

**Game Wardens' and Peace Officers'
Retirement System
of the
State of Montana**

**Actuarial Valuation
as of June 30, 2014**

Produced by **Cheiron**

September 2014

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September 30, 2014

Public Employees' Retirement Board
100 North Park, Suite 200
Helena, Montana 59620

Dear Members of the Board:

At your request, we have conducted the annual actuarial valuation of the Game Wardens' and Peace Officers' Retirement System as of June 30, 2014. The results of the valuation are contained in this report. The purpose of the valuation is discussed in the Foreword.

This report contains information on the System's assets, as well as analyses which combine asset and liability performance and projections. The report also provides information regarding employer contribution levels and certain required disclosures for financial statements. The purpose of this report is to present the annual actuarial valuation of the Game Wardens' and Peace Officers' Retirement System. This report is for the use of the Public Employees' Retirement Board and its auditors in preparing financial reports in accordance with applicable laws and accounting requirements.

Your attention is called to the Foreword in which we refer to the general approach employed in the preparation of this report. We also comment on the sources and reliability of both the data and the actuarial assumptions on which our findings are based. The results of this report are only applicable for Fiscal Year ending 2014 and rely on future system experience conforming to the underlying assumptions. To the extent that actual system experience deviates from the underlying assumptions, the results would vary accordingly.

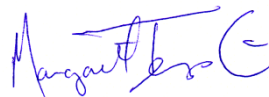
We hereby certify that, to the best of our knowledge, this report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

This actuarial report was prepared exclusively for the Game Wardens' and Peace Officers' Retirement System for the purpose described herein. This valuation report is not intended to benefit any third party, and Cheiron assumes no duty or liability to any such party.

Sincerely,
Cheiron



Stephen T. McElhaney, FSA, FCA
Principal Consulting Actuary



Margaret Tempkin, FSA
Principal Consulting Actuary



MONTANA GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM
ACTUARIAL VALUATION AS OF JUNE 30, 2014

FOREWORD

Cheiron has performed the Actuarial Valuation of the Game Wardens' and Peace Officers' Retirement System as of June 30, 2014. The purpose of this report is to:

- 1) **Measure and disclose**, as of the valuation date, the financial condition of the System;
- 2) **Indicate trends** in the financial progress of the System;
- 3) **Determine the sufficiency of the statutory contribution rate** paid by the employers for Fiscal Year 2014 to meet the requirements of an actuarial rate calculated as the normal cost, administrative expense, and a level percent of pay 30-year open amortization of the unfunded actuarial liability; and
- 4) **Provide specific information** and documentation as may be required for financial statements.

An actuarial valuation establishes and analyzes system assets and liabilities on a consistent basis and traces the progress of both from one year to the next. It includes measurement of the System's investment performance as well as an analysis of actuarial liability gains and losses.

Section I presents a summary containing our findings and disclosing important trends experienced by the System in recent years.

Section II contains details on various asset measures, together with pertinent performance measurements.

Section III shows similar information on system liabilities, measured for actuarial, accounting, and government reporting purposes.

Section IV develops the employer contribution rate determined using actuarial techniques.

Section V includes certain required disclosures for financial statements.

The appendices to this report contain a summary of the System's membership at the valuation date, a summary of the major provisions of the System, and the actuarial methods and assumptions used in the valuation.

In preparing our report, we relied on information (some oral and some written) supplied by the staff of the Public Employee Retirement Administration. This information includes, but is not limited to, plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

The actuarial assumptions reflect our understanding of the likely future experience of the System, and the assumptions as a whole represent our best estimate for the future experience of the System. The results of this report are dependent upon future experience conforming to these assumptions. To the extent that future experience deviates from the actuarial assumptions, the cost of the benefits would vary from our projections.

**MONTANA GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM
ACTUARIAL VALUATION AS OF JUNE 30, 2014**

**SECTION I
BOARD SUMMARY**

General Comments

As of the June 30, 2013 valuation, the statutory contribution rates were not sufficient to amortize the unfunded actuarial liability. As of June 30, 2014, the statutory contribution rates are still not sufficient to amortize the unfunded actuarial liability. During the year ended June 30, 2014, the System's assets gained 16.97% on a market value basis. However, due to the System's asset-smoothing technique which recognizes only a portion of the gains and losses, the return on the actuarial asset value was 12.62%. This return was above the assumed rate of return of 7.75% and resulted in an actuarial gain on investments of \$5.5 million.

The System experienced an actuarial loss on liabilities resulting from salary increases different than assumed and members retiring, terminating, becoming disabled and dying at rates different from the actuarial assumptions. The experience loss added \$0.7 million to the actuarial liability. Gains and losses are normal in the course of system experience. The System will experience actuarial gains and losses over time, because we cannot predict exactly how people will behave. When a system experiences alternating gains and losses that are small compared to the total actuarial liability, then the system's actuarial assumptions are reasonable.

As of the June 30, 2014 Actuarial Valuation, the System's unfunded actuarial liability was \$25.2 million. This is a decrease from last year's unfunded actuarial liability of \$27.9 million. The funded ratio was 80% at the prior valuation and increased to 84% at June 30, 2014.

Montana Code Annotated (MCA) 19-2-407 requires an analysis of how market performance is affecting the actuarial funding of the Retirement System. It is our understanding of the Code to report certain key results on a market value of assets basis. The market value at June 30, 2014 was \$9.3 million greater than actuarial value. If market value were used rather than actuarial value, the funded ratio on the valuation date would be 90%, an increase from last year's funded ratio of 83%. Also, the statutory contribution rates would not be sufficient to amortize the unfunded actuarial liability.

GASB Statement No. 67 became effective for the plan year ending June 30, 2014. Actuarial information related to required disclosures under GASB 67 has been provided in a separate report. Section V of this actuarial valuation report contains disclosures that have previously been required under GASB Statement No. 25, which has now been superseded by GASB 67. However, since GASB Statement No. 68 will not be effective until the fiscal year ending June 30, 2015 for most employers, employers must still provide disclosures under GASB Statement No. 27 for fiscal years ending June 30, 2014. Therefore, this information is provided in a format similar to prior years.

MONTANA GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM
ACTUARIAL VALUATION AS OF JUNE 30, 2014

SECTION I
BOARD SUMMARY

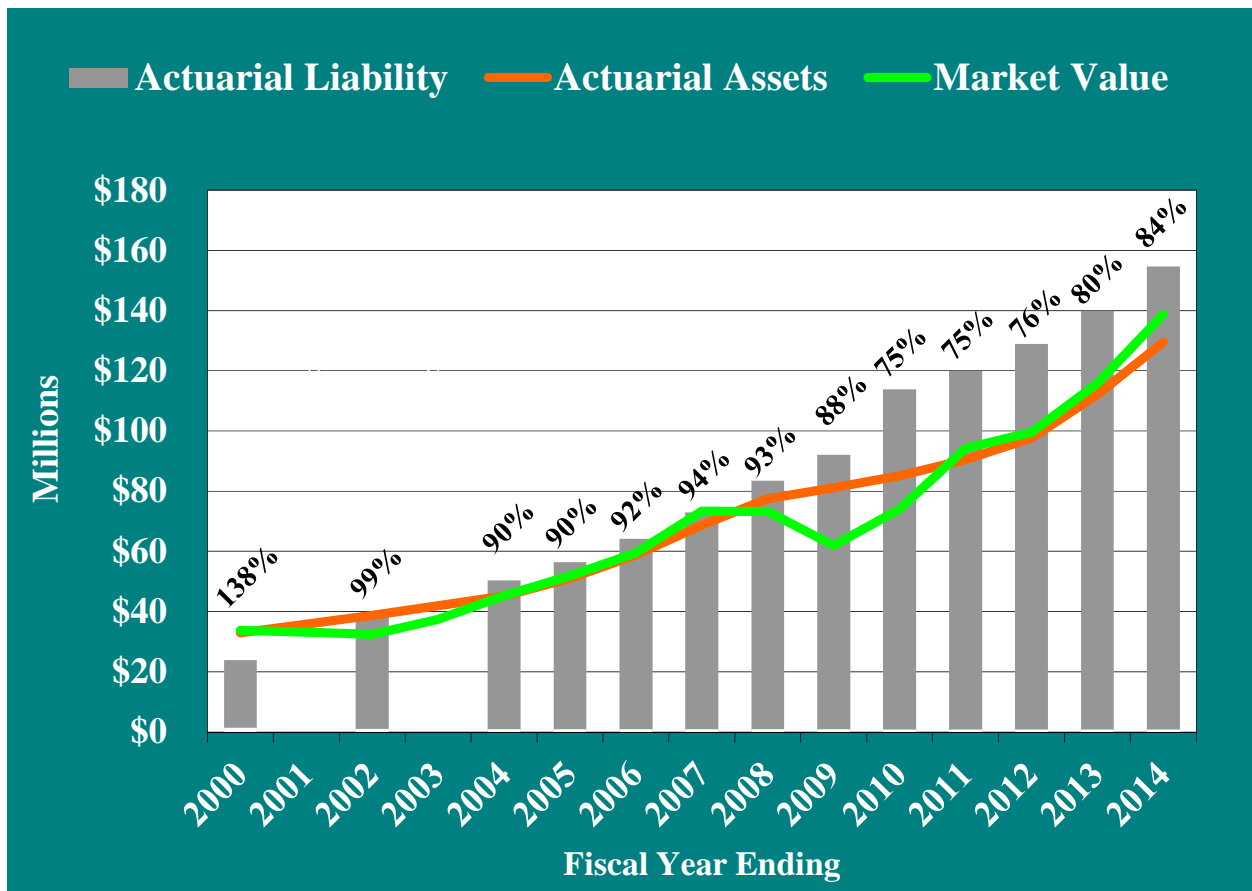
Trends

Assets and Liabilities

The market value of assets (MVA) increased over last year, gaining 16.97% from the value at the prior valuation. The determination of the System's actuarial value of assets reflects only a portion of the amount by which the return was above the assumed rate of 7.75%.

Over the period July 1, 2009 to June 30, 2014, the System's assets returned approximately 5.7% per year measured at actuarial value, compared to a current valuation assumption of 7.75% per year.

For funding purposes, the target amount is represented by the top of the gray bar. We compare the actuarial value of assets to this measure of liability in developing the funded percent. These are the percentages shown in the graph labels.



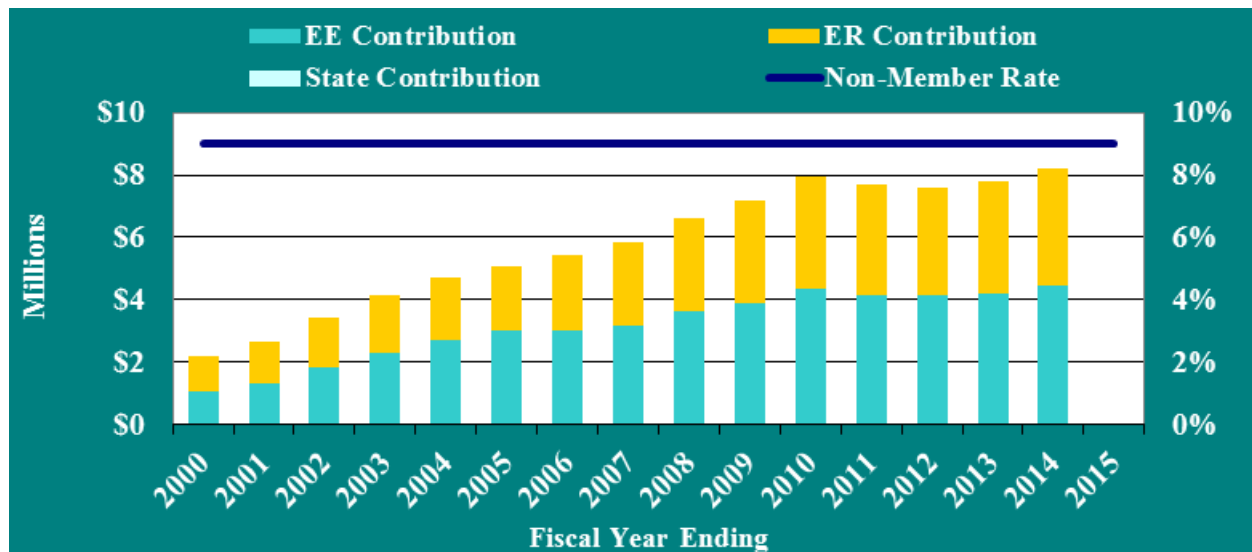
MONTANA GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM
ACTUARIAL VALUATION AS OF JUNE 30, 2014

SECTION I
BOARD SUMMARY

Contribution Rates

The stacked bars in this graph show the contributions made by members, employers, and the State (left-hand scale). The navy line shows the employer contribution rate as a percent of payroll (right-hand scale).

The employer and member contribution rates are set by State law. The actuarial valuation determines the extent to which the statutory contributions will meet the requirements of funding the System.



