

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 August 7, 2026 board meeting.

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

AGENDA
Friday, October 9, 2026

OPEN MEETING

All Times Are Tentative

8:30 I. Call to Order

Action Items

- A. Adopt Agenda
- B. Approval of Minutes – August 7, 2026

8:35 II. Public Comment

8:40 III. Actuarial Valuation

Discussion Items

- A. Actuarial Valuation – CavMac
 - 1. July 1, 2026 Valuation Results
- B. Public Comment

Action Item

- C. Adopt July 1, 2026 Actuarial Valuation Results

9:40 IV. Administrative Business

Discussion Items

- A. Investment Report – Daniel Trost
- B. Financial Statements and Budget Reports – Nolan Brilz
- C. NCTR Annual Conference – Dee Brown, Elliott Crump & Shawn Graham
- D. Tentative **2027** Meeting Dates – Feb. 12, May 7, Aug. 6, Oct. 8, Dec. 3
- E. Public Comment

Information Item

- F. Next Meeting Date – December 4, 2026

9:50 V. Executive Director's Report

Discussion Items

- A. Executive Summary
 - 1. Staff/Operations Update
 - 2. Information Technology Introductions
- B. Legislative Interim Committee Update
- C. Public Comment

10:00 BREAK

CLOSED MEETING

10:15 VI. Disability Applications

Discussion Item

- A. Executive Session to Discuss Disability Applications

OPEN MEETING

Teachers' Retirement Board Meeting
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Action Item B. Applications for Disability Retirement Benefits

Discussion Item C. Public Comment

10:30 VII. 2027 Board Legislation

Discussion Items A. Review and Discuss Board Legislation for 2027 Session
 B. Public Comment

Action Item C. Approve TRS Legislation for 2027 Session

10:45 VIII. TRS Internal Auditor Report

Discussion Items A. Review and Discuss TRS Internal Auditor Report
 B. Public Comment

11:05 IX. Strategic Planning

Discussion Items A. Strategic Planning Worksheet Updates
 B. Public Comment

11:15 X. Applications and Benefit Adjustments

Information Item A. Regular, Survivorship, Adjustments & Corrections

11:20 XI. Legal Counsel's Report

Information Item A. Summary of Legal Issues

11:25 XII. Election of Officers

Action Items A. Election of Chair and Vice-Chair
 B. Committee Appointments
 1. Budget & Audit Committee
 2. Personnel & Policy Committee
 3. Legislation & Litigation Committee

11:35 XIII. 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 406-444-0139 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 406-444-3134, e-mail TrsOutreach@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

August 7, 2026

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

Board Members Present

Kari Elliott, Chair (*virtual*)

Dee Brown, Member (*virtual*)

Elliott Crump, Member (*virtual*)

Daniel Trost, Member (*virtual*)

Staff Present

Shawn Graham, Executive Director

Tammy Rau, Deputy Executive Director (*virtual*)

Jim Malizia, Chief Legal Counsel

Nolan Brilz, Accounting/Fiscal Manager

Johnelle Sedlock, Active Team Supervisor

Jessie Hill, Benefit Officer

Cathy Leonard, Benefit Specialist

Jax Simonson, Benefit Specialist

Hannah Thorne, Communication Manager

Lexi Newcomer, Communications Specialist

Others Present

No others present

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

Chair Kari Elliot called the meeting to order at 8:30 a.m. on August 7, 2026.

- A. Chair Kari Elliot called for a motion for Executive Director Graham to run the meeting while all board members attend virtually.

Member Brown moved to allow Executive Director Graham to run the meeting, with Member Trost seconding. The motion was approved by all members present.

- B. Adoption of the Agenda

Member Trost moved to adopt the agenda, with Chair Elliot seconding. The motion was approved by all members present.

- C. Approval of Minutes

Member Crump moved to approve the May 8, 2026, meeting minutes, with Member Trost seconding. The motion was approved by all members present.

II. Public Comment on Board Related Items (00:01:39)

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. Disability Applications (00:02:23)

CLOSED MEETING

A. Executive Session to Discuss Disability Applications

The Board began its executive session at 8:32 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 merit of public disclosure.

OPEN MEETING

A. Applications for Disability Retirement Benefits

Executive Director Graham reopened the meeting at 8:46 a.m. and requested a motion for the reviewed disability application.

Motion/Vote: Member Crump moved to deny M.A.'s request for disability retirement, with Chair Elliot seconding. The motion was approved by all members present.

B. Public Comment

Executive Director Graham called for public comment on this topic. There was no public comment.

IV. Administrative Business (00:03:46)

A. Investment Report

Member Trost briefed the board.

B. FY 2026 Budget Status Report

Nolan Brilz, TRS Accounting/Fiscal Manager, briefed the board.

C. PRISM Conference Report – John Nobel

Executive Director Graham briefed the board.

D. NAPPA Annual Conference – Jim Malizia

Jim Malizia briefed the board.

E. NCTR Director's Meeting – Shawn Graham

Executive Director Graham briefed the board.

F. 2026 Meeting Dates – October 9, December 4

The next Board meeting is scheduled for Friday, October 9, 2026.

G. Public Comment

Executive Director Graham called for public comment on this topic. There was no public comment.

H. Out of State Travel Requests

i. P2F2 Annual Conference

Motion/Vote: Chair Elliot moved to approve the travel request, with Member Brown seconding. The motion was approved by all members present.

ii. NCTR Trustee Workshop

Motion/Vote: Member Trost moved to approve up Executive Director Graham and up to four Board Members to attend the NCTR Annual Conference, with Member Brown seconding. The motion was approved by all members present.

I. Next Meeting

The Board will meet on October 9, 2026 in the TRS Board Room.

V. 2027 Draft Legislation (00:36:35)

A. Discuss Draft Legislation for 2027 Session

Executive Director Graham briefed the Board.

B. Public Comment

Executive Director Graham called for public comment on this topic. There was no public comment.

VI. Board Training (00:45:15)

A. Funding and Benefits Policy and Fiduciary Training

Jim Malizia briefed the board.

B. Public Comment

Executive Director Graham called for public comment on this topic. There was no public comment.

