STATE ADMINISTRATION
JANUARY 21, 1981
RM 436

RE: ACTUARIAL MEETING ON PUBLIC RETIREMENT SYSTEM

The meeting of the House State Administration Committee was called to order at 9:00 a.m. on Wednesday, January 21, 1981. All members were present except Representative Azzara who was absent.

No hearings were held at this meeting. The purpose of this meeting was to provide the committee members with information about public retirement systems.

The following people addressed the committee on public retirement systems:

MR. BOB JOHNSON, Montana Teachers' Retirement System

MR. LARRY NACHTCHEIM, Public Employees' Retirement Board

MR. ALTON HENDRICKSON, Actuary with Hendrickson & Bird

MR. RAY BLEHM, representing the Firemens' Retirement System.

MR. TOM SCHNIEDER, P.E.R.S.

A copy of the summary of benefits and contributions which Mr. Nachtcheim prepared is attached. Also attached is a copy of statistics on publice retirement systems which Mr. Hendrickson prepared for the committee.

The meeting adjourned at 11:00 a.m.

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STATISTICS ON PUBLIC RETIREMENT SYSTEMS

AS OF JUNE 30, 1980

| System | Active Lives | Retired Lives | Assets | Annual Salaries | Req'd Rate | Actual Rate | Annual Contrib | Annual Benefit |
|---|---|---|---|---|---|---|---|---|
| PERS | 27,967 | 5,810 | $248.8 | $311.2 | 12.61% | 12.30% | $38.3 | $18.0 |
| Teachers | 15,122 | 4,600 | 190.0 | 265.8 | 13.09 | 12.50 | 33.2 | 20.1 |
| Policemen | 430 | 317 | 7.8 | 6.5 | 36.36 | 36.36 | 2.4 | 1.6 |
| Firemen | 427 | 286 | 6.0 | 6.8 | 42.92 | 26.16* | 1.8 | 1.8 |
| Sheriffs | 475 | 39 | 5.6 | 6.5 | 14.55 | 14.55 | 1.0 | .1 |
| Highway Patrol | 211 | 102 | 6.6 | 3.5 | 26.14 | 22.50 | .8 | .5 |
| Game Wardens | 85 | 35 | 2.9 | 1.4 | 24.35 | 24.35 | .3 | .2 |
| Judges | 33 | 14 | 2.8 | 1.1 | 44.97 | 33.00 | .4 | .2 |
| Total | 44,750 | 11,132 | $470.5 | $602.8 | | | $78.2 | $42.5 |

* Actual rate contributed during 1978-79 which included 6% from member, 10% from state and balance from city.

| | P.E.R.S. | JUDGES | POLICE |
|---|---|---|---|
| CONTRIBUTIONS | Employee 6.0%<br>Employer 6.2%<br>Social Security | Employee 7%<br>Employer 7%<br>Fines and Forfeitures<br>20% of sal. out of District Court Fees<br>25% of the Supreme Court Fees<br>Social Security | Employee 6.0% (Hired after 7/1/79--7½%)<br>City 14 %<br>State 14 % |
| BENEFITS | | | |
| Retirement<br>Age requirement | 60 with 5 years service<br>55 actuarially reduced benefit<br>65 no minimum service<br>Any age after 30 years service | 65 and 5 years service<br>5 years service, actuarially reduced benefit<br>12 years, no reduced benefit | No age requirement if employed prior to 7/1/75. Min. retirement, age 55, if employed after 7/1/75. Mandatory retirement age 65. 20 yrs.service required. |
| Formula | 1/60 x yrs. of serv. x FAS *<br>1-2/3% per year | 3-1/3% for 15 years ***<br>1% for each year thereafter | 2½% of FAS for each of 1st 20 yrs. serv. 1% of FAS for each add'l yr. Max. benefit 60% of final sal. (Suppplemental pension for those retired prior to 7/1/75) |
| Disability<br>Regular | 5 years service | Actuarial equivalent non-duty | 1/2 FAS either duty or non-duty |
| Formula | 25% of FAS or 90% of Annuity which would have been paid at retirement | 1/2 paid if duty-related | |
| Death | Member contributions and interest plus 1 mo. salary for each year of service up to 6 years or if member has 5 yrs. or more of service, beneficiary may elect the annuity based on the actuarial equivalent | Non-duty, actuarial equivalent<br>Duty-related annuity to equal retirement benefit | Spouse receives 1/2 FAS until death or remarriage or children until 18 years |
| Refund at Termination | Contributions plus interest | Contributions ** | Contributions ** |

* FAS = Average highest 36 months. (Except police officers hired prior to 7/1/75, average 12 months)
** Interest received if member has more than 10 years service
*** Salary of title position retired from

| | GAME WARDENS | HIGHWAY PATROL | SHERIFFS |
|---|---|---|---|
| CONTRIBUTIONS | Employee 7%<br>Employer 7%<br>Fines and Forfeitures<br>Social Security | Employee 6.5%<br>Employer 16.0% salary out of drivers license fees<br>No Social Security | Employee 7%<br>Employer 7.55%<br>Social Security |
| BENEFITS | | | |
| Retirement<br>Age requirement | 20 years at age 55<br>10-20 years - Actuarially reduced | 20 years at age 55<br>10-20 years - Actuarially reduced | 25 years at age 55<br>20 years - Actuarially reduced |
| | Mandatory retirement age 60 | Mandatory retirement age 60 | Mandatory retirement age 65 |
| Formula | 2% per year | 2% per year | 2% per year |
| Disability | | | |
| Regular | Non-duty actuarial equivalent | Non-duty actuarial equivalent | Non-duty actuarial equivalent |
| Formula | Duty-related after 10 years service 1/2 FAS | Duty-related - 1/2 FAS | Duty-related - 1/2 FAS |
| Death | Non-duty actuarial equivalent | Non-duty actuarial equivalent | Lump sum. Actuarial equivalent of 2% for each year of service up to 25 years. |
| | Duty-related - 1/2 FAS less amount paid by Workers' Comp. | Duty-related - 1/2 FAS less amount paid by Workers' Comp. | Duty-related - 1/2 FAS less amount paid by Workers' Comp. Maximum 15 years or until member would have reached age 65. |
| Refund at Termination | Contributions ** | Contributions ** | Contributions plus interest |

* FAS = Average highest 36 months

** Interest received if member has more than 10 years service