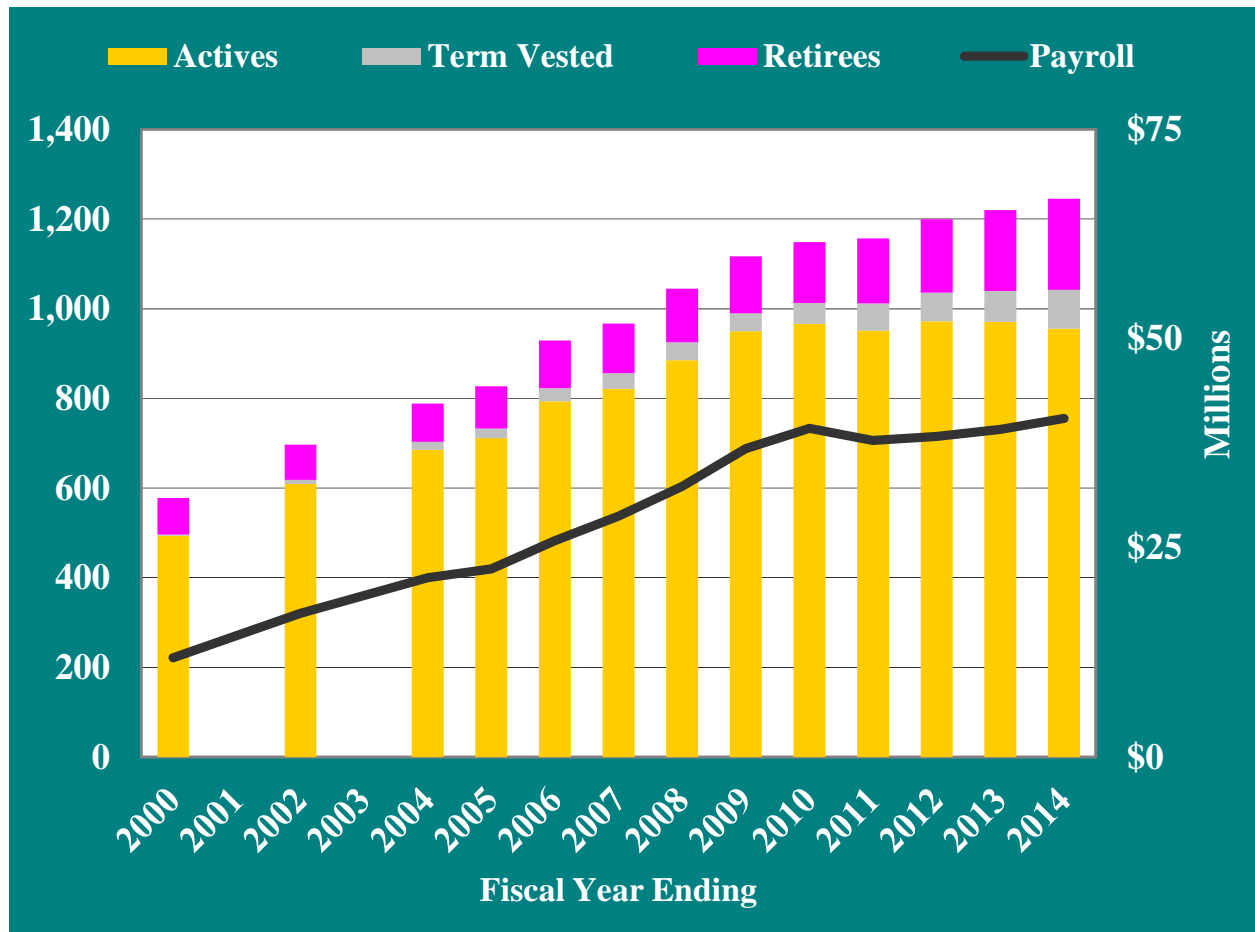
MONTANA GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM
ACTUARIAL VALUATION AS OF JUNE 30, 2014

SECTION I
BOARD SUMMARY

Participant Trends

The bars show the number of participants in each category and should be read using the left-hand scale. As with any maturing fund, this System continues to show growth in the number of retired members. The active-to-inactive ratio has decreased from 5.9 actives for each inactive in 2000 to 3.3 actives for each inactive today.

The black line shows the covered payroll in the System and is read using the right-hand scale.

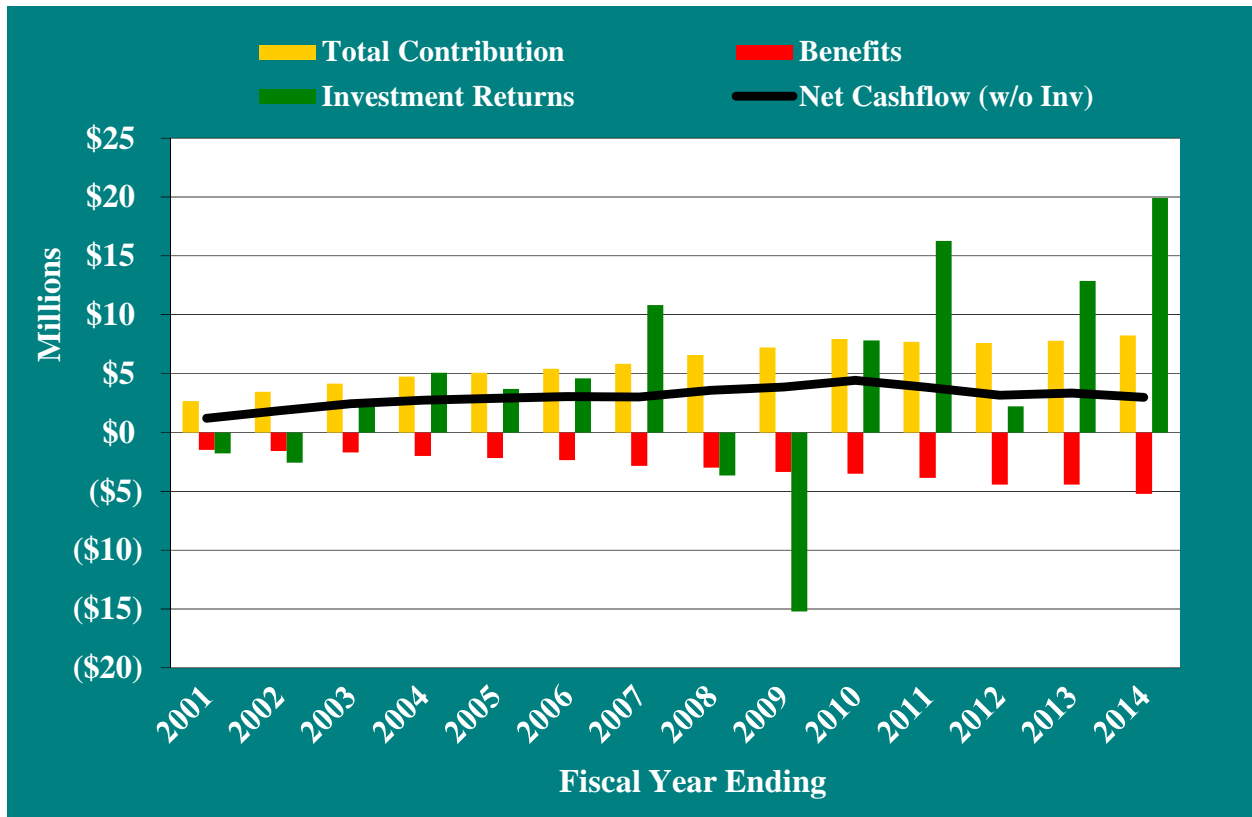


MONTANA GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM
ACTUARIAL VALUATION AS OF JUNE 30, 2014

SECTION I
BOARD SUMMARY

Net Cash Flow

This graph shows the historical contributions compared to benefit payments. The difference between these two measures is shown in the solid black line and is the net cash flow (without including investment returns).



**MONTANA GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM
ACTUARIAL VALUATION AS OF JUNE 30, 2014**

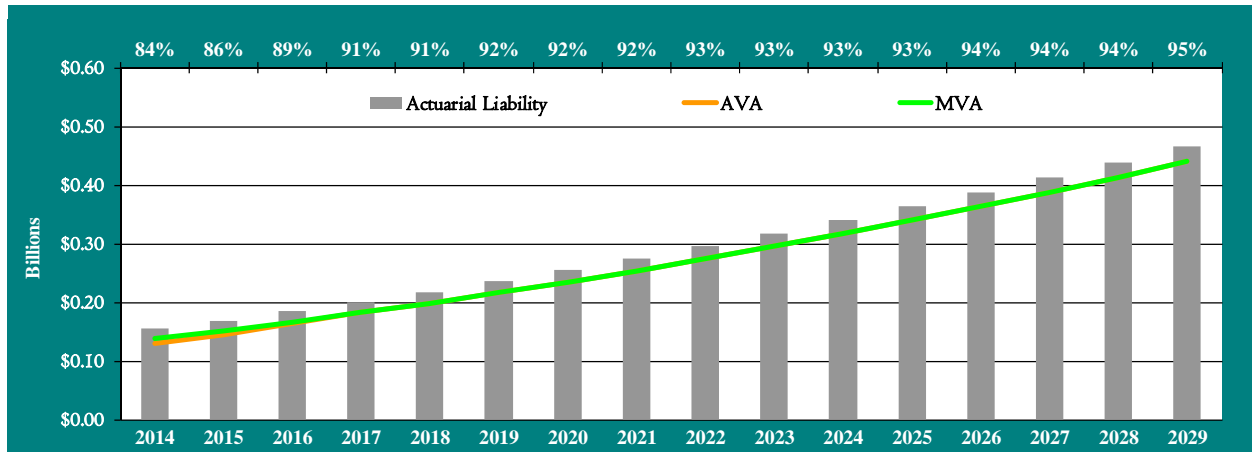
**SECTION I
BOARD SUMMARY**

Future Outlook

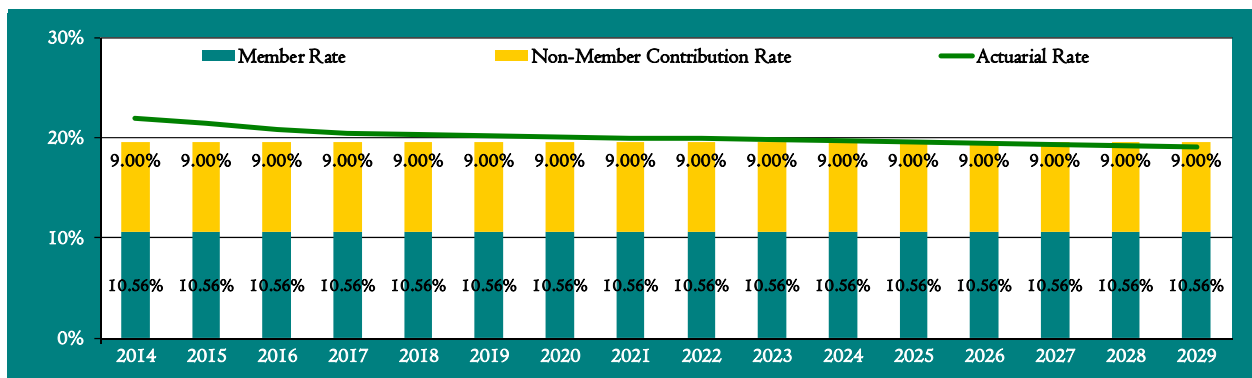
Baseline Projections

These graphs show the expected progress of the System over the next 15 years assuming the System's assets earn 7.75% on their *market value*, and that contributions continue to be made at the current statutory rates.

The chart below shows that the funded status of the System is expected to increase over the next few years as excluded investment gains are recognized by the asset smoothing method. The funded status is then expected to become relatively constant.



The chart below shows that the total contribution computed on an Actuarial Rate basis will decline slightly throughout the 15-year period. The Actuarial Rate is calculated as the normal cost, administrative expense, and a level percent of pay 30-year open amortization of the unfunded actuarial liability.

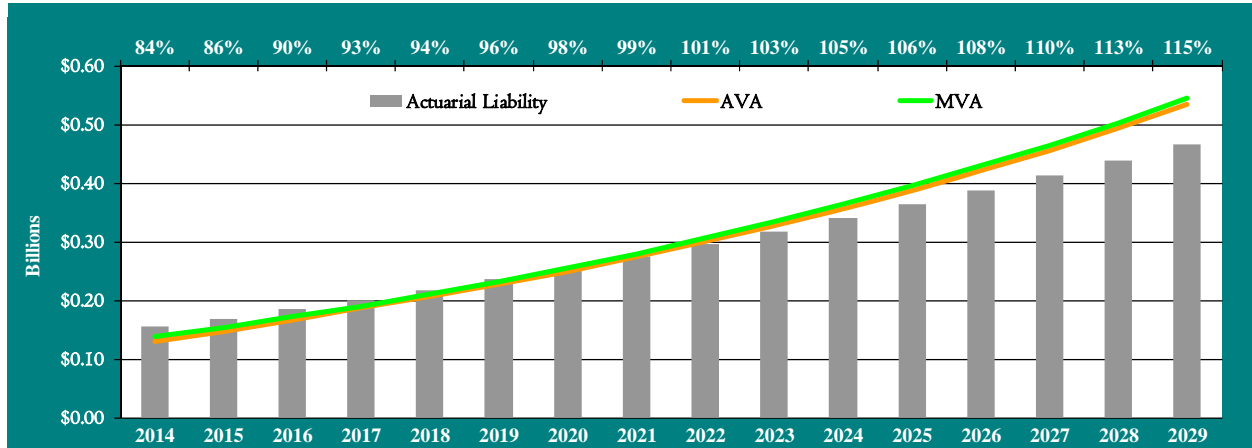


**MONTANA GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM
ACTUARIAL VALUATION AS OF JUNE 30, 2014**

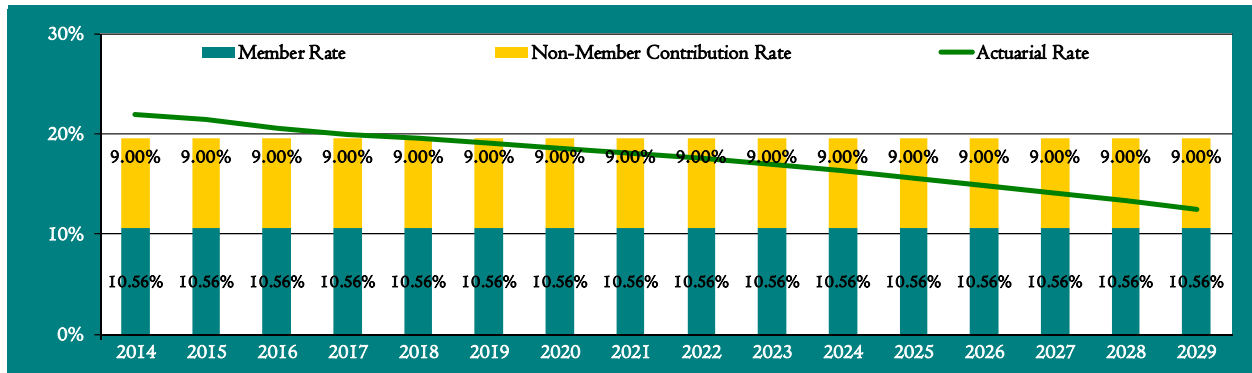
**SECTION I
BOARD SUMMARY**

Projections with Asset Returns of 9.25%

The future funding status of this System will be largely driven by the investment earnings. Relatively minor changes in market returns can have significant effects on the System's status. These two charts below show what the next 15 years would look like with a 9.25% annual return in each year (i.e., 1.5% greater than the assumed rate of return).