VII. Executive Director's Report (1:20:00)

A. Legislative Interim Committee Update

Executive Director Graham briefed the Board.

B. Operations Update

Executive Director Shawn Graham briefed the Board.

C. Active Team Introductions

Executive Director Graham briefed the Board and had members of the TRS Active Member team introduce themselves.

D. Public Comment

Executive Director Shawn Graham called for public comment on this topic. There was no public comment.

VIII. Strategic Planning (1:28:08)

A. Long Range Planning

Executive Director Graham briefed the Board.

B. Public Comment

Executive Director Graham called for public comment on this topic. There was no public comment.

IX. Adjournment (01:49:26)

With no other business before the Board, Executive Director Graham requested a motion to adjourn.

Motion/Vote: Member Crump moved to adjourn the meeting with Member Brown seconding. The motion was approved by all members present, and the meeting was adjourned at 10:55 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.

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III. Actuarial Valuation

Discussion Items **A. July 1, 2026 Actuarial Valuation**– Todd Green and Bryan Hoge from CavMac will present the results of the July 1, 2026, actuarial valuation.

We will have hard copies of the valuation available for each Board member at the meeting.

The TRS valuation can be viewed prior to the board meeting by following this link:
https://trs.mt.gov/_docs/financial-reports/Actuarial-valuation-2026-TRS.pdf

The MUS-RP valuation can be viewed prior to the meeting by following this link:
https://trs.mt.gov/_docs/financial-reports/MUS-RP-valuation-2026-TRS.pdf

According to the valuation, TRS amortizes in **21 years** as of July 1, 2026, and is **74.56%** funded. This represents **no change** to the amortization period and an **increase in the funded status of 1.12%** versus the 2025 valuation. As a reminder, when the board adopted new assumptions in May, the unfunded liability and amortization period was expected to increase. Actuarial gains as a result of our investments offset the additional liability and held our amortization period flat with more conservative assumptions.

Our actuarial rate of return (smoothed over 4 years) was 10.07% which exceeded the assumed rate by 2.77% for FY 2026. The actuarial value of assets was about \$303M less than the market value of assets. If the market value of assets were used instead of the actuarial value, we would amortize in 16 years and the funded ratio would be 78.59%.

The MUS RP Supplemental Contribution valuation indicates that the current supplemental contribution rate of 4.72% would need to increase to 15.94% in order to amortize the past service liability of University members of the Teachers' Retirement System by July 1, 2033. Alternatively, it would require a lump sum payment of \$223 Million on July 1, 2026 in order to maintain the 4.72% contribution rate and payoff the unfunded liability by July 1, 2033.

As stated earlier in this section, the actuary will be at our October 9th meeting to present the results of the valuation in person but if you have any questions beforehand, please feel free to give me a call or send me an email.

B. Public Comment - This is an opportunity for any member of the public to comment on the actuarial valuation.

Action Items: **C. Adopt July 1, 2026 Valuation Results:** Staff recommends that the Board adopt the July 1, 2026 valuation results.

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IV. Administrative Business

Discussion Items **A. Investment Report**- Daniel Trost will report on the recent activities of the BOI. The attached report from BOI shows our investment returns through August 31, 2026.

B. FY 2027 Budget Status and Financials Report –Nolan Brilz, Accounting Manager for TRS, will present the budget status and financial statement reports through August 31st and answer any questions you might have during the meeting.

C. NCTR Annual Conference – Dee Brown, Elliott Crump and Shawn Graham will provide a verbal on the recent NCTR conference they attended.

D. Tentative 2027 Meeting Dates – Tentative dates are February 12, May 7, August 6, October 8 and December 3rd.

E. Public Comment – Opportunity for any member of public to provide comment regarding administrative business.

Information Item **F. Next Meeting Date** – December 4, 2026

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	UNITS OUTSTANDING	UNIT VALUE	MARKET VALUE\$(000)	ALLOCATION (%)
Allocation				
TEACHERS RETIREMENT			5,955,915	100.00
SHORT TERM INVESTMENT POOL (STIP)	60,879,422.92	100.00000	60,879	1.02
Consolidated Asset Pension Pool (CAPP)	2,634,399,252.96	223.77154	5,895,036	98.98

	ITD	INCEPTION DATE
Longest Measurable Plan Return	8.00	7/1/1994

	MONTH	3 Months	FYTD	1 Year	3 Years	5 Years	10 Years	20 Years	Benchmark ITD	INCEPTION DATE
Returns										
TEACHERS RETIREMENT	1.94	1.77	1.74	12.65	11.06	6.70	8.89	7.39	8.72	1/1/2011
TEACHERS RETIREMENT CUSTOM BENCHMARK (YWN2D) - BLDR	1.86	1.53	1.25	15.46	13.03	7.26	8.98	-	9.04	
SHORT TERM INVESTMENT POOL (STIP) [1]	0.34	0.99	0.67	4.10	4.77	3.84	2.55	1.89	2.58	4/1/1997
SHORT TERM CUSTOM BENCHMARK (MONSTCB) - BLDR	0.32	0.95	0.64	3.91	4.73	3.85	2.50	1.82	2.50	
Consolidated Asset Pension Pool (CAPP)	1.96	1.78	1.75	12.74	11.13	6.74	-	-	8.93	4/1/2017
CAPP CUSTOM BENCHMARK (MONCAPP) - BLDR	1.88	1.53	1.26	15.59	13.13	7.31	-	-	8.97	

	<u>Plan Market Value \$(000)</u>	<u>Allocation (%)</u>
Allocation - Asset Class		
TEACHERS RETIREMENT	5,955,915	100.00
Domestic Equity - PAC	1,672,760	28.09
International Equity - PAC	924,634	15.52
Private Investments - PAC	1,021,579	17.15
Real Assets - PAC	351,535	5.90
Real Estate - PAC	679,353	11.41
Core Fixed Income - PAC	797,315	13.39
Non-Core Fixed Income - PAC	418,404	7.03
Cash Equivalents - PAC	29,457	0.49
PENSION CASH	60,879	1.02

