

TRS

Horizons

Farewells & Welcomes

Winston Churchill said, "To improve is to change; to be perfect is to change often." While we are still striving for perfection at Montana Teachers' Retirement System (TRS), we are also in the midst of many changes.

Staff

- ◆ David Senn, our Executive Director for the past 27 years will be retiring from TRS at the end of October.
- ◆ Shawn Graham stepped into Dave's role at the beginning of October.
- ◆ Dan Gaughan, our Accounting and Fiscal Manager for the past 11 years retired at the end of September.
- ◆ Chad Goodman came on board in August and learned the ropes from Dan.

Board

In the past year we said a grateful goodbye to long-time Board members Darrell Layman, Jeff Greenfield, and James Turcotte. In their place, Governor Steve Bullock appointed:

- ◆ Marilyn Ryan, a retired TRS member from Missoula,
- ◆ Janice Muller, an active TRS member from Hamilton, and
- ◆ Lisa Cordingley, a public member from Helena.

Finances

Recent legislative changes have decreased the period of time necessary to fully fund all liabilities of the retirement system (the *amortization period*). The 2012 actuarial valuation indicated that the TRS amortization period was infinite. The 2013 valuation shows the period has decreased to 20 years. The funded ratio of the system improved over the past year, increasing from 59.24% to 66.8% funded.

Legislation

On July 1, 2013 a number of changes went into effect as a result of the legislative session, including:

- ◆ Contributions from members, employers, and the state were increased,
- ◆ A new member tier was created,
- ◆ Employer contributions on retired members employed in a TRS reportable position.

More changes will begin on January 1, 2014, including:

- ◆ Limits on post-retirement employment if there is a prearranged agreement
- ◆ A break in service of 150 calendar days before a retiree can return to work

In This Issue

- ◆ *Executive Director Bios*
- ◆ *Accounting & Fiscal Manager Bios*
- ◆ *Board Member Bios*
- ◆ *Financial Report: June 30, 2013*

E-Newsletter

Have you [signed up for TRS Horizons e-newsletter?](#)

If you would prefer to receive an electronic version rather than a printed one, please send an email to:

trsoutreach@mt.gov

and we'll send you instructions on how to sign up.



*Stay up-to-date
with TRS*

Events, workshops, and training dates as well as news that might interest you. Look for us at :

[Montana Teachers Retirement System](#)



TRS Executive Director

As many of you know, TRS Executive Director **David Senn** will retire at the end of October 2013 after 38 years of public pension administration including 27 years of service with TRS. He recently received a Leadership Award from the Dept. of Administration for his work at TRS:

“Over the past years Dave Senn has conducted numerous outreach programs for the members of TRS and has worked with constituents and leadership to successfully promote the passage of critical legislative changes. His exceptional leadership, communication skills, and tireless efforts to inform stakeholders, has helped to ensure that the future of the TRS defined benefit plan is promising.”

TRS staff members have worked side-by-side with Dave over many years. Some were here when he arrived; they say, with a smile, “We knew he was trouble from the beginning.” And then go on to say, “It was a pleasure working with him.”

What better way to honor Dave’s work than with the consistent praise of his staff. They all agree that “he was a great leader” for the agency: personable, fair with employees, easy to work with, and “always had an open-door policy.” Others stress Dave’s expertise, breadth and depth of knowledge, and commitment to TRS and public pension



plans. “He was always willing to take the time to explain and pass his knowledge on.” Some note his enjoyment of hunting and “thinning the herd;” others remark on his subtle and fun sense of humor.

We will miss Dave and all he offered, generously, to TRS.

“I am honored to have been selected as the next Executive Director of TRS. I have had the privilege of working directly with David Senn the past few years and I’m sure you will all agree that I have some large shoes to fill. Fortunately, Mr. Senn is leaving behind a culture of excellence and a very competent and capable staff.

With the support of the Board and staff, I fully expect to provide the leadership and direction necessary to continue the level of excellence and performance that members and stakeholders have come to expect from Montana TRS.” ~ **Shawn Graham**, incoming Executive Director



Shawn brings considerable government finance, budget, and management experience to TRS. He is a two-time recipient of the Governor’s award for Excellence in Performance and played a key role in developing and advocating for full funding of TRS in the 2013 Legislative session.