Compared to the baseline projections, the funded status begins to improve more quickly, exceeding 100% by the year 2022. The employer portion of the Actuarial Rate declines toward zero throughout this 15-year period.

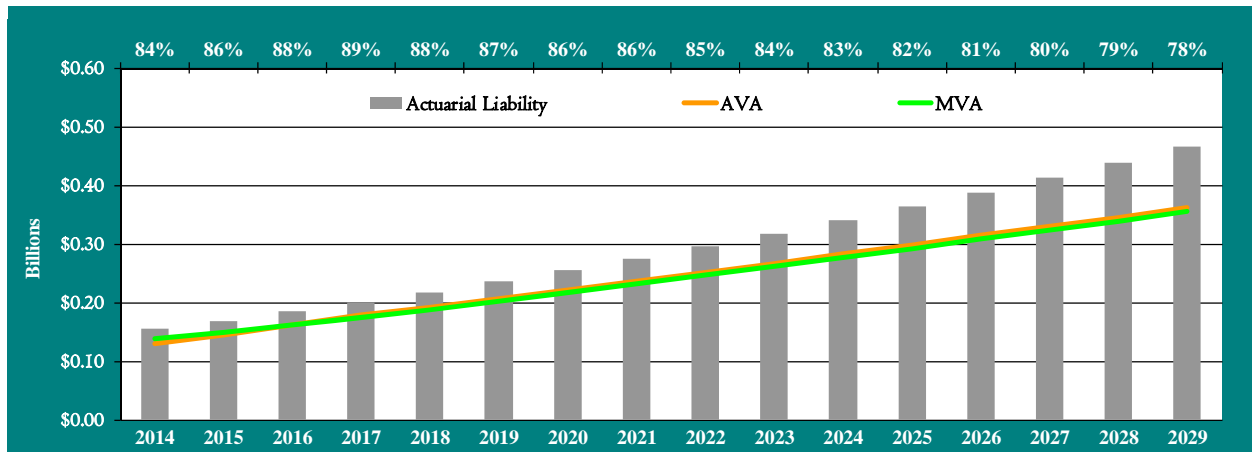


**MONTANA GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM
ACTUARIAL VALUATION AS OF JUNE 30, 2014**

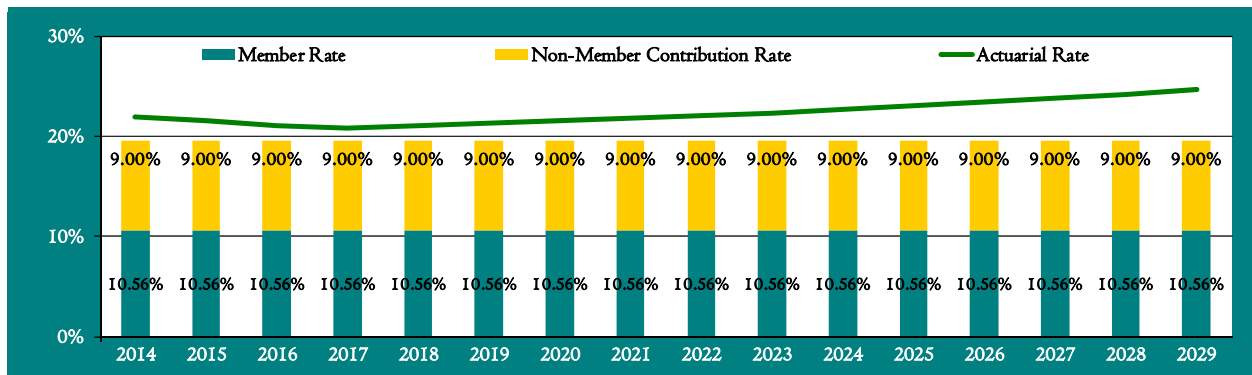
**SECTION I
BOARD SUMMARY**

Projections with Asset Returns of 6.25%

To further demonstrate how the future funding of this System will be driven by investment earnings, we show the anticipated system funding projections if the invested assets earn 6.25% per year over the entire 15-year period (i.e., 1.5% less than the assumed rate of return).



Under this scenario, the funded status declines to 78%, and the employer portion of the Actuarial Rate begins to rise steadily after 2017.



**MONTANA GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM
ACTUARIAL VALUATION AS OF JUNE 30, 2014**

**SECTION I
BOARD SUMMARY**

<p style="text-align: center;">Table I-1 Montana Game Wardens' and Peace Officers' Retirement System Summary of Principal System Results</p>			
Valuation as of:	June 30, 2013	June 30, 2014	% Change
<u>Participant Counts</u>			
Active Members	971	955	(1.6%)
Disabled Members*	2	2	0.0%
Retirees and Beneficiaries*	178	201	12.9%
Terminated Vested Members	69	87	26.1%
Terminated Non-Vested Members	148	175	18.2%
Total**	1,368	1,420	3.8%
Annual Salaries of Active Members	\$ 39,154,521	\$ 40,458,127	3.3%
Average Annual Salary	\$ 40,324	\$ 42,365	5.1%
Annual Retirement Allowances for Retired Members and Beneficiaries	\$ 3,606,359	\$ 4,105,807	13.8%
<u>Assets and Liabilities</u>			
Actuarial Liability (AL)	\$ 139,985,218	\$ 154,594,729	10.4%
Actuarial Value of Assets (AVA)	112,099,826	129,428,506	15.5%
Unfunded AL	\$ 27,885,392	\$ 25,166,223	(9.8%)
Funded Ratio (AVA/AL)	80.1%	83.7%	
Present Value of Accrued Benefits (PVAB)	\$ 108,823,495	\$ 120,952,417	11.1%
Market Value of Assets	115,840,754	138,743,106	19.8%
Unfunded PVAB	\$ (7,017,259)	\$ (17,790,689)	153.5%
Accrued Benefit Funding Ratio	106.4%	114.7%	
Ratio of Actuarial Value to Market Value	96.8%	93.3%	
<u>Contributions as a Percentage of Payroll</u>			
Statutory Funding Rate	19.56%	19.56%	
Normal Cost Rate	18.82%	18.58%	
Administrative Expense	N/A	0.17%	
Available for Amortization of UAL	0.74%	0.81%	
Period to Amortize	Does not amortize	Does not amortize	
Projected 30-year Level Funding Rate	22.51%	21.97%	
Projected Shortfall (Surplus)	2.95%	2.41%	

* Based on PERB categorization for the annual report. For actuarial valuation purposes, 15 members in 2013 and 16 members in 2014 were valued as disabled members with offsetting reductions to the number of retired members.

** A reconciliation of participant counts appears at the beginning of Appendix A.

SECTION II ASSETS

Pension plan assets play a key role in the financial operation of the System and in the decisions the Trustees may make with respect to future deployment of those assets. The level of assets, the allocation of assets among asset classes, and the methodology used to measure assets will likely have an impact upon benefit levels, State contributions, and the ultimate security of participants' benefits.

In this section, we present detailed information on the System assets including:

- **Disclosure** of System assets at June 30, 2013 and June 30, 2014;
- Statement of the **changes** in market values during the year;
- Development of the **Actuarial Value of Assets**;
- An assessment of **investment performance**; and
- A projection of the System's expected **cash flows** for the next 10 years.

Disclosure

The market value of assets represents "snap-shot" or "cash-out" values which provide the principal basis for measuring financial performance from one year to the next. Market values, however, can fluctuate widely with corresponding swings in the marketplace.

The actuarial values are market values which have been smoothed and are used for evaluating the System's ongoing liability to meet its obligations.

The actuarial value of assets is the current market value, adjusted by a four-year smoothing of gains and losses on a market value basis. Each year's gain or loss is determined as the difference between the actual market return and the expected market return using the assumed rate of investment return.

MONTANA GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM
ACTUARIAL VALUATION AS OF JUNE 30, 2014

SECTION II
ASSETS

Table II-1 Changes in Market Values		
Value of Assets – June 30, 2013		\$ 115,840,754
<u>Additions</u>		
Member Contributions	\$ 4,461,261	
Employer Contributions	3,762,217	
Investment Return	20,069,398	
Other	<u>628</u>	
Total Additions	\$ 28,293,504	
<u>Deductions</u>		
Benefit Payments	\$ 5,229,489	
Administrative Expenses	<u>161,663</u>	
Total Deductions	\$ 5,391,152	
Value of Assets – June 30, 2014		\$ 138,743,106

**MONTANA GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM
ACTUARIAL VALUATION AS OF JUNE 30, 2014**

**SECTION II
ASSETS**

Actuarial Value of Assets (AVA)

The actuarial value of assets represents a “smoothed” value developed by the actuary to reduce, or eliminate, volatile results which could develop from short-term fluctuations in the market value of assets. For this System, the actuarial value has been calculated by taking the market value of assets less 75% of the investment gain (loss) during the preceding year, less 50% of the investment gain (loss) during the second preceding year, and less 25% of the investment gain (loss) during the third preceding year. The tables below illustrate the calculation of actuarial value of assets for the June 30, 2014 valuation.

Table II-2 Market Value Gain/(Loss)	
Value of Assets – June 30, 2013	\$115,840,754
Total Contributions	\$ 8,224,106
Benefit Payments	(5,229,489)
Expected Return at 7.75%	<u>9,091,535</u>
Expected Value at June 30, 2014	\$127,926,906
Actual Value at June 30, 2014	\$138,743,106
Investment Gain/(Loss)	\$ 10,816,200

Table II-3 Develop Excluded Gain/(Loss)		
	Total Gain/(Loss)	Excluded Portion
Exclude 75% of 2014 Gain/(Loss)	\$ 10,816,200	\$ 8,112,150
Exclude 50% of 2013 Gain/(Loss)	\$ 5,010,227	\$ 2,505,113
Exclude 25% of 2012 Gain/(Loss)	\$ (5,210,654)	\$ (1,302,663)
Total Excluded Gain/(Loss) for AVA Calculation		\$ 9,314,600

Table II-4 Actuarial Value of Assets	
Market Value of Assets – June 30, 2014	\$ 138,743,106
Total Gain/(Loss) excluded	<u>9,314,600</u>
Actuarial Value of Assets – June 30, 2014	\$ 129,428,506

**MONTANA GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM
ACTUARIAL VALUATION AS OF JUNE 30, 2014**

**SECTION II
ASSETS**

Investment Performance

The market value of assets (MVA) returned 16.97% during the fiscal year ended 2014, which is more than the assumed 7.75% return. A return of 12.62% on the actuarial value of assets (AVA) is primarily the result of the asset smoothing method being utilized for the calculation of the actuarial value of assets. Because only 25% of the gain or loss from the performance of the System is recognized in a given year, in periods of very good performance, the AVA can lag significantly behind the MVA. In a period of negative returns, the AVA does not decline as rapidly as the MVA.

**Table II-5
Annual Rates of Return**

Year Ending June 30,	Market Value	Actuarial Value
2005	7.92%	6.15%
2006	8.61%	9.16%
2007	17.78%	11.50%
2008	(4.87%)	7.31%
2009	(20.23%)	(0.22%)
2010	12.21%	(0.55%)
2011	21.36%	1.63%
2012	2.31%	4.43%
2013	12.69%	11.13%
2014	16.97%	12.62%

**MONTANA GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM
ACTUARIAL VALUATION AS OF JUNE 30, 2014**

**SECTION II
ASSETS**

**Table II-6
Projection of System's Benefit Payments and Contributions
(in thousands)**

Year Beginning July 1,	Expected Benefits	Expected Admin Expense	Expected Contributions*	Net Cash Flow (excluding Investment Return)	Expected Investment Return**	Net Cash Flow (including Investment Return)
2014	\$ 5,930	\$ 73	\$ 8,431	\$ 2,428	\$ 10,845	\$ 13,273
2015	5,906	76	8,768	2,786	11,887	14,673
2016	6,463	79	9,118	2,576	13,016	15,592
2017	7,061	82	9,483	2,340	14,216	16,556
2018	7,733	86	9,863	2,044	15,488	17,532
2019	8,566	89	10,257	1,602	16,829	18,431
2020	9,556	93	10,667	1,018	18,236	19,254
2021	10,544	96	11,094	454	19,706	20,160
2022	11,638	100	11,538	(200)	21,244	21,044
2023	12,854	104	11,999	(959)	22,846	21,887

* Expected contributions include Employer Contributions and Member Contributions. For illustration purposes, we have assumed that all contribution rates will remain level and that payroll will increase at the actuarially assumed rate of 4.00% per year.

** Expected investment return is based upon an assumed return of 7.75% per annum.

Expected benefit payments are projected for the closed group valued at June 30, 2014. Projecting any farther than 10 years using a closed-group would not yield reliable predictions due to the omission of new hires.

SECTION III LIABILITIES

In this section, we present detailed information on the System's liabilities including:

- **Disclosure** of the System's liabilities at June 30, 2013 and June 30, 2014;
- Statement of **changes** in these liabilities during the year;
- Details on the source of actuarial gains and losses between this valuation and the last; and
- Development of actuarial unfunded liability on a market value basis as required under MCA 19-2-407.

Disclosure

Several types of liabilities are calculated and presented in this report. Each type is distinguished by the people ultimately using the figures and the purpose for which they are using them.

- **Present Value of Benefits:** Used for analyzing the financial outlook of the System, this represents the amount of money needed today to fully pay off all future benefits and expenses of the System for the current participants, assuming participants continue to accrue benefits and all of the assumptions are met.
- **Actuarial Liability:** Used for funding calculations and GASB disclosures, this liability is calculated taking the Present Value of Benefits and subtracting the present value of future Member Contributions and future Employer Normal Costs under an acceptable actuarial funding method. This method is referred to as the **Entry Age Normal** (EAN) funding method.
- **Present Value of Accrued Benefits:** Used for communicating the current level of liabilities, this liability represents the total amount of money needed today to fully pay off the current accrued obligations of the System, assuming no future accruals of benefits. These liabilities are also required for accounting purposes (FASB ASC Topic No. 960) and used to assess whether the System can meet its current benefit commitments.