	<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										
Domestic Equity - PAC	2.52	1.90	1.79	20.57	20.35	11.74	14.52	10.83	11.01	5/1/2003
Domestic Equity - PAC Custom Blend (MONDE) - BLDR	2.68	1.84	2.17	20.45	20.76	11.92	14.96	11.27	11.65	
International Equity - PAC	3.41	2.55	3.95	27.52	20.08	8.72	9.73	5.51	6.06	4/1/1997
International Equity - PAC Custom Blend (MONIE) - I [2]	3.01	2.13	3.19	26.37	19.85	8.99	9.56	5.84	6.29	
Private Investments - PAC	1.54	2.25	2.00	4.64	4.13	6.14	11.34	10.47	11.78	5/1/2002
Private Equity PAC Custom (MONPE) - BLDR	1.77	2.38	(1.47)	20.02	15.18	7.87	11.23	11.51	11.17	
Real Assets - PAC	4.41	6.21	5.43	14.82	9.73	10.80	-	-	6.87	4/1/2017
Real Assets - PAC Custom Blend (MU7EBM) - BLDR	3.57	2.16	7.88	23.97	16.22	10.61	-	-	6.70	

	<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	0.35	0.82	0.85	3.85	1.06	3.14	5.48	4.12	4.13	6/1/2006
Real Estate - PAC Custom Blend (MONRE) - BLDR	-	1.04	-	3.11	(2.81)	2.34	2.07	3.71	3.84	
Core Fixed Income Pre and Post CAPP [3]	0.50	(0.68)	(1.21)	2.07	4.10	(0.03)	1.40	3.48	4.91	4/1/1995
Core Fixed Income Custom Benchmark (CFIBM1) - BLDR	0.39	(0.68)	(0.92)	1.89	4.08	(0.29)	1.15	3.00	4.33	
Non-Core Fixed Income Pre and Post CAPP [4]	1.03	0.97	0.36	6.98	9.16	4.00	4.82	-	6.82	6/1/2009
Bloomberg U.S. HY - 2% Issuer Cap (WE6D)	0.97	0.99	0.72	4.88	8.51	4.13	5.38	-	7.61	
Cash Equivalents - PAC	0.38	1.19	0.38	4.95	5.64	4.52	-	-	3.04	5/1/2017
SHORT TERM CUSTOM BENCHMARK (MONSTCB) - BLDR	0.32	0.95	0.64	3.91	4.73	3.85	-	-	2.62	

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	

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

	8/31/2026	8/31/2025
	AGENCY ACCOUNT	AGENCY ACCOUNT
ASSETS		
Current Assets		
Cash	1,540,516	(479,191)
Accounts Receivable	16,477	202,920
Interest Receivable	0	0
Total Current Assets	1,556,993	(276,271)
Investments		
Short-term Investment Pool	60,879,423	57,020,134
Consolidated Asset Pension Pool (net)	5,819,439,705	5,362,148,336
Security Lending Collateral	0	0
Total Investments	5,880,319,128	5,419,168,470
Other Assets		
Equipment	16,286	16,286
Accumulated Depreciation Equip	(16,286)	(16,286)
Leashold Improvements	243,881	243,881
Accumulated Dep Leasehold Imp	(232,267)	(197,427)
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	(854,057)	(688,756)
Total Other Assets	1,967,680	2,167,821
Deferred Outflows - Pension and OPEB	394,585	451,824
TOTAL ASSETS	5,884,238,385	5,421,511,844
LIABILITIES & FUND BAL.		
Liabilities		
Accounts Payable	51,186	209,590
Standard Lease	2,197,448	2,329,346
Uncleared Collections	38,558,027	320,097
Compensated Absences	278,531	258,476
Security Lending	0	0
OPEB Implicit Rate Subsidy	84,700	89,791
Net Pension Liability - PERS	1,851,152	1,979,140
Total Liabilities	43,021,045	5,186,440
Fund Balances		
Pension Accumulation Fund	4,920,734,170	4,471,890,585
Annuity Savings Fund	983,071,631	945,001,963
Year-to-date Income/(Loss)	(62,916,940)	(869,866)
Adj Fund Bal	0	0
Total Fund Balance	5,840,888,860	5,416,022,682
Deferred Inflows - Pension and OPEB	328,480	302,723
TOTAL LIABILITIES & FUND BAL.	5,884,238,385	5,421,511,844

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

	8/31/2026	8/31/2025
	AGENCY ACCOUNT	AGENCY ACCOUNT
REVENUE		
Contributions	30,995,079	30,850,071
Misc Revenue	0	0
Investment Revenue	(11,767,190)	49,553,848
TOTAL REVENUE	19,227,889	80,403,919
EXPENSES		
Benefits Paid	78,726,220	78,475,568
Withdrawals	2,898,804	2,334,566
Admin. Exp	480,358	423,843
Depreciation Exp.	5,807	5,807
Amortization Exp.	0	0
Lease Amortization Exp.	27,550	27,550
Lease Principal & Interest	6,090	6,450
OPEB Expense	0	0
Pension Expense - PERS	0	0
TOTAL EXPENSES	82,144,829	81,273,785
REV OVER EXP	(62,916,940)	(869,866)
REV OVER EXP	(62,916,940)	(869,866)
BEG FUND BAL	5,903,805,800	5,416,892,548
Adj Fund Bal	0	0
END FUND BAL	5,840,888,860	5,416,022,682

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

	8/31/2026	8/31/2025
	AGENCY ACCOUNT	AGENCY ACCOUNT
Investment Revenue:		
Short-term Investment Pool	249,093	302,952
Consolidated Asset Pension Pool		
Securities Gains/(Losses)	9,960,378	25,000,422
Investment Appreciation/(Depreciation)	(21,976,661)	24,250,474
Securities Lending Activity	0	0
Administrative Investment Exp.	0	0
Total Investment Rev.	(11,767,190)	49,553,848
Administrative Expense:		
Personal Services	297,476	291,922
Contracted Services	99,306	96,249
Supplies & Material	52,981	3,414
Communications	7,928	6,933
Travel	756	2,381
Rent	540	540
Repairs & Maintenance	1,281	8,734
Other Expenses	20,089	13,670
Depreciation Exp.	5,807	5,807
Amortization Exp.	0	0
Lease Amortization Exp.	27,550	27,550
Lease Interest	6,090	6,450
OPEB Expense	0	0
Pension Expense - PERS	0	0
Total Administrative Exp.	519,805	463,650

