

Horizons

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UPDATE: Request for Retirees’ Monthly Benefit Amounts

Board votes unanimously to deny request

On October 1, 2015, the Teachers’ Retirement System (TRS) Board voted unanimously to deny a request for information made by a third party, which included the name of and the monthly benefit amount paid to each TRS retiree. The Board provided notice of the request for retirement information to each active and retired TRS member and the overwhelming response to this evidenced an expectation of privacy (295 out of 320 respondents asserted an expectation of privacy). The Board instructed TRS staff that such information may not be released by the retirement system without a final judicial determination that the merits of public disclosure exceed the individual privacy interests of TRS members. Note, in order to proceed with a judicial review, the requesting party will need to file a complaint in Montana district court. At this time, it is unclear whether the party that requested retiree names and their benefit amounts will file a complaint to initiate a judicial determination of this matter. TRS will post updates as necessary on our website.

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UPDATE: Guaranteed Annual Benefit Adjustment Lawsuit

Attorney General enters into settlement agreement, will not appeal decision to the Supreme Court

In August, the Attorney General’s (AG) Office, on behalf of the State and TRS, entered into a settlement agreement that upholds Judge Menahan’s decision in *Byrne v. State of Montana*. The agreement includes a stipulation that the AG’s office will not appeal the decision to the Supreme Court and the plaintiffs have waived any claim for attorney fees. This means that eligible Tier One members of TRS (hired prior to July 1, 2013) will continue to receive a 1.50% Guaranteed Annual Benefit Adjustment on January 1 of each year. Eligible Tier Two members of TRS (hired on or after July 1, 2013) will receive a variable GABA ranging from a minimum of 0.50% to a maximum of 1.50% on January 1 of each year depending on the funded status of the plan.

In August, the Attorney General’s (AG) Office, on behalf of the State and TRS, entered into a settlement agreement that upholds Judge Menahan’s decision in *Byrne v. State of Montana*. The agreement includes a stipulation

There is a 36-month waiting period for newly retired members; adjustments will be applied on January 1st following the 36-month waiting period.

REMINDER: Death of or Divorce From Your Joint Annuitant

Notify TRS immediately

If you are retired and elected a joint and survivor benefit, you need to contact TRS immediately if your joint annuitant (your one beneficiary) dies, or if you are divorced from your joint annuitant. You may be eligible to make a new benefit election and designate a new joint annuitant, but must do so within 18 months from the date of death or divorce.

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EXECUTIVE STAFF

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Chief Legal Counsel
Denise Pizzini

Communication Specialist
Karin Janssen

Executive Secretary
Cathy Page

Administrative Assistant
Erin Montgomery

New Beneficiary Designation Forms Available

Forms 123 and 123A have been revised

Members. If you currently have a beneficiary designation on file with TRS, you are not required to submit a new Form 123 to TRS. However, if you want to change your beneficiary designations with TRS, you should do so by using the new Form 123. You can find the new Form 123 and Form 123A at trs.mt.gov/trs-info/forms, or you can request a form by calling TRS at (406) 444-3134 or (866) 600-4045.

TRS has revised forms 123, Beneficiary Designation for Active Members, and 123A, Attachment to Beneficiary Designation for Active

Effective January 1, 2016, beneficiary designations submitted to TRS must be on the new form.

REMINDER: You must report post-retirement employment in a TRS- or PERS-reportable position to TRS on an annual basis

You and your employer must report post-retirement employment annually

If an eligible retired member takes on employment in a Teachers' Retirement System (TRS) or Public Employees' Retirement System (PERS) reportable position, both the member and the employer must timely notify TRS of the post-retirement employment on an annual basis by completing and submitting Form 146, Employer and Employee Notice of Post-retirement Employment, and all required supporting documentation. Note, it does not matter if you were only employed for only one hour, if you were employed for that year, you must notify TRS. You can download a copy of Form 146 on our Forms page at trs.mt.gov/trsinfo/forms.

If an eligible retired member takes on employment in a Teachers' Retirement System (TRS) or Public Employees' Retirement System (PERS) reportable position, both the member and the employer must timely notify TRS of the

It is not true that people stop pursuing dreams because they grow old. They grow old because they stop pursuing dreams.