The following table discloses each of these liabilities for the current and prior valuations. With respect to each disclosure, a subtraction of the appropriate value of System assets yields, for each respective liability type, a **net surplus** or an **unfunded liability**.

MONTANA GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM
ACTUARIAL VALUATION AS OF JUNE 30, 2014

**SECTION III
LIABILITIES**

Table III-1		
Liabilities/Net (Surplus)/Unfunded		
	June 30, 2013	June 30, 2014
<u>Present Value of Benefits</u>		
Active Participant Benefits	\$ 149,535,922	\$ 155,810,815
Retiree and Inactive Benefits	49,441,964	58,515,701
Present Value of Benefits (PVB)	\$ 198,977,886	\$ 214,326,516
 Market Value of Assets (MVA)	 \$ 115,840,754	 \$ 138,743,106
Future Member Contributions	34,277,894	35,151,399
Future Employer Contributions	29,214,114	29,958,579
Funding Shortfall/(Surplus)	19,645,124	10,473,432
Total Resources	\$ 198,977,886	\$ 214,326,516
 <u>Actuarial Liability</u>		
Present Value of Benefits (PVB)	\$ 198,977,886	\$ 214,326,516
Present Value of Future Normal Costs (PVFNC)	58,992,668	59,731,787
Actuarial Liability (AL=PVB-PVFNC)	139,985,218	154,594,729
Actuarial Value of Assets (AVA)	112,099,826	129,428,506
Net (Surplus)/Unfunded (AL – AVA)	\$ 27,885,392	\$ 25,166,223
 <u>Present Value of Accrued Benefits</u>		
Present Value of Benefits (PVB)	\$ 198,977,886	\$ 214,326,516
Present Value of Future Benefit Accruals (PVFBA)	90,154,391	93,374,099
Present Value of Accrued Benefits (PVAB=PVB-PVFBA)	108,823,495	120,952,417
 Market Value of Assets (MVA)	 115,840,754	 138,743,106
Net Unfunded (PVAB – MVA)	\$ (7,017,259)	\$ (17,790,689)

**MONTANA GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM
ACTUARIAL VALUATION AS OF JUNE 30, 2014**

**SECTION III
LIABILITIES**

Changes in Liabilities

Each of the Liabilities disclosed in the prior table are expected to change at each valuation. The components of that change, depending upon which liability is analyzed, can include:

- New hires since the last valuation
- Benefits accrued since the last valuation
- System amendments changing benefits
- Passage of time which adds interest to the prior liability
- Benefits paid to retirees since the last valuation
- Participants retiring, terminating, or dying at rates different than expected
- A change in actuarial or investment assumptions
- A change in the actuarial funding method

Unfunded liabilities will change because of all of the above, and also due to changes in the System's assets resulting from:

- Employer contributions different than expected
- Investment earnings different than expected
- A change in the method used to measure System assets

In each valuation, we report on those elements of change which are of particular significance, potentially affecting the long-term financial outlook of the System. Below we present key changes in liabilities since the last valuation. On the next page we provide more detail on the sources of the actuarial (gain)/loss as measured on the basis of actuarial liability.

Table III-2 Changes in Liabilities			
	Present Value of Benefits	Actuarial Liability	Present Value of Accrued Liability
Liabilities June 30, 2013	\$ 198,977,886	\$ 139,985,218	\$ 108,823,495
Liabilities June 30, 2014	214,326,516	154,594,729	120,952,417
Liability			
Increase (Decrease)	15,348,630	14,609,511	12,128,922
Change Due to:			
Actuarial (Gain)/Loss	NC*	730,818	NC*
Plan Changes	0	0	0
Benefits Accumulated and Other Sources	15,348,630	13,878,693	12,128,922

* NC = not calculated.

MONTANA GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM
ACTUARIAL VALUATION AS OF JUNE 30, 2014

SECTION III
LIABILITIES

Table III-3
Summary of Actuarial Gains and Losses as of June 30, 2014

Actuarial Liabilities as of June 30, 2013	\$ 139,985,218
Normal Cost	7,849,828
Actual Benefit Payments	(5,229,489)
Interest	<u>11,258,354</u>
Expected Actuarial Liability as of June 30, 2014	\$ 153,863,911
 Actuarial Liability as of June 30, 2014	 \$ 154,594,729
 Liability (Gain)/Loss	 \$ 730,818
 Sources of Liability (Gain)/Loss	
Salary (Gain)/Loss	\$ 681,209
New Participant (Gain)/Loss	522,048
Active Retirements (Gain)/Loss	66,618
Active Terminations (Gain)/Loss	(395,361)
Active Deaths (Gain)/Loss	(12,793)
Active Disability (Gain)/Loss	(30,613)
Inactive Mortality (Gain)/Loss	(219,620)
Other (Gain)/Loss	119,330
 Actuarial Liability as of June 30, 2014	 \$ 154,594,729
 Liability (Gain)/Loss due to plan changes	 \$ 0
 Actuarial Value of Assets as of June 30, 2013	 \$ 112,099,826
Net Cash Flow	2,994,617
Expected Earnings	<u>8,801,613</u>
Expected Actuarial Value of Assets as of June 30, 2014	\$ 123,896,056
 Actuarial Value of Assets as of June 30, 2014	 \$ 129,428,506
 Investment (Gain)/Loss	 \$ (5,532,450)
Total Liability (Gain)/Loss	<u>730,818</u>
Total Actuarial (Gain)/Loss	\$ (4,801,632)

**MONTANA GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM
ACTUARIAL VALUATION AS OF JUNE 30, 2014**

**SECTION III
LIABILITIES**

Table III-4 shows the actuarial liabilities as of the prior and current valuation dates. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets. The funded ratio is the ratio of the actuarial value of assets to the actuarial liability.

Table III-4 Actuarial Liabilities for Funding		
	June 30, 2013	June 30, 2014
1. Actuarial Liabilities		
Retiree and Inactive Benefits	\$ 49,441,964	\$ 58,515,701
Active Member Benefits	<u>90,543,254</u>	<u>96,079,028</u>
Total Actuarial Liability	\$ 139,985,218	\$ 154,594,729
2. Actuarial Value of Assets	\$ 112,099,826	\$ 129,428,506
3. Unfunded Actuarial Liability	\$ 27,885,392	\$ 25,166,223
4. Funded Ratio	80.1%	83.7%

Montana Code Annotated (MCA) 19-2-407 requires an analysis of how market performance is affecting the actuarial funding of the System. Table III-5 presented below shows the same information as in Table III-4 above, but using market value of assets rather than actuarial value of assets.

Table III-5 Actuarial Liabilities on Market Value Basis (MCA 19-2-407)		
	June 30, 2013	June 30, 2014
1. Actuarial Liabilities		
Retiree and Inactive Benefits	\$ 49,441,964	\$ 58,515,701
Active Members Benefits	<u>90,543,254</u>	<u>96,079,028</u>
Total Actuarial Liability	\$ 139,985,218	\$ 154,594,729
2. Market Value of Assets	\$ 115,840,754	\$ 138,743,106
3. Unfunded Actuarial Liability	\$ 24,144,464	\$ 15,851,623
4. Funded Ratio	82.8%	89.7%

SECTION IV CONTRIBUTIONS

In the process of evaluating the financial condition of any pension plan, the actuary analyzes the assets and liabilities to determine what level (if any) of contributions is needed to properly maintain the funding status of the System. Typically, the actuarial process will use a funding technique that will result in a pattern of contributions that are both stable and predictable.

For this System, the funding method employed is the **Entry Age Normal Actuarial Cost Method**. Under this method, there are three components to the total contribution: the **normal cost rate**, the **unfunded actuarial liability rate** (UAL rate), and the **administrative expense rate**. The normal cost rate is determined by taking the value, as of entry age into the System, of each member's projected future benefits. This value is then divided by the value, also at entry age, of each member's expected future salary. The normal cost rate is multiplied by current salary to determine each member's normal cost rate. Finally, the total normal cost rate is reduced by the member contribution to produce the employer normal cost rate. The difference between the EAN actuarial liability and the actuarial value of assets is the unfunded actuarial liability.

For purposes of determining the adequacy of the statutory funding rate, the UAL rate is calculated by subtracting the normal cost rate from the statutory rate. A calculation is then made to determine the period over which the UAL rate will amortize the unfunded actuarial liability. A second UAL rate is calculated based upon a 30-year amortization of the UAL, which, consistent with prior years, is the maximum amortization period that was permitted under GASB Statement No. 25. However, this rate should not necessarily be construed as a recommended contribution level. All UAL payments are determined as a level percentage of pay, assuming that total pay increases by the annual inflation rate of 4.00%.

The assumed administrative expense rate is 0.17% of payroll. This rate, when applied to payroll, is intended to provide an allowance above the cost of funding the benefits to pay for the expense of operating this System.

**MONTANA GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM
ACTUARIAL VALUATION AS OF JUNE 30, 2014**

**SECTION IV
CONTRIBUTIONS**

The tables below present and compare the contribution rates for the System for this valuation and the prior one.

Table IV-1		
Statutory Basis		
	June 30, 2013	June 30, 2014
Statutory Funding Rates		
Members	10.56%	10.56%
Employers	9.00%	9.00%
Total	19.56%	19.56%
Normal Cost Rate *	18.82%	18.58%
Administrative Expense	N/A	0.17%
Funding Rate Available for Amortization	0.74%	0.81%
Unfunded Actuarial Liability (Surplus)	27,885,392	25,166,223
Years to Amortize**	Does not amortize	Does not amortize

* The normal cost rate is projected to be 16.71% for members eligible on or after July 1, 2011. It is expected that the average normal cost rate will decrease over the next generation of active plan members.

** On a market value basis, the Years to Amortize the Unfunded Actuarial Liability does not amortize at both June 30, 2013 and at June 30, 2014.

**MONTANA GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM
ACTUARIAL VALUATION AS OF JUNE 30, 2014**

**SECTION IV
CONTRIBUTIONS**

Table IV-2		
Calculated Contribution Basis		
	June 30, 2013	June 30, 2014
Normal Cost Rate	18.82%	18.58%
Amortization Payment (30 years)	3.69%	3.22%
Administrative Expense	<u>N/A</u>	<u>0.17%</u>
Total Calculated Contribution Rate	22.51%	21.97%
Less Statutory Rate	<u>19.56%</u>	<u>19.56%</u>
Shortfall (Surplus) in Statutory Rate	2.95%	2.41%

Table IV-3		
Calculated Contribution on Market Value (MCA 19-2-407)		
	June 30, 2013	June 30, 2014
Normal Cost Rate	18.82%	18.58%
Amortization Payment (30 years)	3.20%	2.03%
Administrative Expense	<u>N/A</u>	<u>0.17%</u>
Total Calculated Contribution Rate	22.02%	20.78%
Less Statutory Rate	<u>19.56%</u>	<u>19.56%</u>
Shortfall (Surplus) in Statutory Rate	2.46%	1.22%

The following table projects the contribution rates for the next five valuations (assuming all assumptions are met, including 7.75% return):

Table IV-4	
Projected Actuarial Contribution Rates	
Valuation Year	Rate
2015	21.44%
2016	20.81%
2017	20.38%
2018	20.27%
2019	20.17%

**SECTION V
FINANCIAL STATEMENT INFORMATION**

Prior to the current plan year, Statement No. 25 of the Governmental Accounting Standards Board (GASB) established standards for disclosure of pension information by public employee retirement systems (PERS) and governmental employers in notes to financial statements and supplementary information. While GASB-25 is no longer applicable for this System, the requirements of GASB Statement No. 27 remain in effect for the employer(s) who contribute(s) to the System. Therefore, the GASB-25 information is provided similarly as in prior years. The GASB-25 actuarial liability is the same as the actuarial liability amount calculated for funding purposes.

GASB-25 was replaced by GASB-67 effective June 30, 2014 for plan disclosures, which have been provided in a separate report. For employers with June 30 fiscal years, GASB-68 will replace GASB-27 effective for the fiscal year ending June 30, 2015.

Accounting Standard Codification Topic No. 960 of the Financial Accounting Standards Board specifies certain information for a plan to disclose regarding its funded status. The FASB ASC Topic No. 960 disclosures provide a quasi “snap shot” view of how the System’s assets compare to its liabilities if contributions stopped and accrued benefit claims had to be satisfied. However, due to potential legal requirements and the possibility that alternative interest rates would have to be used to determine the liabilities, these values may not be a good indication of the amount of money it would take to buy the benefits for all members if the System were to terminate.

Both the present value of accrued benefits (FASB ASC Topic No. 960) and the actuarial liability (GASB-25/27) are determined assuming that the System is on-going and participants continue to terminate employment, retire, etc., in accordance with the actuarial assumptions. Liabilities are discounted at the assumed valuation interest rate of 7.75% per annum.

FASB ASC Topic No. 960 specifies that a comparison of the present value of accrued (accumulated) benefits with the market value of the assets as of the valuation date must be provided. GASB Statement No. 25/27 requires the actuarial liability be compared with the actuarial value of assets for funding purposes. The relevant amounts as of June 30, 2014 are exhibited in Table V-1.

Table V-2, Note to Required Supplementary Information, may be used for employers’ CAFRs in relation to GASB-27.

Tables V-3 through V-5 are exhibits which may be used for the System’s CAFR. Table V-3 is a history of gains and losses in Accrued Liability, Table V-4 is the Schedule of Funding Progress, and Table V-5 is the Solvency Test which shows the portion of Accrued Liability covered by Assets.