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

ACCOUNT LEVEL	ACCOUNT CATEGORY	EXPENSE FY 2026	BUDGET FY 2027	EXPENDITURE YEAR TO DATE	% BUDGET SPENT	TOTAL PROJECTED	BUDGET SURPLUS/(DEFICIT)
	PERSONAL SERVICES:						
61100	Salaries	1,893,579	2,051,000	211,700	10.3%	2,002,946	48,054
61300	Per Diem	4,800	8,000	700	8.8%	4,800	3,200
61403	Health Insurance	290,250	302,000	49,140	16.3%	301,266	734
61400	Benefits	323,955	340,000	35,936	10.6%	344,031	(4,031)
	Total Personal Services	2,512,584	2,701,000	297,476	11.0%	2,653,043	47,957
	OPERATING EXPENSES:						
62100	Contract Services	813,521	955,538	99,306	10.4%	793,635	161,903
62200	Supplies/Materials	80,908	120,825	52,981	43.8%	95,514	25,311
62300	Communications	131,072	117,410	7,928	6.8%	30,270	87,140
62400	Travel	22,201	38,000	756	2.0%	4,536	33,464
62500	Rent	3,256	3,750	540	14.4%	3,750	-
62700	Repairs/Maintenance	43,286	36,260	1,281	3.5%	35,260	1,000
62800	Other Expenses	106,844	119,045	20,089	16.9%	92,721	26,324
	Total Operating Expense	1,201,088	1,390,828	182,882	13.1%	1,055,686	335,142
62122	Audit Fees - Biennial Amount	90,999	113,741	-	0.0%	-	113,741
	Total Operating and Personal Services	3,804,671	4,205,569	480,358	11.4%	3,708,729	496,840
69501	Capital Lease	168,501	173,556	28,926	0.0%	173,556	-
	Subtotal Capital Lease	168,501	173,556	28,926	0.0%	173,556	-
	Totals	3,973,172	4,379,125	509,284	11.6%	3,882,285	496,840

Percent of FY Complete 17%
Percent of Payroll Complete 11%

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

ACCOUNT CODE	ACCOUNT NAME	EXPENSE FY 2026	BUDGET FY 2027	ACTUAL EXP TO DATE	% OF BUDGET
62102	Consulting & Professional	172,334	164,600	2,179	1.3%
62104	Insurance	2,926	2,906	2,838	97.7%
62104A	INS & Bonds - Non fixed	0	150	0	0.0%
62108	Legal Fees/Court Costs	8,076	37,500	0	0.0%
62113	Warrant Writing Fees	50,647	54,381	4,321	7.9%
62114	Payroll Service Fees	6,763	7,085	1,771	25.0%
62114A	Workers Comp Mgmt	463	685	702	102.4%
62115	Photographic Services	20	50	0	0.0%
62116	Medical Services	8,250	13,000	0	0.0%
62136	IT Consult & Prof Servs	263,280	359,000	35,305	9.8%
62145	Food Services Expense	892	1,000	0	0.0%
62148	SABHRS Costs/DOA	155,619	157,442	40,329	25.6%
6215A	LinedIn Charge	228	275	57	N/A
62186A	Recycling	898	1,000	77	7.7%
62187	Records Storage	3,117	3,600	504	14.0%
62190	Printing, Pub & Graphics	41,547	45,000	2,950	6.6%
62191	Printing, Other Provider	3,011	4,000	587	14.7%
621B1	SITSD Storage Hosting	10,666	11,000	911	8.3%
621B2	SITSD Server Hosting Services	27,416	41,000	2,335	5.7%
621B4	SITSD Application Services	0	0	0	#DIV/0!
621B5	SITSD Email	3,471	3,500	291	8.3%
621B8	SITSD Operations Support	0	0	0	#DIV/0!
621B9	SITSD Database Hosting	3,419	3,500	285	8.1%
621C2	SITSD Application Development	8,448	0	0	N/A
621C5	SITSD Enterprise Services	40,350	40,500	3,362	8.3%
621C6	SITSD Professional Services	0	1,000	0	0.0%
621C8	SITSD Email Restore	0	1,000	0	0.0%
621D9	Public Information Requests	1,680	2,364	500	21.2%
	SUBTOTAL	813,521	955,538	99,306	10.4%
62122	Audit Fees - Current	90,999	113,741	0	0.0%
	TOTAL CONTRACTED SERVICES	904,520	1,069,279	99,306	9.3%

Percent of FY Complete:

17%

**Teachers' Retirement System
Delinquent Agency Report
9/2/2026**

Employer Number	Employer Name	Reports Outstanding	Estimated Employee Contributions	Estimated Employer Contributions
		Total	0	0
		Total Due	0	

All monthly reports are due by the 15th of the following month.

V. Executive Director's Report

Discussion Items

A. Executive Summary

Operations Update: The Active and Communications Team have started the fall Ready Set Retire and TRS 101 Webinars. There are five of each webinar scheduled and there are two Retirement Application Webinars Scheduled after the first of the year as follows:

TRS 101: Retirement System Basics

1. Wednesday, September 16 @ 4:30 PM
2. Wednesday, October 21 @ 4:30 PM
3. Wednesday, November 4 @ 4:30 PM
4. Wednesday, December 2 @ 4:30 PM
5. Wednesday, January 6 @ 4:30 PM

TRS Ready Set Retire!

1. Wednesday, September 23 @ 4:30 PM
2. Wednesday, October 7 @ 4:30 PM
3. Wednesday, November 18 @ 4:30 PM
4. Wednesday, December 9 @ 4:30 PM
5. Wednesday, January 13 @ 4:30 PM

Retirement Application Overview

1. Tuesday, January 27 @ 4:30 PM
2. Tuesday, February 17 @ 4:30 PM

MCEL Presentation: I have been invited to present at the MCEL conference on October 15th in Billings. My presentation will highlight the core features of our defined benefit plan and its long-term value to school districts from a recruitment, retention and employer cost perspective.

