue to rely on that letter for any plan provision until the provision is amended or affected by a change in law.

I. DOCUMENTS REVIEWED

We reviewed the following documents in preparing this Report:

- The Plan as set forth in Montana Code Annotated ("MCA") § 19-20-101, *et seq.* and Administrative Rules of Montana ("ARM") § 2.44.101, *et seq.*;

- The Plan’s April 23, 2014 IRS Determination Letter, which considered the 2012 Cumulative List.
- Our prior compliance review dated July 27, 2020.
- The following amendments to the Plan:
 - HB 88 (2021)
 - HB 117 (2023)
 - HB 67 (2025)
 - HB 158 (2025)
 - HB 349 (2025)
 - HB 359 (2025)
 - AMD, 2025 MAR, 2025-107, Eff. 10/25/2025 (administrative rule amendment)

II. IRS GUIDANCE CONSIDERED

This Report reviews the documents outlined in Section I, taking into account the following IRS guidance:

- IRS Notice 2025-60, 2025 Required Amendments List
- IRS Notice 2024-82, 2024 Required Amendments List
- IRS Notice 2023-79, 2023 Required Amendments List;
- IRS Notice 2022-62, 2022 Required Amendments List;
- IRS Notice 2022-30;
- IRS Notice 2021-64, 2021 Required Amendments List;
- IRS Notice 2020-83, 2020 Required Amendments List; and
- Operational Compliance Lists for 2021-2022, last updated by the IRS in February 2023.

Conclusions are shown in **bold red** throughout this Report.

III. REQUIRED AMENDMENTS LISTS

A. Background

In compliance with the IRS’s intention to annually publish a “required amendments list” that generally applies to changes in qualification requirements, as provided in Rev. Proc. 2016-37, the IRS has published Required Amendments Lists (“RA List”) for changes in qualification requirements that first became effective during the 2019-2024 calendar years. The RA List is an

annual list of statutory and administrative changes in retirement plan qualification requirements. A change generally will not be included on the RA List until guidance with respect to that change has been provided in regulations or other IRS guidance. However, a change in qualification may be included on the RA List if the Treasury Department or IRS does not anticipate that any guidance will be issued with respect to that change.

The RA List also establishes an amendment deadline for individually designed plans:

2022	Notice 2022-62	December 31, 2024
2023	Notice 2023-79	December 31, 2025
2024	Notice 2024-82	December 31, 2026
2025	Notice 2025-60	December 31, 2027

However, the amendment deadline for governmental plans is extended to the later of: (i) the last day of the second calendar year that begins after the issuance of the RA List or (ii) 90 days after the close of the third regular legislative session of the legislative body with authority to amend the plan that begins on or after the date of issuance of the RA List. Rev. Proc. 2022-40 § 5.03(2)(c).

B. Review and Conclusions

RA Lists are divided into Parts A, B and C. Part A covers the qualification requirement changes generally requiring an amendment to most plans or to most plans of the type affected by the change. Part B covers other qualification requirement changes for which an amendment may be required. Part C includes changes in requirements that relate to optional plan provisions previously adopted. For example, changes in requirements included in section L of Notice 2024-2 relating to the treatment of employer contributions or nonelective contributions as Roth contributions under section 604 of the SECURE 2.0 Act are included in Part C. This placement is because plans are not required to include terms providing for that Roth treatment (so that section 604 of the SECURE 2.0 Act will not be listed on any RA List), but plans that were amended to provide for the treatment of employer contributions as Roth contributions prior to the release of section L of Notice 2024-2 are required to comply with administrative guidance relating to that treatment.

Importantly, the RA List does not include:

- Guidance issued or legislation enacted after the list has been prepared;
- Changes in requirements that cannot reasonably be reflected in plan language without guidance and with respect to which the Treasury Department and the IRS expect to issue guidance that would be included on an RA List issued in a future year;
- Changes in requirements that permit (but do not require) optional plan provisions, in contrast to changes in requirements that cause existing plan provisions (which may include optional plan provisions previously adopted) to become disqualifying provisions;¹ or

¹ The remedial amendment period and plan amendment deadline for discretionary changes to the terms of an individually designed qualified plan are governed by sections 5.03(1)(b), 5.03(2)(b), and 6.02 of Rev. Proc. 2022-40. These deadlines for discretionary changes are not affected by the inclusion of a change in requirements on an RA List.

- Changes in the tax laws affecting qualified individually designed plans that do not change the requirements (e.g., such as changes to the tax treatment of plan distributions).

See Notice 2025-60, Part IV.

CONCLUSION: The 2021-2023 RA Lists did not include any items applicable to a governmental qualified defined benefit plan.

C. 2024 RA List

Parts A and B of the 2024 RA List did not include any items applicable to a governmental qualified defined benefit plan. The Chart below discusses the items in Part C (changes in requirements that relate to optional plan provisions previously adopted) that could apply to a governmental qualified defined benefit plan.