While he earned his Bachelor of Science in Secondary Education from the University of Montana Western, he was a member of the Western rodeo team. He earned his M.B.A. while working full time in quality control and assurance at American Chemet in East Helena. Shawn is committed to ongoing professional education; he recently completed a Certificate of Achievement in Public Plan Policy from the International Foundation of Employee Benefit Plans.

Most recently, Shawn served as the Operations Manager in the Governor’s Office of Budget and Program Planning.

Please join the TRS staff in welcoming Shawn to our team.

“It is an honor to serve and a responsibility to represent the current and retired educators, teachers, and administrators of Montana as a member of the TRS Board. The TRS is now on the road to financial stability after a difficult time and the Board is dedicated to making decisions which assure the financial status for all members.” **Marilyn Ryan**

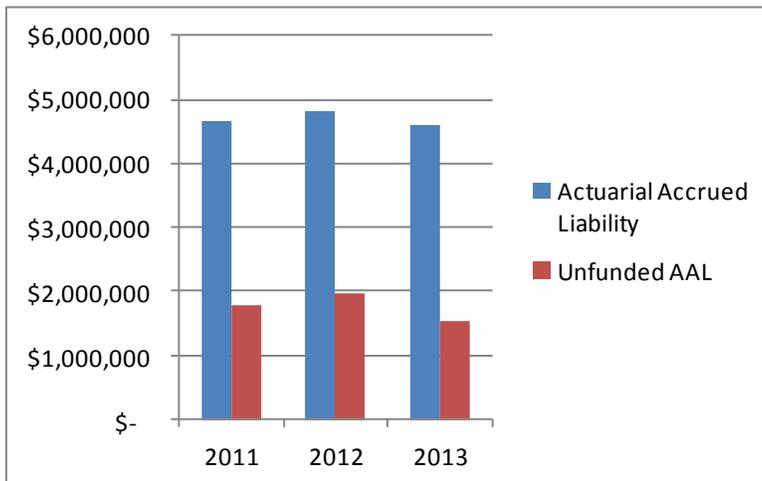
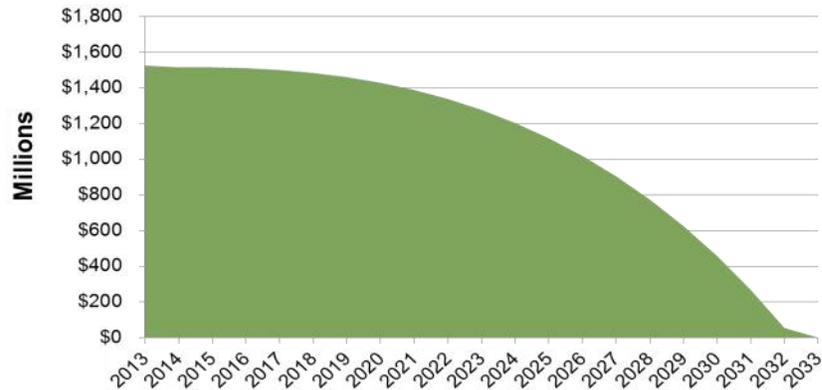
Marilyn taught middle school and high school for 27 years after receiving a B.A. in History and Political Science and an M.A. in Education from the University of Montana as well as ongoing training in teaching history, government, and economics. Marilyn served as local president of the Missoula Education Association, served on the MEA-MFT Board, was active in the Montana Council for the Social Studies serving as president and convention coordinator and was a trainer for the Constitutional Rights Foundation. She served on the State Bicentennial Committee, WorkSafe Montana, and Montana Indian Law Related Education Committee.



TRS Financial Report: June 30, 2013

Actuaries from Cavanaugh Macdonald gave their annual report to the TRS Board on Friday, September 27, 2013. Recent legislative changes have already had a positive influence on the TRS fund.

Amortization period: the period of time necessary to fully fund all liabilities of the retirement system. Last year's valuation indicated that the TRS amortization period was infinite. The valuation as of June 30, 2013 shows the amortization period is 20 years.