Information Technology Team Introductions: John Noble (IT Manager) will introduce his team which in addition to himself consists of a Network Administrator (Rex Merrick) and two Imaging Technicians (Tracy Tice and Stephanie Reynolds). Each member of the IT team will tell you a little bit about themselves and their primary duties at TRS.

B. Legislative Interim Committee Update – The Education Interim Committee and the Education Interim Budget Committee had a joint meeting on September 15th where I presented the 19-20-732 & 735 Reemployed teachers reports as required by statute.

I am scheduled to present the results of the July 1, 2026 actuarial valuation to the SAVA committee on October 27th.

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

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VI. 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.

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VII. 2027 Board Legislation

Discussion Items

A. Review and Discuss Legislation – Our two legislative concepts were presented to the State Administration and Veteran Affairs Committee on July 9th and they were authorized by the committee for pre-session drafting. The TRS Board will discuss and finalize the actual bill language we will introduce during the 2027 legislative session.

Working Retiree Bill – Remove the Sunset on the 49% Allowable Earnings Limitation in 19-20-731 – 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 FY 2026, this means that the minimum amount a working retiree can earn in a TRS reportable position without impacting their monthly retirement benefit is \$34,400 versus \$23,401 under the previous 1/3 limitation.

The 49% allowable earnings limitation will sunset on June 30, 2027 and will revert back to the one-third allowable earnings limitation that was in effect prior to the 2023 legislative session. The TRS Board proposed this change during the 2023 session based on feedback we received from School Administrators of Montana, Montana School Boards Association and Montana Association of School Superintendents about the difficulty they are having hiring non-retired teachers to fully staff their schools. The legislature placed a four year sunset on the provision 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 we are recommending removal of the sunset on the 49% allowable earnings limitation.

Bill draft is attached.

University Supplemental Contribution Rate – When the Optional Retirement Plan was created in 1987 for university system TRS-eligible members, section 19-20-621, MCA, required each employer within the university system with employees participating in the optional retirement program 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 2026 valuation of the university supplemental rate, the current rate needs to be increased from 4.72% to 15.94%. Alternatively, the contribution rate could remain at 4.72% but a lump sum contribution of \$223.1 Million would be needed in order to amortize the unfunded liability by July 1, 2033.

Bill Draft is attached.

B. Public Comment – Opportunity for any member of the public to comment on TRS legislation.

Action Item:

C. Approve TRS Legislation for 2027 Session – Finalize and approve TRS legislation for bill drafting.

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*** Bill No. ***

Introduced By *****

By Request of the (Agency or Department)

A Bill for an Act entitled: "An Act to remove the sunset provision of the maximum allowable earnings of a retired Teachers' Retirement System member; amending section 19-20-731, MCA."

Be it enacted by the Legislature of the State of Montana:

Section 1. Section 19-20-731*** Bill No. ***, MCA, is amended to read:

"19-20-731. ~~(Temporary)~~ Postretirement employment limitations -- cancellation and recalculation of benefits - - reporting obligation of retired member. (1) (a) Except as provided in 19-20-732 or as otherwise provided in this section, a retired member may be employed in a position that is reportable to the retirement system and may earn, without an adjustment of retirement benefits, an amount not to exceed the greater of:

(i) 49% of the sum of the member's average final compensation; or

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(ii) 49% of the median of the average final compensation for members retired during the preceding fiscal year as determined by the retirement board.

(b) The maximum compensation that a retired member may earn under subsection (1)(a) without an adjustment of retirement benefits includes all amounts paid to or on behalf of the retired member and the value of all benefits provided to or on behalf of the retired member by the employer, including any amounts deferred for payment to a later year, excluding:

(i) health insurance premiums directly paid by the employer on the retired member's behalf for health care coverage provided by the employer;

(ii) the value of housing provided by the employer to the retired member;

(iii) the amount of employment-related travel expenses reimbursed to the retired member by the employer;

(iv) de minimis fringe benefits, as defined in 26 U.S.C. 132(e), paid by the employer to or on behalf of the retired member; and

(v) payroll taxes paid by the employer on behalf of the retired member.

(c) A member applying for a retirement allowance or resumption or recalculation of a retirement allowance based

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on a termination date of January 1, 2014, or later is

in 19-20-734 before the retired member may be employed in a position reportable to the retirement system.

(2) On July 1 of each year following the member's retirement effective date, the maximum that a retired member may earn under subsection (1)(a)(i) is increased by an amount equal to the consumer price index increase for urban wage earners compiled by the bureau of labor statistics of the United States department of labor or its successor agency in the preceding calendar year.

(3) Except as provided in 19-20-732, the retirement benefit of a retired member:

(a) employed and earning more than allowed by subsections (1) and (2) must be temporarily reduced by \$1 for each dollar earned over the maximum allowed. Monthly benefits must be reduced beginning as soon as practical after the excess earnings have been reported to the retirement system by the employer. The retirement benefit must be suspended if the retired member's earnings over the maximum allowed exceed the gross monthly benefit amount.

(b) employed in one or more part-time positions under one or more contracts providing for an aggregate payment of a total amount that is more than the maximum allowed must

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be suspended effective on the date on which the retired

(4) For purposes of this section, the term "employed in a position that is reportable to the retirement system" includes any work performed or service provided by a retired member to or on behalf of an employer, including but not limited to work performed or service provided through a professional employer arrangement, an employee leasing arrangement, as a temporary service contractor, or as an independent contractor.

(5) For purposes of this section, the employment status and maximum compensation of a retired member who is employed in more than one position or under more than one contract, whether with one employer or more than one employer, is the aggregate full-time equivalency and compensation derived from all positions reportable to the retirement system in which the retired member is employed.

(6) Within 30 days of the date of the execution of an agreement for the employment of a retired member or of the first date on which the retired member provides services if no agreement is entered into, the retired member shall provide written notice of the postretirement employment to the retirement system.