Guidance	Details	Ice Miller Conclusion
Transition Relief and Guidance Relating to Certain Required Minimum Distributions, Notice 2023-54	<ul style="list-style-type: none"> • Individuals born in 1951, who turn 72 in 2023, now have an RBD of April 1, 2025, instead of April 1, 2024. Accordingly, these individuals have no RMD due for 2023. • Relief for 2023 distributions to individuals turning 72 in 2023 that may have been incorrectly treated as RMDs (and therefore ineligible for rollover). For such distributions, a plan will not be treated as violating rollover rules if it fails to treat such distributions as eligible rollover distributions. 	RMDs are discussed in detail below.
Certain Required Minimum Distributions for 2024, Notice 2024-35	Individuals born in 1951 have an RBD of April 1, 2025 and have no RMDs due for 2023 or 2024.	RMDs are discussed in detail below.
Miscellaneous Changes Under the SECURE Act and	Section 104 of the Miners Act reduces the minimum age for allowable in-service distributions to	Several provisions of TRS allows certain retired members to be reemployed without losing

Guidance	Details	Ice Miller Conclusion
the Miners Act, Notice 2020-68	age 59½. Section F of Notice 2020-68 provides guidance on this optional provision.	retirement benefits, provided they meet specific criteria. Under MCA § 19-20-810(3)(a) and (b), TRS prohibits prearranged agreements for post-retirement service unless the member has attained normal retirement age (age 60) at the time of termination of employment. Thus, a member who is age 60 or older at termination may enter into a prearranged agreement to return to work for the pre-retirement employer after completing the required 120-calendar-day break in service. Otherwise, the Plan does not provide for in-service distributions. <i>See</i> MCA § 19-20-212(3).

CONCLUSION: Based upon the items included in the 2024 RA List, there are no required amendments for the Plan.

D. 2025 RA List

Part A. This section identifies changes in federal law that will generally require most retirement plans to adopt formal plan amendments.

1. Modification of RMD rules. Sections 114 and 401 of the SECURE Act amended Code § 401(a)(9) regarding RMDs. The SECURE Act increased the age at which participants must begin taking RMDs, thereby delaying the required beginning date. The SECURE Act also eliminates the ability for many beneficiaries to “stretch” RMDs over their lifetime. Instead, most designated beneficiaries must distribute the entire account within ten years. Certain “eligible designated beneficiaries” (for example, surviving spouses, minor children of the participant, disabled or chronically ill beneficiaries, and beneficiaries not more than ten years younger than the participant) may still use life-expectancy-based payout rules.

CONCLUSION: The TRS provisions governing RMDs are found at: MCA §§ 19-20-703 and 19-20-1003 and the ARM 2.44.702 – 706. MCA § 19-20-703 has been amended as required for the RMD age increase. Generally, the changes regarding the “stretch” and “eligible designated

beneficiaries” and post-death distribution rules are not applicable to governmental defined benefit plan.

2. Final RMD Regulations (89 Fed. Reg. 58886) - These regulations include updates to reflect the SECURE Act amendments to section 401(a)(9) and incorporate additional changes made by the SECURE 2.0 Act relating to RMD age increases and post-death distribution rules. Specifically,
 - The Final Regulations continue to provide that governmental plans will be treated as complying with Code Section 401(a)(9) if the plan adheres to “a *reasonable, good faith interpretation of section 401(a)(9)*.”
 - The Final Regulations include that the applicable age for an employee’s required beginning date is:
 - 70½ for people born before July 1, 1949
 - 72 for individuals born on or after July 1, 1949, and before January 1, 1951
 - 73 for individuals born on or after January 1, 1951, and before January 1, 1959
 - 75 for individuals born on or after January 1, 1960

Individuals born in 1959 are addressed in the Proposed Regulations (discussed below).

However, a plan can optionally provide a uniform required beginning date of April 1 of the calendar year after the employee reaches age 70½ regardless of the employee’s date of birth.

The Final Regulations also:

- Incorporate the special rules for surviving spouse beneficiaries under SECURE 2.0, allowing a surviving spouse to elect to be treated as the participant for RMD purposes. The Proposed Regulations provide more guidance on this rule (discussed below).
- Clarify that distributions under Code Section 402(l) (distributions for eligible retired public safety officers to pay health insurance premiums) count towards the individual’s RMD for the applicable year.
- State that if a plan is maintained by more than one employer, an employee who retires from employment with any of those employers but continues to be employed by another participating employer is not treated as having retired for RMD purposes.
- Confirm that the excise tax under Code Section 4974 for late RMDs is reduced from 50% to 25% for taxable years beginning after December 29, 2022. The excise

tax is further reduced to 10% if a corrective distribution is made within a specific correction window.

The Proposed Regulations address certain provisions under SECURE 2.0 that were reserved under the Final Regulations.

- **Corrective Distributions and Excise Taxes:** Supplementing the provisions in the Final Regulations regarding reduced excise taxes for late RMDs, the Proposed Regulations state that a corrective distribution for a late RMD from a prior year (eligible for a reduced excise tax from 25% to 10% under Code Section 4974) does not count toward the RMD for the year in which the corrective distribution is made.
- **Employees Born in 1959:** Under Section 107 of SECURE 2.0 it was unclear whether the applicable age for RMDs for persons born in 1959 was age 73 or age 75. Under the Proposed Regulations, the applicable age for an individual born in 1959 would be age 73.
- **Spousal Elections:** Under Section 327 of SECURE 2.0, and as addressed in the Final Regulations, if a surviving spouse is the sole designated beneficiary and the employee dies before their required beginning date, the surviving spouse may elect to be treated as the employee for RMD purposes from a defined contribution plan. The Proposed Regulations create rules for such spousal elections and provide an updated Uniform Lifetime Table for calculating RMDs. The Proposed Regulations also request comments on how Section 327 of SECURE 2.0 could apply to a defined benefit plan.
- **Distributions to Trust Beneficiaries:** The Proposed Regulations establish that, in certain cases, the RMD rules would be applied separately to multiple beneficiaries of a see-through trust.