Funded ratio : the percentage of the system that is currently funded to pay liabilities. This measurement also improved over the past year, increasing from 59.24% in 2012 to 66.8% funded in 2013.

The Montana Constitution requires the public pension systems to be actuarially funded, which means benefits must be fully funded in 30 years or less. “The reported 20 year amortization period along with the increased funded ratio and the rate of return on TRS investments indicates our pension system for our public school educators is on solid footing. The support of Governor Bullock and his staff along with the hard work by the legislature has made a real difference,” added Senn.

The purpose of an actuarial valuation is to provide a summary of the funded status of the retirement system. A valuation uses current financial data, information regarding past trends, as well as economic and demographic data in order to estimate future liabilities of the retirement fund. Valuations analyze future trends in terms of decades rather than taking a short-term view of the daily ups and downs of the market. Cavanaugh Macdonald, an independent consulting actuary and a member of the American Academy of Actuaries, specializes in performing valuations of public retirement systems.

The [final report](#) is available on the TRS website.

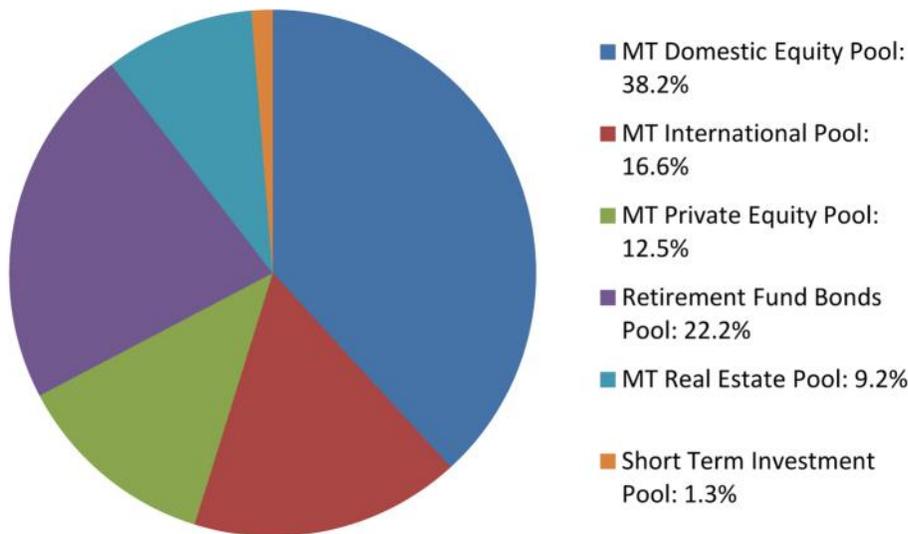
TRS Financial Report: June 30, 2013

Market rate of return: the investment return earned by the Montana Board of Investments for the TRS fund over the past year was 12.94%. The actuarial assumed rate of return has been 7.75% since July 1, 2004.

Actuarial assumptions are based on real rates of return and inflation assumptions. When setting the assumed rate of return, actuaries look 30 to 50 years into the future since pension systems must be funded for the working and retired lifetimes of their members.

Our actuaries perform *experience studies* to examine all assumptions - financial and demographic - every 3 to 5 years. In a recent presentation to the Board, the TRS actuary said, "... seven of the past ten years the market returns for the TRS fund has exceeded the assumed rate of return."

| Year End: 6/30/13 | Net Market Return |
|-------------------|-------------------|
| | |
| FY 2013 | 13.06% |
| 3 years | 12.15% |
| 5 years | 4.78% |
| 10 years | 6.61% |
| 18 years | 7.49% |



Investment Pool:

Investments for TRS are managed by the Montana Board of Investments. Their 2013 annual report indicates the following investment distribution.

More information can be found on the [BOI website](#).