—GABRIEL GARCÍA MÁRQUEZ

You can now view TRS Board meeting videos on our website at trs.mt.gov/trs-info/boardminutes

Current TRS Board Members

MEMBER	SEAT	TERM EXPIRES
Janice Muller	Active Member, Hamilton	July 1, 2016
Marilyn Ryan	Retired Member, Missoula	July 1, 2016
Kari Peiffer, Chair	Active Member, Kalispell	July 1, 2017
Scott Dubbs, Vice Chair	Active Member, Lewistown	July 1, 2018
Daniel Trost	Public Member, Helena	July 1, 2019
Pending Appointment	Public Member, Helena	July 1, 2020

ACCOUNTING STAFF

Fiscal Manager
Nolan Brilz

Accountants
Joyce Love
Kim Lloyd

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TRS Actuarial Valuation Report: June 30, 2015

Actuaries from Cavanaugh Macdonald presented their annual report to the Teachers' Retirement System Governing Board on Thursday, October 1, 2015

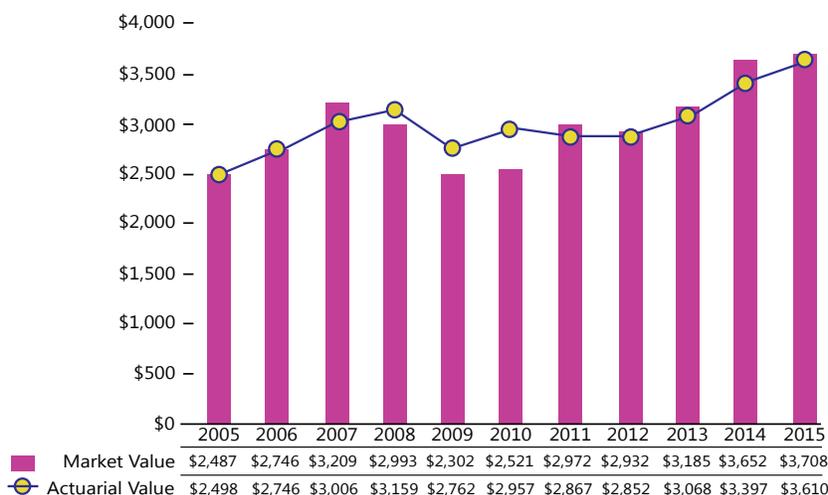
The Montana Constitution requires the public pension systems to be funded on an actuarially sound basis. The purpose of an actuarial valuation is to provide a summary of the funded status of the

retirement system. In many respects, an actuarial valuation can be regarded as an inventory process. The inventory is taken as of the actuarial valuation date, which for this valuation is July 1, 2015. On that date, the assets available for the payment of benefits are appraised. These assets are compared with the actuarial liabilities. The actuarial process thus leads to a method of determining what contributions by members and their employers are needed to strike a balance. The funded status of the plan increased from 65.45% to 67.46% based on the 2015 valuation report.

In many respects, an actuarial valuation can be regarded as an inventory process.

The graph in table 1 illustrates the increase in the market value and the actuarial value of the System's assets over the past ten years. The July 1, 2015 market value of assets is \$98.5 million more than the actuarial value of assets. The actuarial value of assets is calculated by smoothing of investment gains and losses over a four year period which helps reduce the year to year volatility of market returns. Based on the 2015 valuation, the TRS pension fund will be fully amortized within 26 years, a decrease from 28 years reported in the 2014 valuation report. If the market value of assets was used, the amortization period would be 23 years, and the Funded Ratio would be 69.30%.

Table 1.—Increase in market value and the actuarial value of the System's assets, 2005-2015



In summary, the funded status and amortization period of TRS are on solid ground and continue to improve each year as a result of additional funding and pension reform passed during the 2013 Legislative Session.