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(7) For purposes of this section, if a retired member is employed by an employer in a position that is reportable to the retirement system and the retired member is concurrently working for the employer in another position that is not reportable to the system, the position that is not reportable is considered to be part of the position that is reportable to the retirement system. All earnings of the retired member that are generated by these positions are reportable to the retirement system.

(8) The retirement allowance of any retired member who is employed in a position and who elects to participate in the university system retirement program under Title 19, chapter 21, must be suspended until the member is no longer employed in the position and is no longer participating in the university system retirement program. ~~(Terminates June 30, 2027--sec. 6, Ch. 135, L. 2023.)~~

~~**19-20-731.** (Effective July 1, 2027) **Postretirement employment limitations -- cancellation and recalculation of benefits -- reporting obligation of retired member.** (1) (a) Except as provided in 19-20-732 or as otherwise provided in this section, a retired member may be employed in a position that is reportable to the retirement system and~~

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~~may earn, without an adjustment of retirement benefits, an~~

~~(i) one third of the sum of the member's average final compensation; or~~

~~(ii) one third of the median of the average final compensation for members retired during the preceding fiscal year as determined by the retirement board.~~

~~(b) The maximum compensation that a retired member may earn under subsection (1) (a) without an adjustment of retirement benefits includes all amounts paid to or on behalf of the retired member and the value of all benefits provided to or on behalf of the retired member by the employer, including any amounts deferred for payment to a later year, excluding:~~

~~(i) health insurance premiums directly paid by the employer on the retired member's behalf for health care coverage provided by the employer;~~

~~(ii) the value of housing provided by the employer to the retired member;~~

~~(iii) the amount of employment-related travel expenses reimbursed to the retired member by the employer;~~

~~(iv) de minimis fringe benefits, as defined in 26 U.S.C. 132(e), paid by the employer to or on behalf of the retired member; and~~

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~~(v) payroll taxes paid by the employer on behalf of the retired member.~~

~~(c) A member applying for a retirement allowance or resumption or recalculation of a retirement allowance based on a termination date of January 1, 2014, or later is required to complete the break-in-service period set forth in 19-20-734 before the retired member may be employed in a position reportable to the retirement system.~~

~~(2) On July 1 of each year following the member's retirement effective date, the maximum that a retired member may earn under subsection (1) (a) (i) is increased by an amount equal to the consumer price index increase for urban wage earners compiled by the bureau of labor statistics of the United States department of labor or its successor agency in the preceding calendar year.~~

~~(3) Except as provided in 19-20-732, the retirement benefit of a retired member:~~

~~(a) employed and earning more than allowed by subsections (1) and (2) must be temporarily reduced by \$1 for each dollar earned over the maximum allowed. Monthly benefits must be reduced beginning as soon as practical after the excess earnings have been reported to the retirement system by the employer. The retirement benefit~~

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~~must be suspended if the retired member's earnings over the~~

~~(b) — employed in one or more part-time positions under one or more contracts providing for an aggregate payment of a total amount that is more than the maximum allowed must be suspended effective on the date on which the retired member returns to employment.~~

~~(4) — For purposes of this section, the term "employed in a position that is reportable to the retirement system" includes any work performed or service provided by a retired member to or on behalf of an employer, including but not limited to work performed or service provided through a professional employer arrangement, an employee leasing arrangement, as a temporary service contractor, or as an independent contractor.~~

~~(5) — For purposes of this section, the employment status and maximum compensation of a retired member who is employed in more than one position or under more than one contract, whether with one employer or more than one employer, is the aggregate full-time equivalency and compensation derived from all positions reportable to the retirement system in which the retired member is employed.~~

~~(6) — Within 30 days of the date of the execution of an agreement for the employment of a retired member or of the~~

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~~first date on which the retired member provides services if~~

~~provide written notice of the postretirement employment to the retirement system.~~

~~(7) For purposes of this section, if a retired member is employed by an employer in a position that is reportable to the retirement system and the retired member is concurrently working for the employer in another position that is not reportable to the system, the position that is not reportable is considered to be part of the position that is reportable to the retirement system. All earnings of the retired member that are generated by these positions are reportable to the retirement system.~~

~~(8) The retirement allowance of any retired member who is employed in a position and who elects to participate in the university system retirement program under Title 19, chapter 21, must be suspended until the member is no longer employed in the position and is no longer participating in the university system retirement program."~~

NEW SECTION. Section 2. Effective Date. [This act] is effective on passage and approval.

{Internal References to 19-20-731:

<i>19-20-102</i>	<i>19-20-208</i>	<i>19-20-302</i>	<i>19-20-605</i>
<i>19-20-732</i>	<i>19-20-732</i>	<i>19-20-733</i>	<i>19-20-733</i>
<i>19-20-734</i>	<i>19-20-734</i>	<i>19-20-734</i>	<i>19-20-735</i>
<i>19-20-810}</i>			

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*** Bill No. ***

Introduced By *****

By Request of the (Agency or Department)

A Bill for an Act entitled: "An Act increasing the Montana University System Retirement Program supplemental employer contribution rate paid to the Teachers' Retirement System; amending Section 19-20-621, MCA; and providing an effective date; amending section 19-20-621, MCA."

Be it enacted by the Legislature of the State of Montana:

Section 1. Section 19-20-621, MCA, is amended to read:

"19-20-621. Montana university system retirement program supplemental contributions. (1) Each employer within the university system with employees participating in the university system retirement program under Title 19, chapter 21, shall contribute to the teachers' retirement system 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.

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(2) The university system retirement program supplemental employer contribution as a percentage of the total compensation of all employees participating in the program is 15.94%.

~~(a) 4.04% beginning July 1, 2001, through June 30, 2007; and~~

~~(b) 4.72% beginning July 1, 2007.~~

(3) The board shall periodically review the supplemental employer contribution rate and recommend adjustments to the legislature as needed to maintain the amortization of the university system's past service liability by July 1, 2033."

NEW SECTION. **Section 2. Effective Date.** [This act] is effective July 1, 2027.