CONCLUSION: The TRS provisions governing RMDs are found at: MCA §§ 19-20-703 and 19-20-1003 and the ARM 2.44.702 – 706. MCA § 19-20-703 has been amended as required for the RMD age increase. ARM 2.44.702 – 706 incorporates the good faith interpretation standard. **No amendments to the Plan are required.**

Parts B and C of the 2025 RA List did not include any items applicable to a governmental qualified defined benefit plan.

The RA Lists indicate that any annual, monthly, or other periodic changes mentioned below are automatically included in the RA List for the year they become effective, even if not directly referenced. Therefore, we reviewed the relevant provisions of the Plan to ensure that its terms do not need to be amended to incorporate these additional changes.

1. Dollar limits adjusted for cost-of-living increases provided under Code § 415(d) - The language in the Plan document provides that the Code §§ 401(a)(17) and 415 dollar limits are adjusted each calendar year. *MCA § 19-20-715; Mont. Admin. R. 2.44.529(2).*

2. Spot segment rates used in determining the applicable interest rate under Code § 417(e) and Applicable mortality tables under Code § 417(e) - If the benefit form is not a straight life or qualified joint and survivor annuity, *Mont. Admin. R. 2.44.529(3)* requires either a reduction of the section 415(b) limit at the annuity starting date or an adjustment to an actuarially equivalent straight life annuity using the 417(e) assumptions and mortality tables.

CONCLUSION: Based upon the items included in the 2025 RA List, there are no required amendments for the Plan.

IV. IRS OPERATIONAL COMPLIANCE LIST

A. Background

The IRS Operational Compliance List (OC List), provided under Rev. Proc. 2022-40, § 8, assists plan sponsors in achieving *operational* compliance. The OC List identifies matters that may involve plan amendments or guidance affecting daily plan operations. The IRS updates the OC List periodically and, since 2020, includes the month new items are added. Additionally, since 2020, the IRS no longer updates listings for prior years unless new legislation or IRS guidance is retroactively effective. The OC List is not exhaustive of all IRS legislation or guidance issued for a year, and items typically appear after they become effective. However, to remain qualified, a plan must comply *operationally* with each relevant qualification requirement from the effective date of the change, even if the latest OC List does not include the requirement.

The OC List is available exclusively online and includes items effective from 2016 through the IRS's latest update in February 2023. See www.irs.gov/retirement-plans/operational-compliance-list (Page Last Reviewed or Updated by IRS: August 26, 2025). This Report reviews whether the Plan document complies with the relevant items on the OC Lists for governmental defined benefit plans.

B. Review and Conclusions

Effective in 2022

1. Final Regulations Relating to Updated Life Expectancy and Distribution Period Tables Used for Purposes of Determining RMDs (85 Fed. Reg. 72472). These regulations provide guidance relating to the life expectancy and distribution period tables that are used to calculate required minimum distributions from qualified retirement plans. The final regulations apply to distribution calendar years (as defined in Treasury Regs. § 1.401(a)(9)-5, Q&A-1(b)), beginning on or after January 1, 2022.

CONCLUSION: No amendment to the Plan is required but the Plan should ensure it using the correct tables.

2. Proposed Regulations Relating to RMDs (87 Fed. Reg. 15907). The proposed regulations under Code § 401(a)(9) provide guidance related to the increased RMD age and the ability of designated beneficiaries to take distributions over their life expectancies. In addition, the proposed regulations seek to clarify certain issues related to trusts named as beneficiaries and determining when a beneficiary is identifiable for purposes of Code § 401(a)(9). **Note:** On July

19, 2024, the IRS issued Final and Proposed Regulations, updating the RMD rules for the SECURE Act and SECURE 2.0.

3. Guidance Relating to Certain Required Minimum Distributions (“RMD”) for 2021 and 2022 (Notice 2022-53). This notice provided relief for 2021 and 2022 RMD payments for certain beneficiaries subject to the 10-year rule.

CONCLUSION: Based on the items in the 2022 Operational Lists, no Plan amendments are required to maintain the Plan’s qualified status.

V. SECURE 2.0 CHANGES

The “SECURE 2.0 Act of 2022,” signed into law on December 29, 2022, as part of the Consolidated Appropriations Act 2023, introduces several provisions that impact the Plan. Notice 2024-2 states that a governmental plan has until **December 31, 2029** to amend its plan document. However, the Plan must be operated in compliance with legally required changes effective on various dates, as well as any discretionary changes adopted by the Plan before those dates. Relevant to governmental defined benefit plans, SECURE 2.0 included the following provisions:

A. Required Changes

The changes required by SECURE 2.0 are addressed in in 2025 RA List, discussed above.

B. Optional Changes

Expansion of QDRO rules to tribal domestic relations orders (§339). The definition of a Qualified Domestic Relations Order (QDRO) has been expanded to include orders issued by tribal governments. Previously, QDROs were required to be made pursuant to state domestic relations laws. This change means that domestic relations orders issued by or under the laws of tribal governments (including their subdivisions, agencies, or instrumentalities) can now be recognized as QDROs.