Updated Actuarial Factors

Based on a 2013 Experience Study conducted by our actuary, Cavanaugh Macdonald Consulting, the Teachers' Retirement Board adopted changes to the actuarial factors used in the calculation of benefits. These updated factors will be in effect for anyone retiring on or after August 1, 2016

The purpose of an experience study is to assess the reasonability of the actuarial assumptions for TRS. The 2015 actuarial valuation report provided comparisons between the actual and expected investment returns, actual and expected cases of separation from active service, actual and expected number of deaths, and actual and expected salary increases. The experience study covered the five-year period from July 1, 2008 to July 1, 2013, and included all active full-time members, retired members, and beneficiaries of deceased members. From the comparisons, the actuaries recommended changes for non-disabled retired member and disabled retired member mortality rates to ensure consistency is maintained between mortality assumptions and actual experience.

The 2013 experience study findings indicate two important demographic trends in post-retirement mortality rates: overall, there have been slightly fewer retired member deaths over the five-year study period and there have been more disabled retired member deaths than expected over the five-year study period.

Retiree and beneficiary mortality. The actual/expected ratios under the proposed assumptions are 117% compared to 99% for males and 111% compared to 97% for females. The recommended table (table 2) provides sufficient margin for mortality improvement in the future.

Table 2.—Post-retirement mortality experience, actual and proposed

Age Group	Males			Females		
	Actual	Proposed	Ratio	Actual	Proposed	Ratio
			Actual/Experienced			Actual/Experienced
Under 50	1	0.28	3.57	1	0.27	3.70
50-54	0	1.48	0.00	3	1.80	1.67
55-59	10	10.62	0.94	6	10.14	0.59
60-64	22	32.41	0.68	35	38.55	0.91
65-69	57	56.56	1.01	40	62.70	0.64
70-74	64	69.76	0.92	58	69.68	0.83
75-79	95	86.97	1.09	75	86.69	0.87
80-84	115	90.31	1.27	111	108.36	1.02
85-89	132	87.43	1.51	192	139.35	1.38
90-94	71	54.87	1.29	208	154.89	1.34
95-99	35	20.98	1.67	115	95.32	1.21
100 & Over	6	7.90	0.76	31	22.44	1.38
TOTAL	608	519.57	1.17	875	790.19	1.11

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Disabled post-retirement mortality. The analysis of the actual disabled mortality over the five-year experience study period yields actual/expected ratio of 119% and 108% respectively for disabled male and female retirees. Table 3 shows the actual/expected ratios by age groups and in total.

Table 3.—*Disabled post-retirement mortality experience under current assumptions*

ACTIVE MEMBER STAFF	Age Group	Males			Females		
		Actual	Expected	Ratio	Actual	Expected	Ratio
				Actual/Expected			Actual/Expected
<i>Staff</i>	Under 25	0	0.00	0.00	0	0.00	0.00
Johnelle	25-29	0	0.00	0.00	0	0.00	0.00
Sedlock	30-34	0	0.00	0.00	0	0.00	0.00
Brynn	35-39	0	0.04	0.00	0	0.02	0.00
Dennehy	40-44	0	0.04	0.00	1	0.09	11.11
Kristin	45-49	0	0.24	0.00	0	0.35	0.00
Williams	50-54	0	0.29	0.00	3	0.80	3.75
Marjorie	55-59	2	1.22	1.64	5	2.36	2.12
O'Rourke	60-64	2	2.24	0.89	2	4.75	0.42
Sandra	65-69	4	2.40	1.67	3	4.16	0.72
Donahue	70-74	4	1.95	2.05	0	4.35	0.00
	75-79	3	2.79	1.08	4	2.80	1.43
	80-84	1	2.79	0.36	8	4.60	1.74
	85-89	2	1.72	1.16	2	2.37	0.84
	90-94	3	1.95	1.54	4	3.00	1.33
	95-99	0	0.00	0.00	0	0.00	0.00
	100 & Over	0	0.00	0.00	0	0.00	0.00
	TOTAL	21	17.67	1.19	32	29.65	1.08

The actuaries found that the current table (table 3) still provides sufficient margin; however, they recommended projected rates be set forward one year for males and five years for females to maintain consistency between the healthy mortality assumption and the disabled mortality assumption. ❄

TRS Wins CAFR Program Award

TRS wins award for the seventh year in a row!