TRS Board Members



Member and Seat

Term Expires

Email Address

| | | |
|--|--------------|--|
| Robert Pancich, Chair Public Member, Great Falls | July 1, 2014 | RPancich@mt.gov |
| Lisa Cordingley Public Member, Helena | July 1, 2015 | LCordingley@mt.gov |
| Janice Muller Active Member, Hamilton | July 1, 2016 | JMuller@mt.gov |
| Marilyn Ryan Retired Member, Missoula | July 1, 2016 | MRyan2@mt.gov |
| Kari Peiffer, Vice Chair Active Member, Kalispell | July 1, 2017 | KPeiffer@mt.gov |
| Scott Dubbs Active Member, Lewistown | July 1, 2018 | SDubbs@mt.gov |

TRS Board Members

"It is an honor to serve on the TRS Board of Directors. In a time when defined benefit plans are under attack, it is critical that we protect what hard-working educators in Montana have earned and deserve." ~**Janice Muller**



Janice received her Bachelor of Science in Secondary Education from Western Montana in 1987 with a major in English and minor in History. She has been teaching English for 26 years at Hamilton High School. She serves as the chairperson of the English department, yearbook advisor, and Key Club advisor.

Janice was a member of the Montana Federation of Teachers Board of Directors, worked on the MEA and MFT merger taskforce, and is currently a member of the MEA-MFT board of Directors. She has served as a state delegate to the Nation Education Association Representative Assembly at four national meetings. She is also an advisor for the Daly Mansion Educational Alliance.

"I am so appreciative of the work our educators do to secure a brighter future for all of us. I am happy to serve public education in this new and challenging role." ~ **Lisa Cordingley**



Lisa received her Bachelor of Arts from the University of Montana in 1981 with a major in English and minor in Library Science.

Lisa joins the TRS board with more than 25 years engagement in supporting public education.

Having been a public school teacher, a parent volunteer, and campaign coordinator for school levies and trustee candidates, Lisa was a founding board member of the Helena Education Foundation and is now in her sixth year as its executive director. Lisa and her husband Tom have two children.

TRS Accounting & Fiscal Manager

"I've really enjoyed my time here. The staff was such a great help when I first started and I could trust them; they knew what they were doing and they taught me a lot. I hope I've been able to do the same thing for new people." **Dan Gaughan**



Dan retired from TRS at the end of September 2013 after more than 11 years at TRS and 27 years as a public servant with the state of Montana. Born and raised in Indiana, he came to Montana in 1970 as a high school senior. With an accounting degree under his belt, Dan worked in three other agencies as an auditor, accountant, and fiscal manager before settling in at TRS. His work earned the agency a Certificate of Achievement for Excellence in Financial Reporting each year from the start.

Dan's smile and songs will be missed, but we know he'll be enjoying himself out on the links.

"The challenge of the job is a good thing. Pensions are a necessary part of life and you need to make sure that it's secure."

Chad Goodman

Chad hails from Michigan but has been in Montana since his college days at UM. He has an A.A. in accounting, a B.A. in business, and an M.A. in public administration. Like Dan, Chad chose to work for the state rather than for private industry, "It's nice to know that you've done something good at the end of the day," he says.

Prior to joining TRS in August 2013, Chad worked at the University of Montana for more than 5 years and then as a budget analyst at the Dept. of Public Health & Human Services in Helena.

Chad is a welcome addition to TRS and we all look forward to working with him.



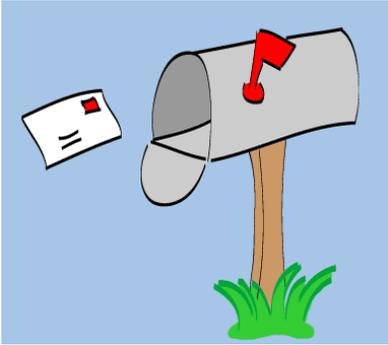


Retired Members!

Tax season will be here before you know it.

Please be sure that TRS has your correct, current mailing address.

Remember — the post office does not forward any mail from our office, it is returned to us.



Pension Scams

TRS is aware that teachers in other states are receiving solicitations from private companies that claim they can provide free estimates of your benefits.

Please be aware that TRS is the official state agency that administers your retirement account; we are not affiliated with any other organizations and we do not give access to anyone but you.

If you have questions about your account, please contact TRS only and keep your personal information private.

In compliance with the Americans with disabilities act of 1992, alternative accessible formats of this newsletter will be provided upon request.

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or call us at
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