**MONTANA GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM
ACTUARIAL VALUATION AS OF JUNE 30, 2014**

**SECTION V
FINANCIAL STATEMENT INFORMATION**

Table V-1 Financial Statement Information		
	June 30, 2013	June 30, 2014
A. FASB ASC Topic No. 960 Basis		
1. Present Value of Benefits Accrued and Vested to Date		
a. Members Currently Receiving Payments	\$ 43,498,083	\$ 50,062,297
b. Former Vested Members	5,943,881	8,453,404
c. Active Members	<u>59,381,531</u>	<u>62,436,716</u>
2. Total Present Value of Accrued Benefits (1 (a) + 1(b) + 1(c))	\$ 108,823,495	\$ 120,952,417
3. Assets at Market Value	<u>115,840,754</u>	<u>138,743,106</u>
4. Unfunded Present Value of Accrued Benefits (2 – 3)	\$ (7,017,259)	\$ (17,790,689)
5. Ratio of Assets to Present Value of Accrued Benefits (3 / 2)	106.4%	114.7%
B. GASB No. 25/27 Basis		
1. Actuarial Liabilities for retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 49,441,964	\$ 58,515,701
2. Actuarial Liabilities for current employees	<u>90,543,254</u>	<u>96,079,028</u>
3. Total Actuarial Liability (1 + 2)	\$ 139,985,218	\$ 154,594,729
4. Net Actuarial Assets available for benefits	<u>112,099,826</u>	<u>129,428,506</u>
5. Unfunded Actuarial Liability (3 – 4)	\$ 27,885,392	\$ 25,166,223

**MONTANA GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM
ACTUARIAL VALUATION AS OF JUNE 30, 2014**

**SECTION V
FINANCIAL STATEMENT INFORMATION**

**Table V-2
Note To Required Supplementary Information**

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	June 30, 2014
Actuarial cost method	Entry Age Normal
Amortization method	Open
Remaining amortization period for Actuarial Contribution	30 years
Asset valuation method	Four-Year smoothed market
Actuarial assumptions:	
Investment rate of return*	7.75%
General wage growth*	4.00%
Merit salary increases	0.0% - 7.3%
*Includes inflation at	3.00%

The actuarial assumptions used have been recommended based on the most recent review of the System's experience (completed in 2010) and adopted by the Retirement Board.

The rate of employer contributions to the System is composed of the normal cost, amortization of the unfunded actuarial liability, and an allowance for administrative expenses. The normal cost is a level percent of payroll cost which will pay for projected benefits at retirement for each participant. The actuarial liability is that portion of the present value of projected benefits that will not be paid by future normal costs. The difference between this liability and the funds accumulated as of the same date is the unfunded actuarial liability. The allowance for administrative expenses is based upon the System's recent history of administrative expenses.

MONTANA GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM
ACTUARIAL VALUATION AS OF JUNE 30, 2014

SECTION V
FINANCIAL STATEMENT INFORMATION

Table V-3
Analysis Of Financial Experience

Gain and Loss in Accrued Liability During Years Ended June 30
Resulting from Differences Between Assumed Experience and Actual Experience

Type of Activity	<i>Gain (or Loss) for Year ending June 30, (expressed in thousands)</i>					
	2009	2010	2011	2012	2013	2014
Investment Income on Actuarial Assets	\$ (6,529)	\$ (7,125)	\$ (5,324)	\$ (3,049)	\$ 3,364	\$ 5,532
Combined Liability Experience	<u>1,325</u>	<u>(822)</u>	<u>6,714</u>	<u>3,270</u>	<u>1,894</u>	<u>(731)</u>
(Loss)/Gain During Year from Financial Experience	\$ (5,204)	\$ (7,947)	\$ 1,390	\$ 221	\$ 5,258	\$ 4,801
Non-Recurring Items	<u>0</u>	<u>(10,100)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Composite Gain (or Loss) During Year	\$ (5,204)	\$ (18,047)	\$ 1,390	\$ 221	\$ 5,258	\$ 4,801

Table V-4
Schedule Of Funding Progress
(expressed in thousands)

Valuation Date June 30,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
2014	\$ 129,429	\$ 154,595	84 %	\$ 25,166	\$ 41,637	60 %
2013	112,100	139,985	80 %	27,885	39,471	71 %
2012	97,691	128,927	76 %	31,236	38,317	82 %
2011	90,437	119,881	75 %	29,444	38,306	77 %
2010	85,151	113,855	75 %	28,704	39,436	73 %
2009	81,177	92,155	88 %	10,978	36,023	30 %

**MONTANA GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM
ACTUARIAL VALUATION AS OF JUNE 30, 2014**

**SECTION V
FINANCIAL STATEMENT INFORMATION**

**Table V-5
Solvency Test
Aggregate Accrued Liabilities for
(expressed in thousands)**

Valuation Date June 30,	Active Member Contributions	Retirees & Beneficiaries	Active Member Employer Financed Contributions	Actuarial Value of Reported Assets	Portion of Accrued Liabilities Covered by Reported Assets		
	(1)	(2)	(3)		(1)	(2)	(3)
2014	\$ 32,779	\$ 50,062	\$ 71,753	\$ 129,429	100 %	100 %	65 %
2013	31,918	43,498	64,569	112,100	100 %	100 %	57 %
2012	29,975	39,856	59,095	97,691	100 %	100 %	47 %
2011	28,468	35,166	56,247	90,437	100 %	100 %	48 %
2010	26,592	32,383	54,880	85,151	100 %	100 %	48 %
2009	23,800	29,536	38,820	81,177	100 %	100 %	72 %

**MONTANA GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM
ACTUARIAL VALUATION AS OF JUNE 30, 2014**

**APPENDIX A
MEMBERSHIP INFORMATION**

Reconciliation of Participant Counts						
	Active	Disabled	Retirees and Beneficiaries	Terminated Vested Members	Terminated Non-Vested Members	Total
Participant counts used for valuation	955	16	187	87	174	1,419
Disabled members having attained normal retirement age		(14)	14			-
Beneficiaries of Disabled Members						-
Beneficiaries with less than one year of certain payments remaining			-			-
Other Adjustments					1	1
Participant counts shown in Annual Financial Report	955	2	201	87	175	1,420

This chart is presented for informational purposes only. The counts shown in the valuation line were used for preparation of the liabilities disclosed within this report. The counts disclosed for the Annual Financial Report and the Board Summary (page 9) match the CAFR reports at the request of the Board. The differences between the counts, if any, have no material effect upon the liability calculation.

**MONTANA GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM
ACTUARIAL VALUATION AS OF JUNE 30, 2014**

**APPENDIX A
MEMBERSHIP INFORMATION**

Status Reconciliation							
	Active	Retired	Vested	Non Vested	Disabled	Survivor	Total
Members on July 1, 2013	971	133	69	148	15	32	1,368
New Hires	140	0	0	0	0	0	140
Rehires	6	0	(6)	0	0	0	0
Retired	(19)	21	(2)	0	0	0	0
Terminated Vested	(51)	0	27	0	0	0	(24)
Terminated Non Vested	(90)	0	0	29	0	0	(61)
Active Deaths	0	0	0	0	0	0	0
Became Disabled	(2)	0	(1)	0	3	0	0
In Pay Deaths	0	(2)	0	0	(2)	0	(4)
Survivors	0	0	0	0	0	3	3
Cash Out	0	0	0	(2)	0	0	(2)
Members on July 1, 2014	955	152	87	175	16	35	1,420

The salaries used in the tables and charts which follow are different than the salaries used for the Board Summary on page 9. For this Appendix A, the valuation projected salaries to be paid for the following fiscal year, whereas for the Board Summary, salaries are applicable in the year ending on the valuation date.

The benefits for retirees and beneficiaries used for the tables and charts which follow are different than the benefits used for the Board Summary on page 9. For this Appendix A, the valuation projected benefits to be paid for the following fiscal year (including GABA where applicable), whereas for the Board Summary, annual benefits are as of the valuation date.

**MONTANA GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM
ACTUARIAL VALUATION AS OF JUNE 30, 2014**

**APPENDIX A
MEMBERSHIP INFORMATION**

**Montana Game Wardens' and Peace Officers' Retirement System Distribution of
Active Members by Age and Service as of June 30, 2014**

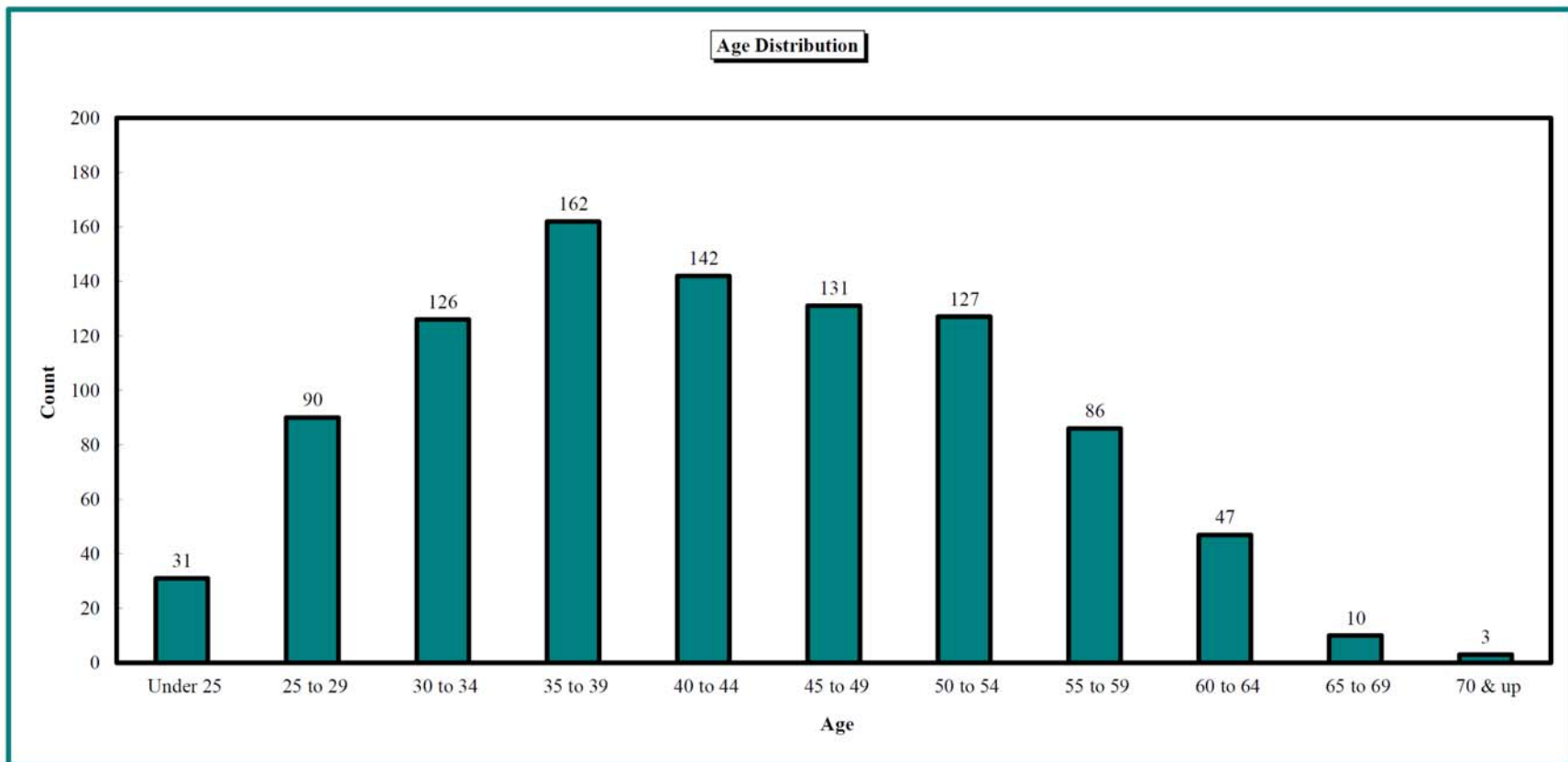
COUNTS BY AGE/SERVICE

Age	Service										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	
Under 25	12	19	0	0	0	0	0	0	0	0	31
25 to 29	18	52	20	0	0	0	0	0	0	0	90
30 to 34	24	46	48	8	0	0	0	0	0	0	126
35 to 39	47	37	45	31	2	0	0	0	0	0	162
40 to 44	15	28	36	36	23	4	0	0	0	0	142
45 to 49	8	29	32	33	21	5	3	0	0	0	131
50 to 54	3	24	33	36	19	6	4	2	0	0	127
55 to 59	3	17	23	21	15	3	1	3	0	0	86
60 to 64	0	8	15	8	10	3	1	1	1	0	47
65 to 69	1	1	3	4	1	0	0	0	0	0	10
70 & up	0	1	0	2	0	0	0	0	0	0	3
Total	131	262	255	179	91	21	9	6	1	0	955

MONTANA GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM
ACTUARIAL VALUATION AS OF JUNE 30, 2014