CONCLUSION: This is an optional change. MCA § 19-20-305 states as follows:

“family law order” means a certified copy of an order of *a court with competent jurisdiction*, on a form prescribed and provided by the retirement system, concerning spousal maintenance or marital property rights that includes a transfer of all or a portion of a participant’s right to payments from the retirement system to an alternate payee in compliance with this section

MCA § 19-20-305 references “a court of competent jurisdiction.” As such, and based on *Montana v. United States*, 450 U.S. 544 (1981), assuming the tribal court had proper jurisdiction, then MCA § 19-20-305 will apply to tribal domestic relations orders.

C. Changes That Do Not Require Amendment

1. **Qualified federal disaster recovery (§331)**. Congress has provided automatic favorable tax treatment to distributions and loans from retirement plans related to qualified federally declared disasters, effective for disasters occurring on or after January 26, 2021.

CONCLUSION: This section does not create a new distribution right, so participants must otherwise be eligible for a distribution to receive the tax benefits of this provision. A participant who is otherwise eligible for a distribution is not subject to the 10% early distribution tax on such distribution to the extent that it qualifies as a qualified federally declared disaster distribution. A plan is not required to permit such distributions in order for a participant who is otherwise eligible to claim the exemption to the 10% penalty.

2. **Terminal illness distribution (§326)**. A terminal illness distribution is a distribution to a terminally ill individual, defined as an individual who has been certified by a physician as having an illness or physical condition which can reasonably be expected to result in death in 84 months or less after the date of the certification. The distribution is not subject to the 10% early withdrawal penalty tax and can be repaid within three years. The individual must furnish sufficient proof to the plan administrator that the individual qualifies under this standard.

CONCLUSION: This section does not create a new distribution right, so participants must otherwise be eligible for a distribution to receive the tax benefits of this provision. A participant who is otherwise eligible for a distribution is not subject to the 10% early distribution tax on such distribution to the extent that it qualifies as a terminal illness distribution. A plan is not required to permit such distributions in order for a participant who is otherwise eligible to claim the exemption to the 10% penalty.

3. **Overpayments (§301)**. Section 301 provides that failure to recover or correct an inadvertent benefit overpayment will not result in a plan qualification failure. However, a fiduciary remains responsible for any overpayment that resulted from a breach of fiduciary duty. If an inadvertent overpayment is paid to another eligible retirement plan, the portion of such overpayment for which the plan does not seek recoupment will be treated as having been paid in an eligible rollover distribution, provided the payment would have been an eligible rollover distribution but for being an overpayment.

CONCLUSION: This provision does not involve a change to the plan document qualification requirements. The Plan may want to review its procedures related to the recovery of overpayments to determine if any changes are necessary. Although SECURE 2.0 gives relief from plan disqualification under federal law, it does not provide protection to governmental plan fiduciaries. Therefore, TRS still will need to consider application of state law with respect to these types of errors and any fiduciary duties implicated. Importantly, MCA 19-20-1205 *requires* the recovery of overpayments.

4. **Expansion of EPCRS (§305)**. The Employee Plans Compliance Resolution System (“EPCRS”) has been expanded to provide plans with additional flexibility to self-correct retirement plan errors. Generally, any inadvertent failure by a plan to comply with the

applicable rules under Code § 401(a) may be self-corrected under EPCRS without a submission to the IRS. The IRS is directed to update EPCRS within two years.

CONCLUSION: This provision does not involve a change to the plan document qualification requirements. This change will make correcting plan failures easier and less expensive. We expect the IRS will provide additional safe harbor methods of correction under an updated EPCRS in order to give plan administrators more guidance on self-correcting plan failures.

The Plan addresses overpayments in MCA §§ 19-20-1201 to 19-20-1215.

5. **Reduction in excise tax on late RMDs (§302).** Congress has reduced the excise tax for failure to take RMDs from 50% to 25%. If the RMD failure is corrected in a “timely manner,” the excise tax is further reduced to 10%.

CONCLUSION: This provision does not involve a change to the qualification requirements. The reporting and payment of the excise tax is solely the responsibility of the participant. TRS should consider whether any of its forms or member communications need to be updated to reflect this change.

6. **Exception to 10% Early Distribution Penalty Tax for Public Safety Officers (§§308, 329, 330).** SECURE 2.0 extends the exclusion from the 10% early distribution tax currently available to qualified public safety employees to employees who provide firefighting services, even if not employed in the public sector, after the employee separates from service upon attaining age 50. This exception is now also available to all qualified public safety employees after 25 years of service under the plan, even if the employee has not reached age 50. Finally, the exception is extended to apply to any employee of a state or political subdivision who provides services as a corrections officer or as a forensic security employee providing for the care, custody, and control of forensic patients.

CONCLUSION: This provision does not involve a change to the qualification requirements. A participant who is otherwise eligible for a distribution is not subject to the 10% early distribution penalty tax on such distribution, provided it qualifies as a distribution to a qualified public safety officer.

7. **Public Safety Officer Health Premiums (§328).** An “eligible retired public safety officer” may exclude from income a taxable plan distribution to pay for qualified health insurance premiums, including premiums for an accident or health plan and qualified long-term care insurance. Prior to SECURE 2.0, the premium was required to be paid from the retirement plan directly to the insurer. SECURE 2.0 removes the direct payment requirement.

CONCLUSION: This provision does not involve a change to the qualification requirements and no Plan amendment is required.

8. **Modification of RMD Rules for Special Needs Trusts (§337).** SECURE 2.0 provides that in the case of a special needs trust established by a beneficiary with a disability, if the trust names a charitable organization as a beneficiary, such organization will be treated as a designated

beneficiary for purposes of these rules. This change will enable RMDs to a disabled beneficiary to be made over a longer period of time.