*{Internal References to 19-20-621:
19-21-203}*

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VIII. Annual TRS Internal Auditor Report

Discussion Items **A. Review and Discuss Annual TRS Internal Auditor Report**– Chris Fish, TRS Internal Auditor, will lead the board through a discussion of the attached annual internal auditor report.

B. Public Comment – Opportunity for any member of the public to comment on the TRS Internal Auditor Report.

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Montana Teachers'
Retirement System

TRS FY 2026 Audit Report

Chris Fish, TRS Auditor • October 9, 2026

TRS Employer Wage and Contribution Audits

TRS completed twenty-three audits of FY 2025 employer wage and contribution reports between the months of September 2025 and August 2026.

Reports and Documents Reviewed for Each Audit

1. Full worker roster, including names, job titles, and extracurricular assignments
2. Complete payroll reports from employer's payroll software for fiscal year 2025
3. Timesheets (hourly employees only) for fiscal year 2025
4. I-9, W-4 paperwork, personnel documents, or membership forms for a sample size of employees in TRS reportable positions
5. List of all workers being paid as independent contractors (paid through accounts payable and not included on the employer's regular payroll)
6. Other documents as requested by TRS

Audit Process

The following steps to begin an audit:

1. Employer is contacted via email stating TRS will be performing a review of payroll reports.
2. Engagement letter mailed to the clerk along with steps on securely transferring documents via ePass.
3. One week before reports are due, the clerk is contacted via email or phone to see if there are any questions.
4. Contact with the clerk is ongoing throughout the review process.
5. A spreadsheet with questions, clarifications, and/or requests for additional information to the clerk is emailed after all reports are reviewed.

After all requested information is received and reviewed, the following procedures are completed:

6. Spreadsheets are created for the TRS Active Membership unit to make service credit corrections and create buybacks for salary/service not reported.

7. Spreadsheets are created for the TRS Active Membership unit for salary/service reported in error to TRS that must be transferred to PERS.
8. Spreadsheets are created for the TRS Accounting unit to create adjustments and correct service credit for salary/service reported in error to TRS that will not be transferred to PERS.
9. Spreadsheets are generated for the TRS Accounting unit with working retiree contribution corrections and other reporting errors identified for the current fiscal year so that adjustment reports can be created for the employer's next wage and contribution report.
10. A preliminary audit report is sent by email to the clerk for the employer's records, and any questions the clerk has on the findings are answered.
11. A final report and cover letter is mailed to the clerk for the employer's records. This report outlines the steps TRS will take to review wage and contribution reports from the current fiscal year to verify the same errors do not continue to occur.
12. A calendar date is set up 2 to 3 months in the future to verify that:
 - a. the TRS Active Membership unit has begun processing the necessary buybacks, transfers, and
 - b. the employer has corrected all issues identified in the audit report, such as using the correct work status (full-time, part-time, hourly), reporting extracurricular service correctly, and updating employee name changes in wage and contribution reports.

Note: Because the Accounting unit immediately makes corrections to service credit, creates adjustments for service/salary reported in error to TRS, current fiscal year issues and wages not reported for working retirees, it has not been necessary to schedule follow-up dates for these situations.

13. Once notification is received from TRS Active Membership unit and the Accounting unit stating all corrections have been completed, the auditor completes a final verification and images all corresponding documentation in the appropriate accounts.
14. As part of the continued follow-up process, districts with significant reporting errors will be asked to send payroll reports for random months of the current fiscal year. If reporting errors are still being made, complete payroll reports will be requested, and an individualized training session will be scheduled with the appropriate district staff.
15. TRS staff and MPERA staff are still in the discussion stages of collaborating to create training videos and webinars for clerks.

Audit Findings

Service Not Reported, Salary Not Reported

Service and/or salary not reported errors arise when an employer has neglected to report a current member or a prospective member to TRS for wages earned or time worked in a TRS reportable position. For the reported audit period, these issues included substitute teachers/teachers' aides exceeding the 210-hour threshold for mandatory TRS participation, coaching stipends not being reported, and various TRS reportable positions being omitted from wage and contribution reports.

Some of these errors go back several years; all salary not reported in the past is included in the totals below. To collect the contributions owed to TRS, the Active Membership unit sets up Service/Salary Not Reported buybacks that include interest.

Service Not Reported errors	Salary Not Reported errors	Total salary not reported	Estimated contributions owed to TRS
87	88	\$1,066,953.00	\$214,564.00

Reported in Error to PERS

These issues arise when an employer has reported a current or prospective TRS member to PERS in error. The issues included in the table below occurred when sixteen school districts reported multiple TRS reportable positions to PERS for several years. The Active Membership unit sets up Reported in Error to PERS buybacks and PERS remits the funds to TRS.

Reported in error to PERS	Total salary reported in error to PERS	Estimated contributions owed to TRS
16	\$2,416,651.00	\$485,988.00

Reported in Error to TRS

These issues arise when an employer has reported a current or prospective PERS member to TRS in error or has reported extra duties performed that are not reportable to TRS.

The issues found for this reporting period were primarily wages paid for end of the school year sick and vacation payout, non-educational lunch duty, ticket-taking, and activity bus driver duties, and in most cases, full-time teachers were performing these extra duties. The Accounting unit works to create adjustments for the employer and employee contribution reported in error to TRS. This year, there were no instances of PERS reportable positions reported to TRS in error.

Reported in error to TRS	Total salary reported in error to TRS	Estimated contributions refunded to PERS or SD
61	\$ (170,012.00)	\$ (34,189.00)

Working Retiree Salary Not Reported / Required Documentation Not Submitted

Working Retiree Salary Not Reported issues arise when an employer has neglected to report a retired member to TRS for wages earned in a TRS or PERS reportable position. These errors usually occurred because the employee and employer did not communicate regarding the individual's status as a TRS retiree and/or did not complete and submit TRS Form 146 as required when a TRS retiree provides service to or on behalf of a TRS employer.

Some of the errors date back several years and the total dollars in the table below include salary not reported for all previous years. In these situations, no adjustment to the member's service credit is involved and no buyback is necessary. Instead, the TRS Accounting unit creates an adjustment for the employer to correct the reporting for the working retiree.