APPENDIX A
MEMBERSHIP INFORMATION

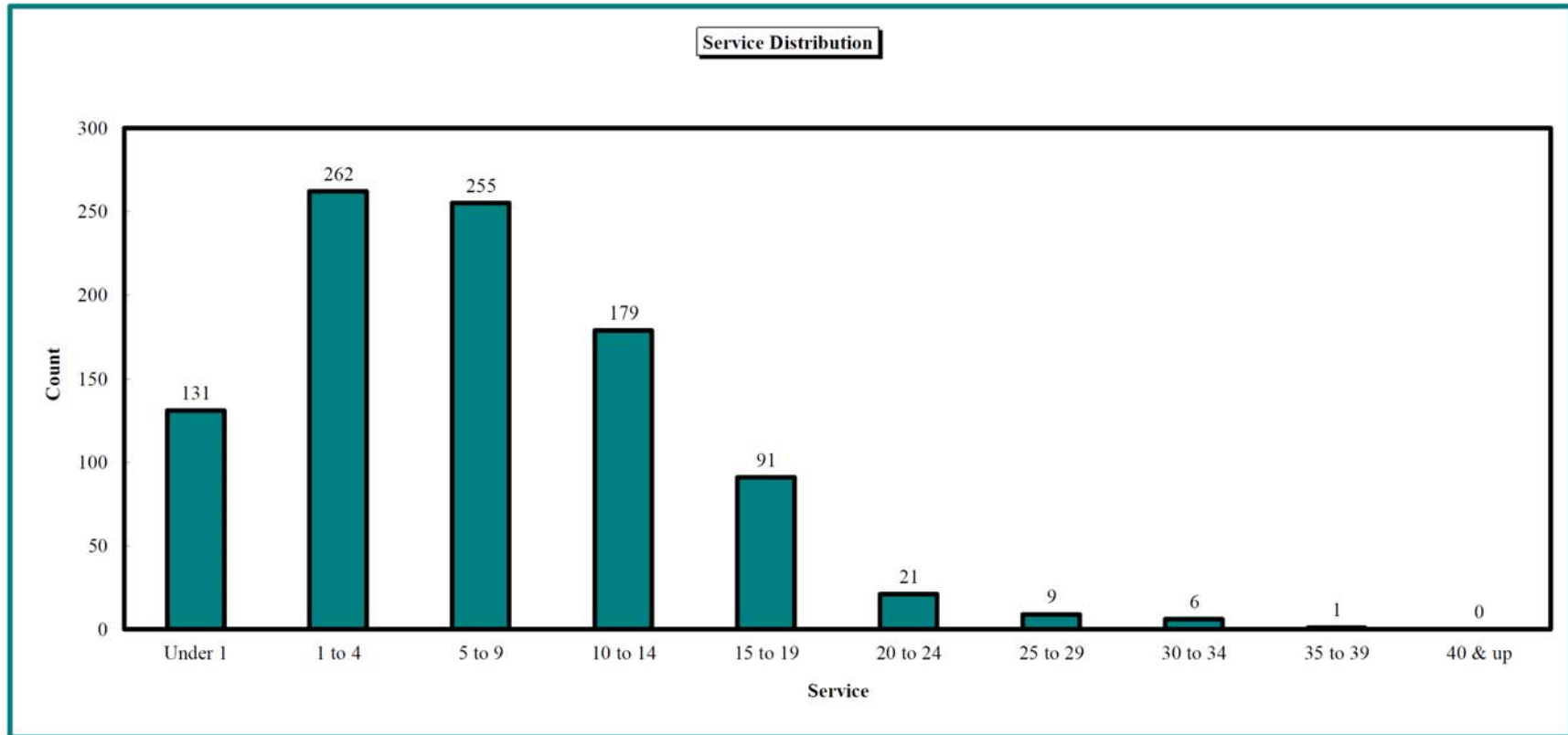
Montana Game Wardens' and Peace Officers' Retirement System Distribution of
Active Members by Age as of June 30, 2014



MONTANA GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM
ACTUARIAL VALUATION AS OF JUNE 30, 2014

APPENDIX A
MEMBERSHIP INFORMATION

Montana Game Wardens' and Peace Officers' Retirement System Distribution of
Active Members by Service as of June 30, 2014



**MONTANA GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM
ACTUARIAL VALUATION AS OF JUNE 30, 2014**

**APPENDIX A
MEMBERSHIP INFORMATION**

**Montana Game Wardens' and Peace Officers' Retirement System Distribution of
Active Members by Age and Service as of June 30, 2014**

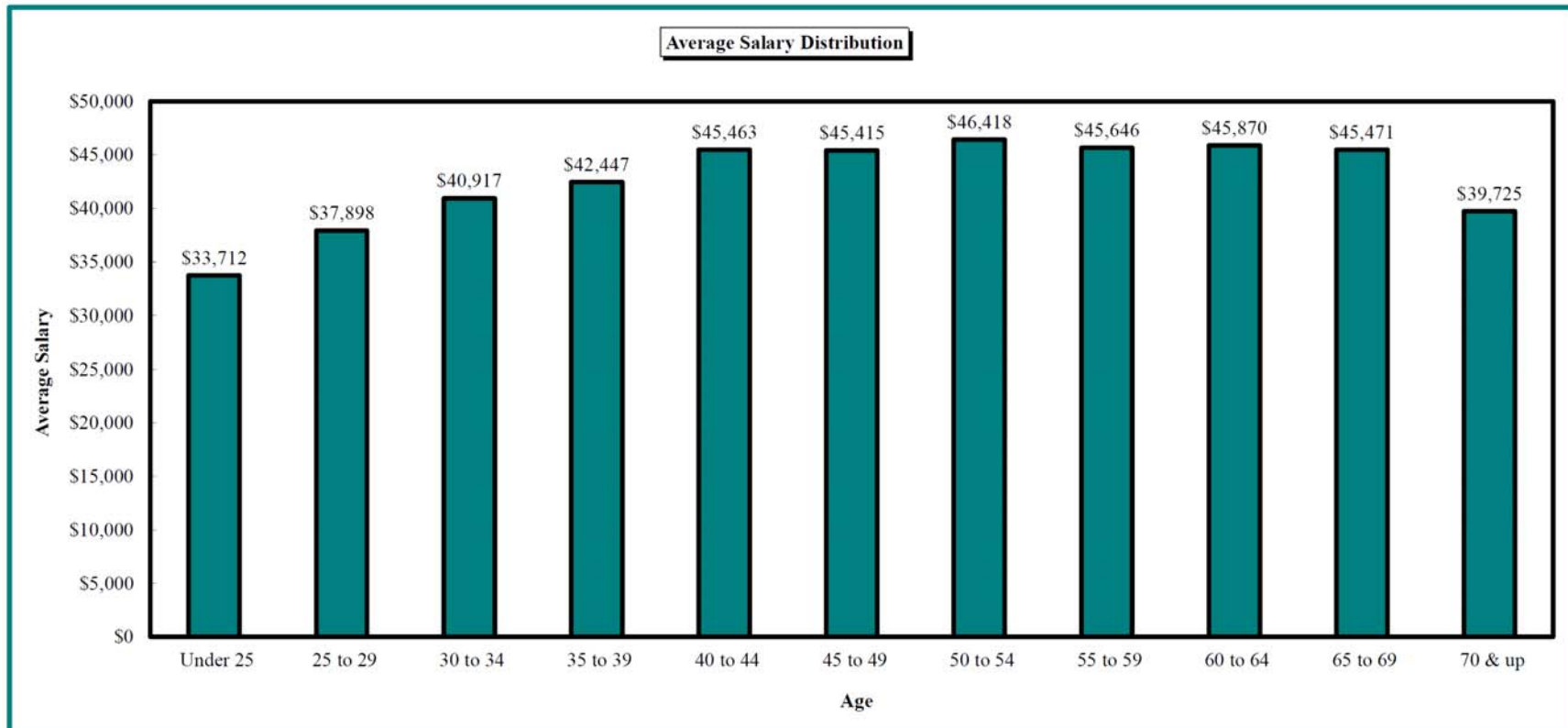
AVERAGE SALARY BY AGE/SERVICE											
Age	Service										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	
Under 25	\$33,576	\$33,798	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$33,712
25 to 29	\$35,146	\$38,038	\$40,008	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$37,898
30 to 34	\$36,337	\$38,643	\$44,900	\$43,841	\$0	\$0	\$0	\$0	\$0	\$0	\$40,917
35 to 39	\$36,385	\$40,300	\$45,865	\$49,024	\$45,758	\$0	\$0	\$0	\$0	\$0	\$42,447
40 to 44	\$35,392	\$39,666	\$44,641	\$47,157	\$54,437	\$64,356	\$0	\$0	\$0	\$0	\$45,463
45 to 49	\$37,213	\$38,333	\$44,804	\$46,399	\$52,833	\$57,390	\$59,558	\$0	\$0	\$0	\$45,415
50 to 54	\$39,019	\$38,694	\$43,407	\$45,313	\$55,332	\$62,815	\$60,467	\$57,818	\$0	\$0	\$46,418
55 to 59	\$37,294	\$40,844	\$40,682	\$49,014	\$48,884	\$41,998	\$79,994	\$71,686	\$0	\$0	\$45,646
60 to 64	\$0	\$46,312	\$40,838	\$44,762	\$46,493	\$60,009	\$52,844	\$52,066	\$64,870	\$0	\$45,870
65 to 69	\$6,670	\$49,563	\$51,090	\$45,681	\$62,484	\$0	\$0	\$0	\$0	\$0	\$45,471
70 & up	\$0	\$24,865	\$0	\$47,155	\$0	\$0	\$0	\$0	\$0	\$0	\$39,725
Total	\$35,740	\$38,852	\$43,898	\$46,899	\$52,363	\$58,442	\$61,487	\$63,793	\$64,870	\$0	\$43,396

The salary shown in the above chart was used for valuation purposes and assumes pay increases for the year.

MONTANA GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM
ACTUARIAL VALUATION AS OF JUNE 30, 2014

APPENDIX A
MEMBERSHIP INFORMATION

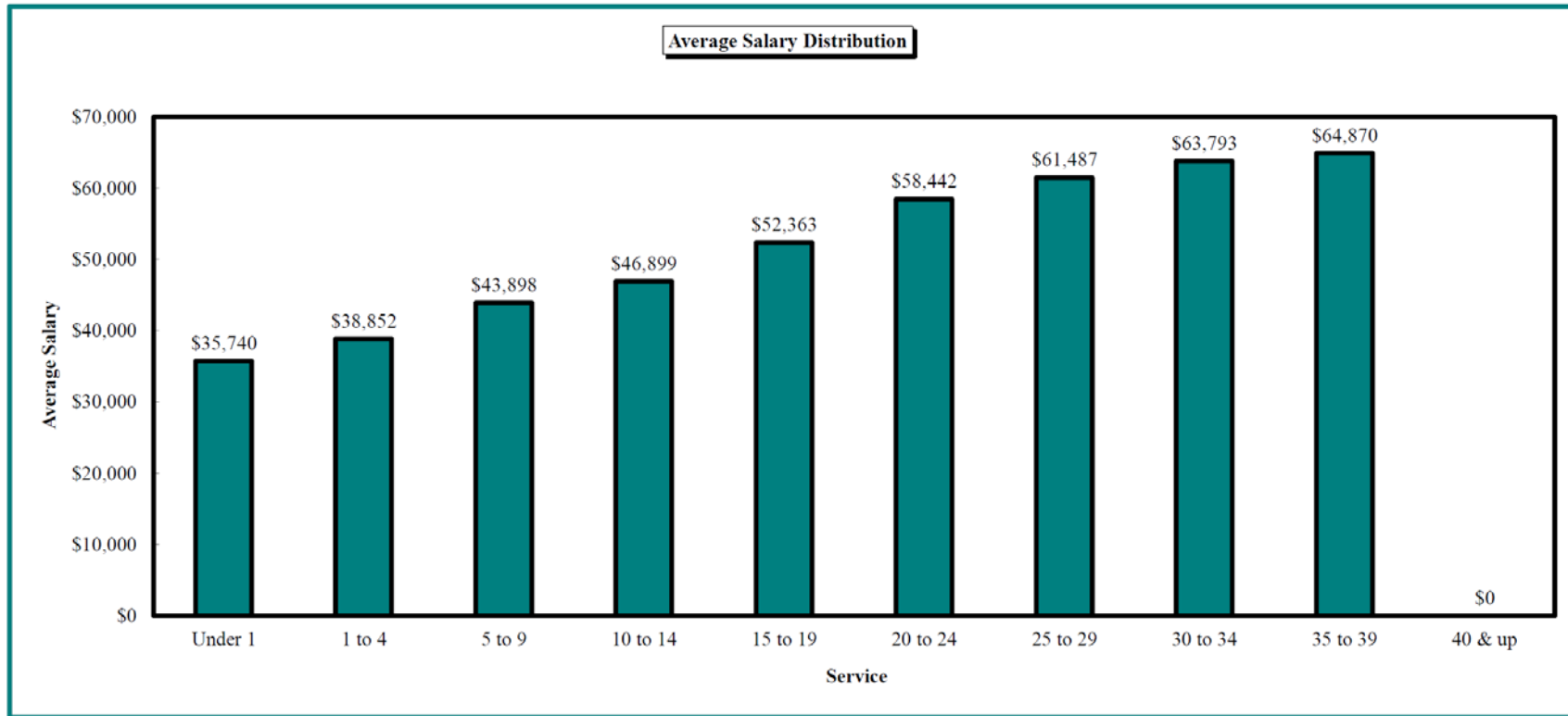
Montana Game Wardens' and Peace Officers' Retirement System Distribution of
Active Members by Age as of June 30, 2014



MONTANA GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM
ACTUARIAL VALUATION AS OF JUNE 30, 2014

APPENDIX A
MEMBERSHIP INFORMATION

Montana Game Wardens' and Peace Officers' Retirement System Distribution of
Active Members by Service as of June 30, 2014



**MONTANA GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM
ACTUARIAL VALUATION AS OF JUNE 30, 2014**

**APPENDIX A
MEMBERSHIP INFORMATION**

**Montana Game Wardens' and Peace Officers' Retirement System
Distribution of Retired Members,
Survivors, and Disabled Members as of June 30, 2014**