CONCLUSION: No plan amendments are required to address this provision.

VI. PLAN AMENDMENTS

This table summarizes the legislative updates to the TRS from 2021- 2025 that relate to the qualified status of the Plan:

- 2021 - HB 88 - Added language to implement the extension of the required beginning date for RMDs from age 70 ½ to age 72 for inactive members born on or after July 1, 1949.
 - This amendment does not raise any plan qualification concerns.
- 2023 - HB 117 - A TRS member who terminates employment and retires may return to TRS-reportable employment after a 120-calendar-day break in service (reduced from 150 days).
 - The IRS requires a bona fide break in service for a retirement to still be considered valid upon reemployment. The IRS, however, has provided limited guidance regarding what constitutes a bona fide break in service. Even with a 4 month break in service, there can be facts and circumstances under which there has not been a bona fide break. For example, if there is a pre-arranged agreement between the employer and employee regarding reemployment, then this could raise plan qualification and individual taxation concerns. Under MCA § 19-20-810(3)(a) and (b), TRS prohibits prearranged agreements for post-retirement service unless the member has attained normal retirement age (age 60) at the time of termination of employment. Thus, a member who is age 60 or older at termination may enter into a prearranged agreement to return to work for the pre-retirement employer after completing the required 120-calendar-day break in service.
- 2025 - HB 67 - IRS changes to Required Minimum Distribution (RMD) ages have been incorporated.
 - This amendment does not raise any plan qualification concerns.
- 2025 - HB 158 - Existing provisions in 19-20-732, MCA, temporarily allow certain school districts to fill vacant positions with TRS members who retired with 27 or more years of creditable service. Retirees reemployed under this provision are not subject to earnings limitations and their monthly retirement benefit is not reduced. HB 158 increases the time limit for reemployment under this provision from 3 years to 5 years in the retiree's lifetime and extends the sunset date from July 1, 2027, to July 1, 2029.
 - See above comment regarding bona fide break in service.

- 2025 - HB 349 - A new provision (19-20-735, MCA) expands existing provisions of 19-20-732, MCA, to allow the Office of Public Instruction (OPI) to fill TRS-reportable positions with retired TRS members on a full-time basis with no loss or interruption of benefit payments. Members reemployed under this provision must have retired with at least 27 years of creditable service and reemployment with OPI is limited to 5 years during their lifetime
 - See above comment regarding bona fide break in service.
- 2025 - HB 359 - Under 19-20-734, MCA, recently retired members who have not yet completed their mandatory break in service are allowed to substitute teach for a regular classroom teacher for up to 45 days during their break-in-service period. This bill added mentoring of a newly hired teacher to the existing exception.
 - See above comment regarding bona fide break in service. There can be facts and circumstances under which there has not been a bona fide break. For example, if there is a pre-arranged agreement between the employer and employee regarding reemployment, then this could raise plan qualification and individual taxation concerns if the member is less than 60 years of age.
- Changes to ARM Title 2, Chapter 44
 - 2.44.301A — Definitions
 - Removed definitions
 - Contingent beneficiary
 - Primary beneficiary
 - Enrolled actuary
 - Removed obsolete definitions
 - “Nonqualified service credit” revised to reference federal definition only; list of services removed.
 - “Participant” clarified to include members, retirees, spouses, alternate payees, and certain non-spouse beneficiaries.
 - “Service credits/creditable service” and “school term/year” updated to reference statute.
 - “Paraprofessional” clarifying language.
 - 2.44.305 — Reporting of MUS RP Participants

- University units must report participants monthly and remit employer contributions.
- 2.44.402 — Credit for Military Service
 - Removed specific WWII/Korean War date ranges; replaced with a cross reference to 19 20 404, MCA.
 - Clarified documentation requirements.
 - Clarified how military service is credited on a month by month basis.
- 2.44.412 — National Guard, Reservists, and Veterans Called to Active Duty
 - Deleted language incorrectly allowing interest to be charged during federally protected repurchase period (prohibited by 20 CFR 1002.263).
 - Minor clarifications about member status during military leave and treatment of ongoing service purchase contracts.
- 2.44.507 — Payment of Minor Child Benefits
 - Clarified language.
- 2.44.518 — Limit on Earned Compensation (10% Cap)
 - Clarified language
- 2.44.522 — Family Law Orders (Contents and Duration)
 - Replaced “board” with “TRS” where authority is delegated to staff under 19 20 305(13).
 - Clarified that:
 - FLOs may not start payments to alternate payees before the member is eligible;
 - language regarding “participants” and “members” updated;
 - actuarially equivalent benefits may only be entered for active or inactive (not retired) members;
 - fixed amount distributions must meet specific requirements and terminate when benefits are no longer payable.
- 2.44.523 — Family Law Orders (Approval and Implementation)
 - Clarified language

- TRS (not the board) approves FLOs due to delegated authority.
 - Confirms TRS may establish separate benefits for a member and alternate payee.
- Deleted the following rules:
- 2.44.408 — Creditable Service for Absence Without Pay because it was duplicative of 19 20 403, MCA.
 - 2.44.512 — Change of Beneficiary and/or Retirement Option because it was duplicative of 19 20 1008, MCA.
 - 2.44.528 — Extra Duty Compensation because it was duplicative of 19 20 101, MCA.