TRs has once again been awarded the Certificate of Achievement for Excellence in Financial Reporting Program (CAFR Program). The Government Finance Officers Association (GFOA) established the CAFR Program in 1945 to encourage and assist state and local governments to go above and beyond the minimum requirements of generally accepted accounting principles to prepare comprehensive annual financial reports that “evidence the spirit of transparency and full disclosure.”

The goal of the program is not to evaluate the financial health of participating government entities, but to ensure the participating entities publish financial reporting documents that are clear and understandable to their constituents so that their constituents can make their own determinations regarding the entity’s financial health.



Post-retirement Employment and the Second Benefit Provision

Earnings can trigger a suspension of benefits

Upon termination of employment in all TRS-reportable positions, you will resume receiving your suspended benefit in accordance with the retirement benefit allowance and joint annuitant you previously selected. If, after reinstatement to active member status, you earn at least three full years of creditable service, you will also receive an additional (second) benefit amount based upon the new creditable service and compensation earned during the period of reinstatement. The second benefit amount will be added to the reinstated benefit amount and paid in accordance with the retirement benefit allowance and joint annuitant you previously elected. If you earn less than three full years of creditable service, you will not qualify for the second benefit. Instead, you will receive a refund of your employee contributions plus interest.

The rules guiding post-retirement employment (including determining when you are eligible for post-retirement employment) and the second benefit provision are complex. For more information, go to trs.mt.gov and refer to the Active Member Handbook, the Benefit Recipient Handbook, or the Termination and Post-retirement Employment Q&A Fact Sheet—or call TRS at (406) 444-3134 or (866) 600-4045.

Updated Benefit Recipient Handbook Coming in December!

Keep Your Address Current

It is imperative that you keep your mailing address current with TRS to ensure timely notification of TRS updates and tax documents

Legally, much of TRS's correspondence to its members and benefit recipients must go through the U.S. Postal Service. Additionally, due to the confidential nature of TRS correspondence, the U.S. Postal Service is not allowed to forward any mail sent from TRS. As such, it is incredibly important that you as members or benefit recipients keep your addresses up-to-date at all times. Anytime you change locations, you must provide TRS with your current mailing address so that we can get important account information to you. If you are an active member and have an online TRS account, you can easily update your address via our website. Additionally, any member or beneficiary can download and print a copy of Form 116, Change of Mailing Address from the Forms page at trs.mt.gov/trsinfo/forms. If you are an active member and do not have a TRS online account, visit trs.mt.gov/phs-person/member to set one up. If you need technical assistance, please call us at (406) 444-3134 or (866) 600-4045.

RETIRED MEMBER STAFF

Manager
**Karla
Sharf**

Staff
**Natalie
Chamberlain
Chris
Fish**

Staff Promotions

Brynn Dennehy has moved into a Benefits Officer position on our Active Benefits team. Brynn formerly served as the TRS Executive Secretary.

Brynn has quickly settled in to her new role, and she is excited to help more teachers make retirement a reality.

New Hires

Kristin Williams is our second new TRS Benefits Officer. After a three-year hiatus as a stay at home mom, Kristin is returning to our Active Benefits team. The addition of Brynn and Kristin as Benefits Officers will ensure that we provide even higher quality service to our active members with much greater efficiency.

Cathy Page is our new TRS Executive Secretary. After 16 years in Texas, Cathy moved to Helena in July to be closer to her family. She brings to TRS extensive administrative experience in the oil, gas, and banking industries. An enthusiastic outdoorswoman, we are certain Cathy will quickly acclimate to the Rocky Mountain lifestyle.

Erin Montgomery is our new Administrative/IT Assistant. A native Montanan, Erin grew up in Beaverhead County and left for the Marine Corps after graduating from high school. After the Marines, she used her GI Bill to get her Bachelor's degree in Anthropology at the University of Texas – Arlington. She returned to Montana this summer.

Karin Janssen is our new Technical Writer and Communication Specialist. Karin is a writer by trade and education. She also brings to her position experience in higher education as a teacher and a program administrator.