Form 146 not submitted	Number of working retirees not reported	Total working retiree salary not reported	Estimated contributions owed to TRS
15	7	\$26,221.00	\$3,107.00

Total Audit Findings for FY 2025 Employer Reports

Findings from 23 employer audits are included in the totals below.

Estimated contributions owed to TRS – SALARY NOT REPORTED	Estimated contributions owed to TRS – REPORTED IN ERROR TO PERS	Estimated contributions refunded to PERS – REPORTED IN ERROR TO TRS	Estimated contributions owed to TRS – WORKING RETIREE WAGES NOT REPORTED	TOTAL CONTRIBUTIONS OWED TO TRS
\$214,564.00	\$485,988.00	\$ (34,189.00)	\$3,107.00	\$669,470.00

Other Common Reporting Errors

TRS audits continue to reveal several instances of employers not reporting extracurricular stipends for employees who work less than full time or reporting incorrect service credit for extracurricular duties. TRS created a Fact Sheet titled "Calculating and Reporting Extra Duty Service Credit" and there is also a fillable calculator the clerks can request to assist with the calculations and reporting of these stipends. Educating the clerks on these calculations continues on a regular basis.

Incorrectly reporting an employee's work status (full time, part time, hourly) is another common finding that can result in the incorrect calculation of the member's service credit. Payroll data to correct these errors is given to the Accounting unit and the clerk is directed to update the work status when submitting their next wage and contribution report.

Audits Planned for FY 2026

Thirty-seven audits are scheduled using FY 2026 employer wage and contribution reports. The schedule includes thirty-one school districts, two cooperatives, two counties, one community college, and one unit of the Montana University System.

APPENDIX A

Employers Audited – FY 2025 Wage and Contribution Reports

Audits of the following TRS employers were completed between September 2025 and August 2026.
(Audits that remain in progress, if any, are noted below.)

Anaconda Public Schools	Kalispell Public Schools *
Ashland Public Schools *	Lame Deer Public Schools
Bozeman Public Schools	Miles City Public Schools
Brockton Public Schools	Commissioner of Higher Education
Circle Public Schools	Opheim K-12 Schools
Colstrip Public Schools *	Park City Public Schools
Dupuyer Elementary	Polaris Elementary
Ekalaka Public Schools	Polson Public Schools *
Fishtail Elementary **	Rapelje Public Schools **
Flathead Special Education Cooperative **	Red Lodge Public Schools *
Frontier Elementary	Roberts K-12 Schools
Gallatin County **	Stevensville Public Schools
Hall Elementary	Sunburst K-12 Schools
Harrison K-12 Schools	Whitehall Public Schools
Hot Springs Public Schools *	

* *Audit is still in progress. Results will be included on next report.*

** *Audit completed with zero errors.*

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IX. Strategic Planning

Discussion Items **A. Strategic Planning**– I have attached a copy of the 2025-2027 commitment worksheet for Board discussion.

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

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TRS 2025 – 2027 Strategic Planning Commitment Worksheet

Goal/Objective	Outcome/Measure	Status/Outcome	Responsible Party	Resources Required
<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.	Documented compliance of plan terms with the Montana State Constitution and State and Federal laws and regulations.	Every 5 years. <i>Completed May 8, 2026</i>	Executive Director, Chief Legal Counsel.	Staff time, Contractor fees.
<i>Maintain an actuarially sound qualified retirement plan.</i> Conduct an experience study for the five-year period ending July 1, 2025.	Updated actuarial assumptions.	Starts July 1, 2025, with completion in May of 2026. <i>Completed May 8, 2026</i>	Executive Director, Board.	Staff time, Contractor fees
<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.	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
<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).	Automation and improved processes.	Implement ORA 2027 – 2028. Other enhancements are ongoing. <i>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.</i>	M-Trust Steering Team	Staff time
<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.	Improved internal documentation and business processes.	<i>Retired Payroll is underway and Ongoing.</i>	Management Team, Staff.	Staff time, Possible contractor fees.
<i>High-performance work culture and service excellence.</i> Continue strategic planning every 2 years.	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
<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.	Improved functionality and member convenience with continued system security.	ID Verification roll completed in one rollout May 1, 2026	Information Systems Manager, Communications Manager.	Staff time, Licensing Fees.
<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.	Improved process documentation; knowledge transfer; cross-training.	Retired Payroll in FY 2026 – And Ongoing	Management Team.	Staff time, Contractor fees.
<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	Competitive pay in relation to Broadband 25.	Ongoing.	Executive Director, Deputy Executive Director.	Staff time.
<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	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.
<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.	An informed and engaged constituency. Valuable data for interim study.	2025 Survey completed Fall of 2025.	Communications Manager.	Staff time.
<i>Communication and outreach</i> Promote the system as a benefit to help school districts attract and retain teachers.	Promotional materials and information illustrating TRS benefits for employer use.	Attending MCEL for first time in October 2026 and Ongoing.	Communications Manager.	Staff time.
<i>Communication and outreach (member communication)</i> Transition newsletter to an electronic-only format over the next 12 months.	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. 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 from 04/01/2026 through 08/31/2026 and any adjustments made during that time period.

We had 438 retirees from 04/01/2026 – 08/31/2026 with average termination pay of \$15,932.54, average monthly benefits of \$2,524.79 average age of 60.44 and average years of service of 23.50.

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

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XI. Legal Counsel's Report

Information Items **A. Legal Issues** – Jim Malizia will report on pending cases, and recent legal issues.

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XII. Election of Officers

Action Items

A. Election of Chair and Vice-Chair - The Board Member Policy Manual provides that the Board shall elect a Chair and Vice-Chair annually at the October meeting. To be eligible to be elected to the position of Chair or Vice-Chair, members must have served on the Board for a minimum of one year before being elected.

The current Chair is Kari Elliott

The current Vice-Chair is Dan Chamberlin

B. Committee Appointments –The standing committees and current members are:

Budget/Audit

Legislation/Litigation

Personnel/Policy

Dan Chamberlin and Brian Youngren

Dan Trost and Dee Brown

Kari Elliott and Elliott Crump

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XIII. Adjournment

Action Items **A. Motion to Adjourn**