VII. CONCLUSION

Based on our review as set forth in this Report, the Plan has been timely amended to comply with the changes required in order to be tax qualified under Code § 401(a). We also encourage TRS to monitor developments from the IRS as it issues further guidance regarding SECURE 2.0. Accordingly, we believe that the form of the Plan complies with the qualification requirements of the Code, both as to the Plan's terms and the Code requirements in effect as of the date of this letter, provided that future compliance will be contingent on the timely adoption of future required amendments.

No opinions should be implied beyond those expressly stated in this letter. This letter is not intended to, nor does it, confer any rights to any third party, including any third-party beneficiary rights to any person or entity. Further, we do not represent that this Report is, or would be, binding on the IRS, the Department of Labor, or any other third party with authority over the Plan.

Of course, if you have any questions or comments regarding this Report, or if we can be of assistance to you on any other compliance considerations for the Plan, please do not hesitate to contact us.

Very truly yours,

ICE MILLER LLP

A handwritten signature in blue ink that reads "Audra J. Ferguson". The signature is written in a cursive style with a horizontal line at the end.

Audra Ferguson

A handwritten signature in black ink, appearing to read "Lindsay K", with a long horizontal stroke extending to the right.

Lindsay Knowles

VII. Board Policy

Action Items **A. Adopt Revisions to TRS Privacy and Security of Personal Information Policy** – Jim Malizia will present the policy for adoption by the Board. There were no additional changes to the policy since the board reviewed the proposed revisions at the February 13, 2026 meeting.

Discussion Items **B. Public Comment** – This is an opportunity for any member of the public to comment on the revised Privacy and Security of Personal Information Policy.



Montana Teachers' Retirement System
Policy 2-0500-003
Privacy and Security of Personal Information and
Notification of a Cyber/Data System Security Incident

Section: Organizational

Implementer: All TRS Personnel

Effective Date: February 2, 2012

Revision Date: May 8, 2026

Purpose:

This policy sets forth TRS's objectives for maintaining the privacy and security of personal information gathered, maintained, used, and disclosed by TRS personnel as necessary to conduct the business of TRS and to implement Montana state policy for notification of affected individuals of a cyber security incident involving TRS data systems.

Definitions:

Breach – the unauthorized access to or acquisition of data that materially compromises the security, confidentiality, or integrity of the personal information maintained by TRS or by a third party on behalf of TRS.

Cyber/Data System Security Incident (incident) – An event that raises concerns of a breach that has not been confirmed or investigated by the appropriate state authority or law enforcement.

Individual – a human being.

Person – an individual, a partnership, a corporation, an association, or a public organization of any character.

Personal information (may be referred to as “personally identifiable information” or “PII”) – a first name or first initial with a last name in combination with any one or more of the following data elements when the name and data elements are not encrypted, except that the following data elements are not personal information if they are publicly available information that is lawfully made available to the general public from federal, state, local, or tribal government records:

- A. a social security number
- B. a tax identification number
- C. an identity protection personal identification number issued by the IRS
- D. a driver's license number
- E. an identification number issued pursuant to 61-12-501, MCA

- F. a tribal identification number or enrollment number
- G. an identification number issued by any state, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands, or American Samoa
- H. an account number or credit or debit card number in combination with any required security code, access code, or password that would permit access to a person's financial account
- I. medical record information

Redact – to alter personal information contained within data to make all or a significant part of the data unreadable.

Third party – a person or another state agency who is not a TRS staff member, a third-party agent, or the member, retiree, joint annuitant, beneficiary, or alternate payee to whom the personal information pertains.

Third-party agent – a person with a contractual obligation to perform a function for TRS, which function requires disclosure by TRS to the third-party agent of some personal information data elements, or access to TRS data systems that contain personal information.

TRS Personnel – all members of the TRS board of trustees and all employees of TRS.

Truncate – to provide no more than the last four digits of an identification number to a third-party agent.

Policy:

A. Privacy and Security of Personal Information/Social Security Numbers

1. TRS is required to gather, maintain, use, and disclose personal information, including the social security numbers of members, retirees, joint annuitants, beneficiaries, and alternate payees, in order to administer the retirement system, including in order to comply with state and federal law pertaining to tax reporting of benefits paid by the retirement system. TRS also must obtain financial account information pertaining to individuals to whom it pays benefits for the purpose of effectuating direct deposit or other appropriate transfer of payments due to a retiree, joint annuitant, beneficiary, or alternate payee. TRS must obtain and may disclose medical record information for the purpose of making initial and ongoing determinations of eligibility for disability retirement benefits.
2. TRS will gather, maintain, use and disclose personal information of members, retirees, joint annuitants, beneficiaries, and alternate payees only as necessary to properly administer the retirement system, and as otherwise allowed or required by law. TRS staff shall access, use, and disclose such personal information only as necessary to perform assigned job functions.