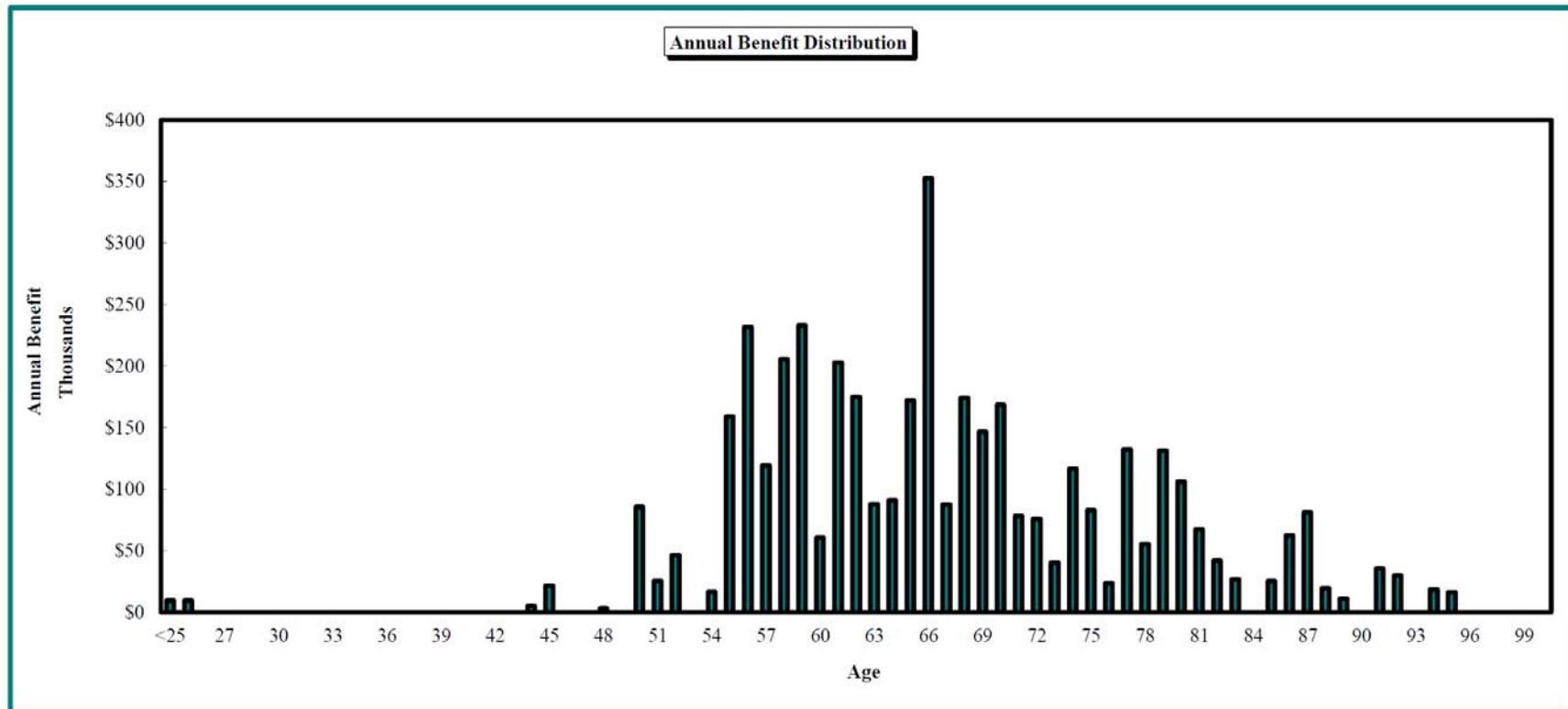
Age	Count	Annual Benefit	Age	Count	Annual Benefit
<25	1	\$9,436	73	2	\$40,126
25	1	\$9,436	74	4	\$116,646
26	0	\$0	75	4	\$82,613
27	0	\$0	76	1	\$23,488
28	0	\$0	77	4	\$132,023
29	0	\$0	78	2	\$55,636
30	0	\$0	79	6	\$131,164
31	0	\$0	80	3	\$106,102
32	0	\$0	81	2	\$67,241
33	0	\$0	82	2	\$41,799
34	0	\$0	83	1	\$26,796
35	0	\$0	84	0	\$0
36	0	\$0	85	3	\$25,378
37	0	\$0	86	3	\$62,597
38	0	\$0	87	2	\$81,255
39	0	\$0	88	1	\$19,217
40	0	\$0	89	1	\$11,256
41	0	\$0	90	0	\$0
42	0	\$0	91	2	\$35,447
43	0	\$0	92	2	\$29,679
44	1	\$5,127	93	0	\$0
45	1	\$21,681	94	1	\$18,492
46	0	\$0	95	1	\$16,158
47	0	\$0	96	0	\$0
48	1	\$3,259	97	0	\$0
49	0	\$0	98	0	\$0
50	4	\$85,516	99	0	\$0
51	1	\$25,397	100	0	\$0
52	1	\$46,436	101	0	\$0
53	0	\$0	102	0	\$0
54	1	\$16,597	103	0	\$0
55	7	\$159,035	104	0	\$0
56	9	\$231,538	105	0	\$0
57	6	\$119,132	106	0	\$0
58	9	\$205,576	107	0	\$0
59	8	\$232,819	108	0	\$0
60	4	\$60,412	109	0	\$0
61	7	\$202,970	110	0	\$0
62	12	\$174,989	111	0	\$0
63	6	\$87,859	112	0	\$0
64	9	\$90,966	113	0	\$0
65	9	\$172,222	114	0	\$0
66	18	\$352,876	115	0	\$0
67	9	\$87,445	116	0	\$0
68	7	\$174,097	117	0	\$0
69	7	\$146,823	118	0	\$0
70	6	\$168,547	119	0	\$0
71	6	\$78,295	120	0	\$0
72	5	\$75,712			
Totals				203	\$4,167,308

The chart above reflects the counts and benefits used for valuation purposes as a result of data processing. The benefit amounts shown have been projected using a half-year COLA assumption.

MONTANA GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM
ACTUARIAL VALUATION AS OF JUNE 30, 2014

APPENDIX A
MEMBERSHIP INFORMATION

**Montana Game Wardens' and Peace Officers' Retirement System Distribution of
Retired Members, Survivors, and Disabled Members as of June 30, 2014**



**MONTANA GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM
ACTUARIAL VALUATION AS OF JUNE 30, 2014**

**APPENDIX A
MEMBERSHIP INFORMATION**

**Montana Game Wardens' and Peace Officers' Retirement System Distribution of
Terminated Vested Members as of June 30, 2014**

Age	Count	Annual Benefit*	Account Balance*	Age	Count	Annual Benefit*	Account Balance*
<25	0	\$0	\$0	73	0	\$0	\$0
25	0	\$0	\$0	74	0	\$0	\$0
26	0	\$0	\$0	75	0	\$0	\$0
27	0	\$0	\$0	76	0	\$0	\$0
28	0	\$0	\$0	77	0	\$0	\$0
29	0	\$0	\$0	78	0	\$0	\$0
30	1	\$11,600	\$0	79	0	\$0	\$0
31	2	\$9,841	\$93,482	80	0	\$0	\$0
32	0	\$0	\$0	81	0	\$0	\$0
33	3	\$13,858	\$46,674	82	0	\$0	\$0
34	2	\$8,802	\$93,697	83	0	\$0	\$0
35	2	\$19,626	\$0	84	0	\$0	\$0
36	1	\$6,999	\$0	85	0	\$0	\$0
37	1	\$4,134	\$0	86	0	\$0	\$0
38	0	\$0	\$0	87	0	\$0	\$0
39	0	\$0	\$0	88	0	\$0	\$0
40	5	\$39,017	\$0	89	0	\$0	\$0
41	3	\$37,500	\$0	90	0	\$0	\$0
42	6	\$55,526	\$0	91	0	\$0	\$0
43	7	\$84,418	\$0	92	0	\$0	\$0
44	3	\$23,325	\$0	93	0	\$0	\$0
45	4	\$35,123	\$0	94	0	\$0	\$0
46	6	\$55,023	\$0	95	0	\$0	\$0
47	4	\$21,937	\$0	96	0	\$0	\$0
48	2	\$11,940	\$0	97	0	\$0	\$0
49	4	\$73,323	\$0	98	0	\$0	\$0
50	2	\$19,818	\$0	99	0	\$0	\$0
51	5	\$50,242	\$0	100	0	\$0	\$0
52	8	\$62,663	\$0	101	0	\$0	\$0
53	2	\$11,348	\$0	102	0	\$0	\$0
54	4	\$49,570	\$0	103	0	\$0	\$0
55	4	\$55,477	\$0	104	0	\$0	\$0
56	1	\$9,231	\$0	105	0	\$0	\$0
57	3	\$26,803	\$0	106	0	\$0	\$0
58	0	\$0	\$0	107	0	\$0	\$0
59	0	\$0	\$0	108	0	\$0	\$0
60	0	\$0	\$0	109	0	\$0	\$0
61	1	\$13,399	\$0	110	0	\$0	\$0
62	1	\$12,130	\$0	111	0	\$0	\$0
63	0	\$0	\$0	112	0	\$0	\$0
64	0	\$0	\$0	113	0	\$0	\$0
65	0	\$0	\$0	114	0	\$0	\$0
66	0	\$0	\$0	115	0	\$0	\$0
67	0	\$0	\$0	116	0	\$0	\$0
68	0	\$0	\$0	117	0	\$0	\$0
69	0	\$0	\$0	118	0	\$0	\$0
70	0	\$0	\$0	119	0	\$0	\$0
71	0	\$0	\$0	120	0	\$0	\$0
72	0	\$0	\$0				
Totals					87	\$822,671	\$233,853

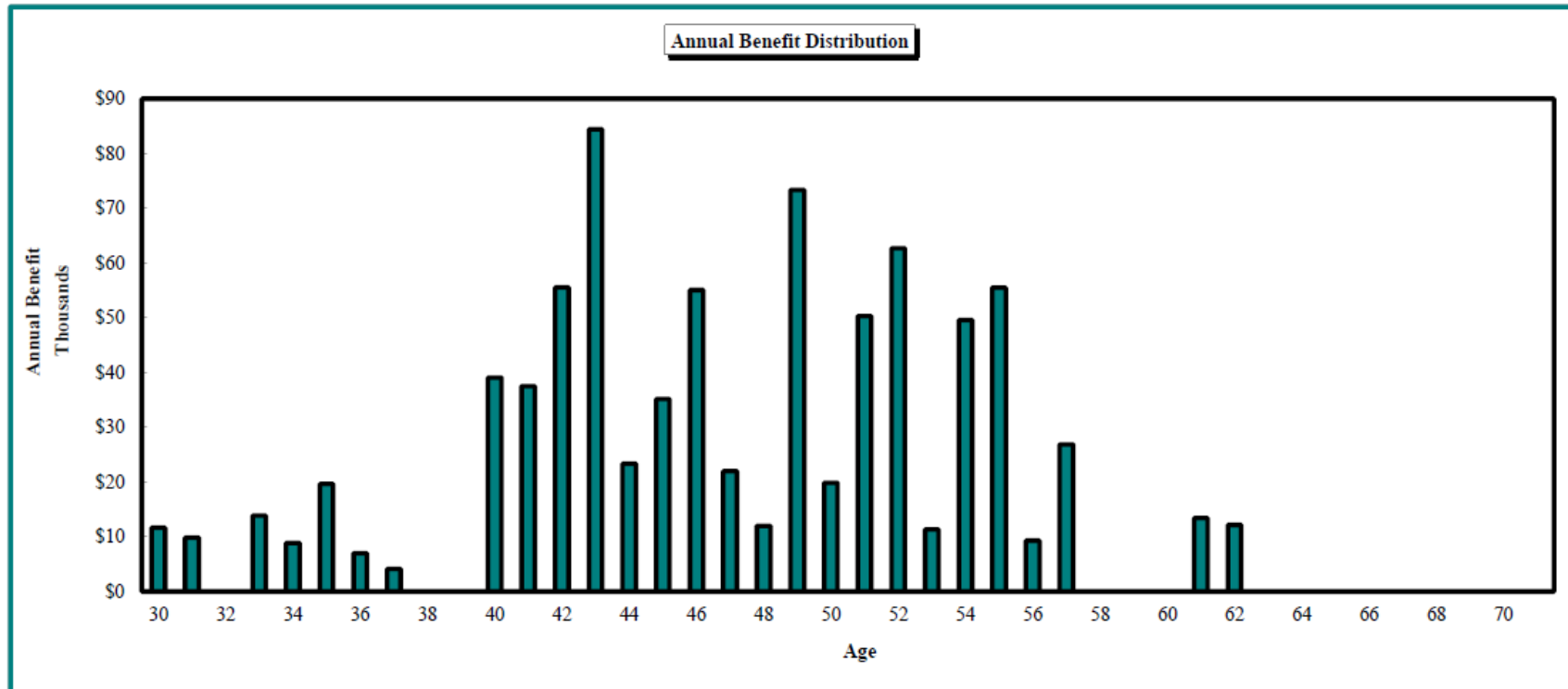
* payable at the greater of age 55 or current age

The chart above reflects the counts and benefits used for valuation purposes as a result of data processing.