3. To perform assigned job functions, all TRS staff members will need to acquire personal information and access data systems and documents containing personal information, including social security numbers and financial account information, of any member, retiree, joint annuitant, beneficiary, or alternate payee. All TRS staff members are authorized to acquire and access such personal information as necessary to perform assigned job functions.
4. TRS will gather full social security numbers only as necessary to initially establish the identify of a TRS member, retiree, joint annuitant, beneficiary or alternate payee, or as necessary to verify and document the identity of a specific member, retiree, joint annuitant, beneficiary, or alternate payee related to remittance of contributions or other payments of amounts owed to the retirement system, payment of benefits, distribution of benefits under a family law order, disclosure of personal information pursuant to an authorization to disclose, or in other circumstances in which full match of name and social security number are necessary to verify the identity of the individual. In all other circumstances, TRS will gather, use, and disclose only truncated social security numbers for purposes of verifying the identity of an individual previously identified to the retirement system through submission of a full social security number.
5. TRS may disclose personal information, including full social security numbers, to a third-party agent as necessary for the third-party agent to perform the functions contracted for, and to maintain the integrity of individual identification in records maintained by TRS and the third-party agent. Except as necessary for performance of the contracted functions and to maintain the integrity of individual identification in multiple record sets, TRS shall disclose only truncated social security numbers to a third-party agent.
6. Other than as described in this policy, TRS will not disclose personal information to any third party unless such disclosure is expressly authorized by the individual to whom the personal information pertains or by a representative of the individual acting under authority of law (power of attorney, order of guardianship or conservatorship, order of appointment of personal representative in a probate proceeding, etc.), or as otherwise allowed or required by law.
7. In any circumstance in which any record/document that includes a full social security number is to be disclosed to a third party, TRS staff shall redact or truncate the social security number, if appropriate and as appropriate to the purpose for the disclosure.
8. TRS staff shall dispose of any record/document that contains personal information in conformity with TRS's protocols for secure disposal/shredding of personal information.
9. TRS staff will not store or maintain any unencrypted record or document that includes the personal information of any member, retiree, joint annuitant, beneficiary, or alternate payee on any portable electronic device or media (e.g., laptop or notebook computer, tablet, smartphone, USB drive, computer disk, or other device or media) except as necessary to perform assigned job functions for which such personal information is necessary. Such personal information may be maintained on a portable device or media

only for the period of time necessary to perform the assigned job function, and only while the portable device or media is under the active, personal control of the TRS staff member. Such personal information stored or maintained on a portable device or media must, at a minimum, be protected by a secure password and other security measures and protocols as required by applicable state and TRS security policies.

10. TRS will contractually require that all third-party agents to whom personal information is disclosed by TRS have an information security policy designed to safeguard personal information.

B. Reporting a Cyber/Data System Security Incident

1. Upon discovery or notification of a potential Cyber Attack, Cyber Incident, Data System Incident:
 - a. TRS staff shall report a potential information system incident to TRS management.
 - b. TRS management shall notify the Risk Management & Tort Defense Division (RMTD) and the state's Chief Information Officer.
 - c. TRS management shall prepare and review an Incident Report using a form provided by RMTD or obtained from the RMTD website.
2. TRS management must submit the accurately completed and signed incident report to RMTD within 2 business days.
3. TRS shall not contact individuals whose information may have been released or law enforcement unless TRS management has assessed the incident with RMTD and has been directed to do so by RMTD.

If the incident is determined to be a breach, TRS will work with RMTD to determine how and when to report the breach to law enforcement agencies in compliance with the law and the requirements of the insurance carrier for Cyber/Data security incidents.

4. TRS will contractually require that all third-party agents to whom personal information is disclosed by TRS provide notice to TRS of an incident that involves the third-party agent's data systems and require the third-party agent to provide full disclosure and assistance to TRS management and RMTD in conformity with this policy.
5. Affected individuals will be notified in accordance with RMTD guidance.

Cross Reference:

§§ 2-6-1501 through 2-6-1504, MCA

Signature:

By board action taken on (date) May 8, 2026, and by my signature below, the TRS board has authorized implementation of this original or modified policy. The effective date of this policy is:

X the date of board action set forth above

_____ (date) _____.

BY: Kari Elliott, Board Chair

Signature

TRS policies may be amended or revoked from time to time, effective from the date of board action or later date as specified in the policy. The official version of any TRS policy is the version currently posted on the [TRS Board Policies webpage](#) and deviation will be resolved in favor of the official version. Please review the material online prior to placing reliance on printed or archived versions.

VIII. Applications and Retirement Benefits

Information Item **A. Regular, Survivorship, Adjustments, and Corrections** – In your hard copy board packet, you will have a listing of members who have retired since our February board meeting and any adjustments made during the quarter.

We had 49 retirees from 01/01/2026 – 03/31/2026 with average termination pay of \$4,010.95, average monthly benefits of \$1,139.97 average age of 60.16 and average years of service of 15.57.

The quarterly report is purposely excluded from your electronic board packet because it includes what could be considered Personally Identifiable Information (PII).

IX. Long Range Planning

Discussion Items **A. Strategic Planning Commitment Worksheet**– I have attached a copy of the 2025-2027 Strategic Planning Commitment Worksheet for your reference prior to the meeting. We will review and/or discuss progress toward completion of our goals and objectives on the Strategic Planning Commitment Worksheet; updates will be included in red font as appropriate.

B. Public Comment – Opportunity for any member of the public to comment on the Strategic Planning Commitment Worksheet.

TRS 2025 – 2027 Strategic Planning Commitment Worksheet

Goal/Objective	Outcome/Measure	Status/Outcome	Responsible Party	Resources Required
<p><i>Maintain an actuarially sound qualified retirement plan.</i> Conduct periodic tax qualification reviews (every 5 years) to support our goal of maintaining an actuarially sound “qualified” retirement plan using the established process and experts. Discontinue if IRS resumes doing qualification letters.</p>	Documented compliance of plan terms with the Montana State Constitution and State and Federal laws and regulations.	Every 5 years. Completed May 8, 2026	Executive Director, Chief Legal Counsel.	Staff time, Contractor fees.
<p><i>Maintain an actuarially sound qualified retirement plan.</i> Conduct an experience study for the five-year period ending July 1, 2025.</p>	Updated actuarial assumptions.	Starts July 1, 2025, with completion in May of 2026. Completed May 8, 2026	Executive Director, Board.	Staff time, Contractor fees
<p><i>High-performance work culture and service excellence</i> Modernize TRS website with mobile responsiveness and accessible design to improve member service and information sharing and ensure Section 508 compliance.</p>	Improved functionality and member convenience and legal compliance.	TRS Website is fully responsive. My TRS is nearly fully responsive. 508 compliance is mostly complete but will be ongoing.	Information Systems Manager, Communications Manager	Staff time, Licensing fees
<p><i>High-performance work culture and service excellence.</i> Continue business process and workflow improvements while building online processes to achieve a paperless process with priority on major business processes (e.g., online retirement application (ORA) functionality).</p>	Automation and improved processes.	Implement ORA 2027 – 2028. Other enhancements are ongoing. Fully online Online Withdrawal, Responsive Online Beneficiary Designation, Benefit Recipient online address and bank update will likely happen before ORA now that ID.me is in place.	M-Trust Steering Team	Staff time
<p><i>High-performance work culture and service excellence.</i> Create and update comprehensive desk/function manuals and update M-Trust online help to ensure business continuity, support knowledge transfer/succession planning, and support partners.</p>	Improved internal documentation and business processes.	Ongoing.	Management Team, Staff.	Staff time, Possible contractor fees.
<p><i>High-performance work culture and service excellence.</i> Continue strategic planning every 2 years.</p>	Comprehensive and timely strategic goals.	Board Update 2026 Formal Strategic Planning 2027.	Management Team, Board.	Staff time, Contractor fees.

TRS 2025 – 2027 Strategic Planning Commitment Worksheet (continued)

Goal/Objective	Outcome/Measure	Status/Outcome	Responsible Party	Resources Required
<p><i>High-performance work culture and service excellence.</i> Maintain best practices in system security and proactively assess options. Pursue identity verification and e-signature options to improve member convenience while ensuring continued transaction security for all online forms.</p>	Improved functionality and member convenience with continued system security.	ID Verification roll out in two phases with completion by end of FY 2026. Completed in one rollout May 1, 2026	Information Systems Manager, Communications Manager.	Staff time, Licensing Fees.
<p><i>High-performance work culture and service excellence.</i> Succession planning to prepare for turnover (e.g., retirement of key staff). Consider internal development, cross-training, limited double-filling of positions, and documentation of retired payroll processes.</p>	Improved process documentation; knowledge transfer; cross-training.	Retired Payroll in FY 2026 – And Ongoing	Management Team.	Staff time, Contractor fees.
<p><i>High-performance work culture and service excellence.</i> Maintain and enhance TRS competitiveness related to staff compensation under the State Pay Plan Policy and Broadband 25</p>	Competitive pay in relation to Broadband 25.	Ongoing.	Executive Director, Deputy Executive Director.	Staff time.
<p><i>Communication and Outreach.</i> Integrate Board and Executive Director participation in superintendent meetings, staff engagement in key conferences (educator, MASBO, SAM, MCEL), collaboration with partners such as MFPE</p>	Consistent attendance at annual conferences and superintendent meetings (non-legislative years), sustain or increase participation via webinars,	Annual schedule with adjustments based on effectiveness (e.g., leveraging webinars where appropriate). Completed May 6, 2026	Executive Director, Board, Communications Manager	Staff time, Board time.
<p><i>Communication and outreach (member communication).</i> Continue Member Surveys to inform our strategic direction, increase retirement awareness, and promote engagement. Distribute results to legislators and other interested parties.</p>	An informed and engaged constituency. Valuable data for interim study.	2025 Survey completed Fall of 2026.	Communications Manager.	Staff time.
<p><i>Communication and outreach</i> Promote the system as a benefit to help school districts attract and retain teachers.</p>	Promotional materials and information illustrating TRS benefits for employer use.	Ongoing.	Communications Manager.	Staff time.
<p><i>Communication and outreach (member communication)</i> Transition newsletter to an electronic-only format over the next 12 months.</p>	Cost savings and improved member convenience and accessibility	July 2026 Final hard copy mailed Jan 2026. News Carousel implemented on web	Communications Manager.	Staff time.

X. My TRS and ID.me Demo

Discussion Items **A. Demonstration of My TRS and ID.me** – I will walk the board through a demonstration of the newly redesigned My TRS portal and ID.me identify verification.

B. Public Comment – Opportunity for any member of the public to comment on the MY TRS portal and/or ID.me identify verification.

XI. Disability Applications

CLOSED MEETING

Discussion Item **A. Executive Session to Discuss Disability Applications and Annual Reviews** – The summary of each disability application along with any supporting documentation will be presented during the meeting.

The chair will close the meeting at this time because the matters of individual privacy clearly exceed the merits of public disclosure.

OPEN MEETING

Action Items **B. Approval of Application for Disability Retirement Benefits** – Board votes to approve or disapprove each application for disability retirement benefits.

Discussion Item **C. Public Comment** – Opportunity for any member of public to provide comment regarding disability applications.

XII. Adjournment

Action Items **A. Motion to Adjourn**