MONTANA GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM
ACTUARIAL VALUATION AS OF JUNE 30, 2014

APPENDIX A
MEMBERSHIP INFORMATION

**Montana Game Wardens' and Peace Officers' Retirement System Distribution of
Terminated Vested Members as of June 30, 2014**



**MONTANA GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM
ACTUARIAL VALUATION AS OF JUNE 30, 2014**

**APPENDIX A
MEMBERSHIP INFORMATION**

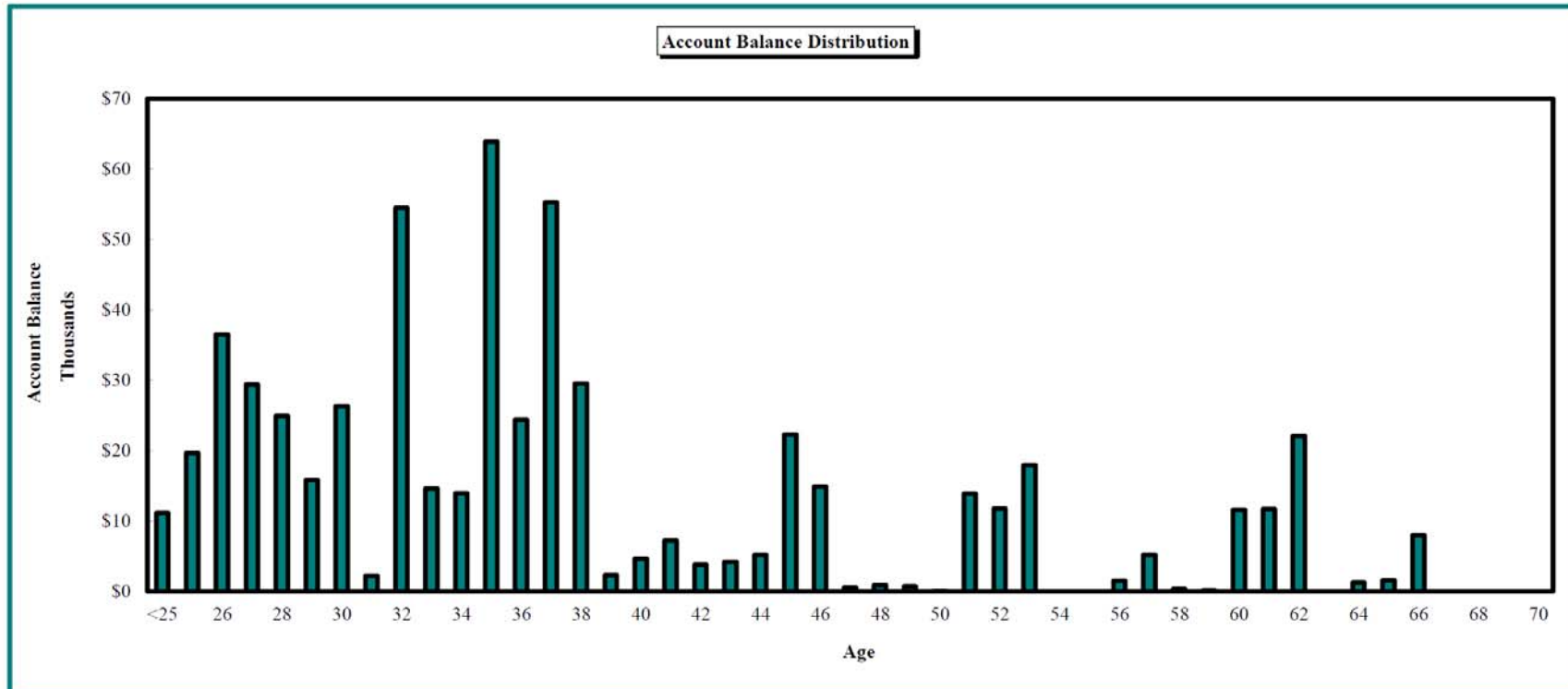
**Montana Game Wardens' and Peace Officers' Retirement System
Distribution of Terminated Non-Vested Members as of June 30, 2014**

Age	Count	Account Balance	Age	Count	Account Balance
<25	9	\$11,171	73	0	\$0
25	5	\$19,680	74	0	\$0
26	7	\$36,525	75	0	\$0
27	10	\$29,391	76	0	\$0
28	8	\$24,966	77	0	\$0
29	5	\$15,839	78	0	\$0
30	5	\$26,357	79	0	\$0
31	3	\$2,231	80	0	\$0
32	14	\$54,509	81	0	\$0
33	3	\$14,629	82	0	\$0
34	5	\$13,959	83	0	\$0
35	7	\$63,919	84	0	\$0
36	8	\$24,393	85	0	\$0
37	33	\$55,285	86	0	\$0
38	5	\$29,523	87	0	\$0
39	2	\$2,341	88	0	\$0
40	2	\$4,674	89	0	\$0
41	1	\$7,253	90	0	\$0
42	1	\$3,828	91	0	\$0
43	5	\$4,233	92	0	\$0
44	3	\$5,226	93	0	\$0
45	4	\$22,297	94	0	\$0
46	2	\$14,887	95	0	\$0
47	1	\$551	96	0	\$0
48	1	\$920	97	0	\$0
49	1	\$745	98	0	\$0
50	1	\$82	99	0	\$0
51	3	\$13,917	100	0	\$0
52	4	\$11,806	101	0	\$0
53	2	\$17,960	102	0	\$0
54	0	\$0	103	0	\$0
55	0	\$0	104	0	\$0
56	2	\$1,514	105	0	\$0
57	1	\$5,206	106	0	\$0
58	1	\$324	107	0	\$0
59	3	\$151	108	0	\$0
60	1	\$11,629	109	0	\$0
61	1	\$11,710	110	0	\$0
62	2	\$22,082	111	0	\$0
63	0	\$0	112	0	\$0
64	1	\$1,285	113	0	\$0
65	1	\$1,547	114	0	\$0
66	1	\$7,995	115	0	\$0
67	0	\$0	116	0	\$0
68	0	\$0	117	0	\$0
69	0	\$0	118	0	\$0
70	0	\$0	119	0	\$0
71	0	\$0	120	0	\$0
72	0	\$0			
Totals				174	\$596,540

MONTANA GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM
ACTUARIAL VALUATION AS OF JUNE 30, 2014

APPENDIX A
MEMBERSHIP INFORMATION

Montana Game Wardens' and Peace Officers' Retirement System Distribution of
Terminated Non-Vested Members as of June 30, 2014



MONTANA GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM
ACTUARIAL VALUATION AS OF JUNE 30, 2014

APPENDIX B
ACTUARIAL ASSUMPTIONS AND METHODS

A. Long-Term Assumptions Used to Determine Plan Costs and Liabilities

1. Demographic Assumptions

a. Healthy Retirees, Beneficiaries and Non-Retired Members

Male and Female RP-2000 Combined Employee and Annuitant Mortality Tables. To reflect mortality improvements since the date of the table and to project future mortality improvements, the tables are projected to 2015 using scale AA.

Sample Rates of Healthy Mortality		
Age	Male	Female
50	0.163%	0.130%
55	0.272%	0.241%
60	0.530%	0.469%
65	1.031%	0.900%
70	1.770%	1.553%
75	3.062%	2.492%
80	5.536%	4.129%
85	9.968%	7.076%
90	17.271%	12.588%

10% of all member deaths are assumed to be duty-related.

b. Disabled Inactive Mortality

Male and Female RP-2000 Combined Employee and Annuitant Mortality Tables with no projections. No future mortality improvement is assumed.

Sample Rates of Disabled Inactive Mortality		
Age	Male	Female
50	0.214%	0.168%
55	0.362%	0.272%
60	0.675%	0.506%
65	1.274%	0.971%
70	2.221%	1.674%
75	3.783%	2.811%
80	6.437%	4.588%
85	11.076%	7.745%
90	18.341%	13.168%

**MONTANA GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM
ACTUARIAL VALUATION AS OF JUNE 30, 2014**

**APPENDIX B
ACTUARIAL ASSUMPTIONS AND METHODS**

c. Rates of Active Disability

Sample Rates of Active Disability	
Age	Male
22	0.00%
27	0.10%
32	0.10%
37	0.10%
42	0.40%
47	0.40%
52	0.40%
57	0.40%
62	0.00%

75% of disabilities are assumed to be duty-related. All disabilities are assumed to be permanent and without recovery.

d. Termination of Employment (Prior to Normal Retirement Eligibility)

Service	Rate
0	25%
1	20%
2	15%
3	12%
4	10%
5-9	6%
10-14	3%
15 & over	2%

e. Probability of Electing a Refund of Member Contributions upon Termination

Probability of Electing Refund		
Age at Term.	Non-Vested	Vested
Under 35	100%	70%
35-39	100%	60%
40-44	100%	50%
45-49	100%	40%
50 & Over	100%	0%

**MONTANA GAME WARDENS' AND PEACE OFFICERS' RETIREMENT SYSTEM
ACTUARIAL VALUATION AS OF JUNE 30, 2014**

**APPENDIX B
ACTUARIAL ASSUMPTIONS AND METHODS**

f. Retirement Rates

Annual Retirement Rates		
Age	Age 55 with 5 years of service	Age 50 with 20 years of service
<50	N/A	0%
50 – 54	N/A	15%
55	15%	25%
56 – 59	5%	25%
60 – 61	15%	15%
62	40%	40%
63 – 64	15%	15%
65 & over	100%	100%

Vested terminations are assumed to retire at their earliest unreduced eligibility.

g. Merit/Seniority Salary Increase (in addition to across-the-board increase)

Service based table plus an annual inflation rate of 4.00% (rates shown below exclude amount for inflation).

Service	Annual Increase
1	7.3%
2	5.6%
3	4.4%
4	3.5%
5	2.8%
6	2.2%
7	1.7%
8	1.3%
9	1.0%
10	0.7%
11-15	0.4%
16-20	0.2%
21 & over	0.0%

APPENDIX B
ACTUARIAL ASSUMPTIONS AND METHODS

h. Family Composition

Female spouses are assumed to be three years younger than males.

100% of non-retired employees are assumed married for both male and female employees.

Actual marital characteristics are used for pensioners.

i. Vested Benefits for Terminated Members

Vested benefits for members who terminated during the years ending June 30, 2009 and later were estimated based upon compensation and service information in the census data. For members who terminated prior to June 30, 2008, vested benefits valued were the same as had been calculated by the prior actuary for the June 30, 2008 actuarial valuation.

2. Economic Assumptions

a. Rate of Investment Return:	7.75% (net of investment expenses)
b. Rate of Wage Inflation:	4.00%
	(3.00% inflation plus 1.00% real wage growth)
c. Interest on Member Contributions:	3.50%
d. Rate of Increase in Total Payroll	4.00%
	(for amortization and non-GABA post retirement increases)
e. Administrative Expenses as a Percentage of Payroll	0.17%

3. Changes since Last Valuation

The administrative expense assumption is now explicitly stated as a cost element rather than being included implicitly within the investment return.

APPENDIX B
ACTUARIAL ASSUMPTIONS AND METHODS

B. Actuarial Methods

1. Funding Method

The Entry Age Normal Actuarial Cost method is used to determine costs. Under this funding method, a normal cost is determined as a level percent of pay individually for each active employee.

The actuarial liability is that portion of the present value of projected benefits that will not be paid by future normal costs. The difference between this liability and funds accumulated as of the same date is referred to as the unfunded actuarial liability.

The portion of the actuarial liability in excess of plan assets is amortized to develop an additional cost or savings which is added to each year's employer normal cost. Under this cost method, actuarial gains and losses are directly reflected in the size of the unfunded actuarial liability.

2. Actuarial Value of Assets

For purposes of determining the unfunded actuarial liability, we use an actuarial value of assets. The asset adjustment method dampens the volatility in asset values that could occur because of fluctuations in market conditions. Use of an asset smoothing method is consistent with the long-term nature of the actuarial valuation process.

The actuarial value of assets is the current market value, adjusted by a four-year smoothing of gains and losses on a market value basis. Each year's gain or loss is determined as the difference between the actual market return and the expected market return using the assumed rate of investment return.

3. Amortization Method

The unfunded actuarial liability is amortized as a level percentage of future payroll. The valuation determines the period over which the statutory contributions will fully amortize the unfunded actuarial liability.

4. Changes since Last Valuation

None.

APPENDIX C
SUMMARY OF PLAN PROVISIONS

1. Membership

The Plan is a multiple-employer cost sharing plan that covers persons employed as a game warden, warden supervisor, or state peace officer.

2. Contributions

Members contribute 10.56% of their compensation. Interest is credited at rates determined by the Board.

Member contributions are made through an “employer pick-up” arrangement which results in deferral of taxes on the contributions.

Employers contribute 9.0% of each member’s compensation.

3. Service Credit

Service used to determine the amount of retirement benefit. One month of service credit is earned for each month where the member worked 160 hours. This includes certain transferred and purchased service.

4. Membership Service

Service used to determine eligibility for vesting, retirement or other GWPORS benefits. One month of membership service is earned for any month member contributions are made to GWPORS, regardless of the number of hours worked.

5. Highest Average Compensation (HAC)

For members hired on or before June 30, 2011: The Highest Average Compensation (HAC) is the average of the highest 36 consecutive months (or shorter period of total service) of compensation paid to the member.

For new members hired on or after July 1, 2011: The Highest Average Compensation (HAC) is the average of the highest 60 consecutive months (or shorter period of total service) of compensation paid to the member. Compensation is specifically defined in law for GWPORS.

APPENDIX C
SUMMARY OF PLAN PROVISIONS

For members hired on or after July 1, 2013: Highest Average Compensation calculations initially exclude amounts over 110% of the compensation included for each previous year with this excess compensation, if any, divided by the member's total months of service credit and added to the compensation for each month considered part of the member's HAC.

Bonuses paid on or after July 1, 2013 to any member will not be treated as compensation for retirement purposes. No member or employer contributions will be paid on bonuses.

6. Service Retirement

Eligibility: Age 50 with 20 years of membership service.

Benefit: 2.5% of HAC multiplied by years of service credit.

7. Early Retirement

Eligibility: Age 55 with 5 years of membership service.

Benefit: A reduced normal retirement benefit calculated using highest average compensation and service credit at early retirement.

8. Disability Benefit

Eligibility: (i) Five years of membership service for duty-related disability, or (ii) any service for regular disability.

Benefit: (i) For duty-related disability, (a) if less than 20 years of membership service: 50% of highest average compensation and (b) if 20 years or more of membership service: 2.5% of HAC multiplied by years of service credit.

(ii) For regular disability, the actuarial equivalent of the accrued normal retirement benefit on a retirement age of 50.

9. Survivor's Benefit

Eligibility: Active or retired member.

Benefit: For duty-related deaths, a monthly survivor benefit to the designated beneficiary equal to (i) if less than 25 years of membership service: 50% of highest average compensation or (ii) if deceased member has more than 25 years of membership service: 2% of highest average compensation multiplied by years of service credit.

APPENDIX C
SUMMARY OF PLAN PROVISIONS

For non-duty-related deaths, a lump-sum refund of the member's accumulated contributions.

A beneficiary may elect to receive the present value of a monthly benefit as a single lump sum.

For retired members without a contingent annuitant, a payment will be made to the member's designated beneficiary equal to the accumulated contributions reduced by any retirement benefits already paid.

10. Vesting

Eligibility: Five years of membership service.

Benefit: Accrued normal retirement benefit, payable at normal or early retirement date. In lieu of a pension, a member may receive a refund of accumulated contributions. Upon receipt of a refund of contributions, a member's vested right to a monthly benefit shall be forfeited.

11. Withdrawal of Employee Contributions

Eligibility: Terminates service and is not eligible for other benefits.

Benefit: Accumulated member contributions.

12. Form of Payment

The normal form of payment is a life annuity, Option 1.

Optional benefits: (i) Option 2, a joint and 100% survivor benefit, (ii) Option 3, a joint and 50% survivor benefit, or (iii) Option 4, a life annuity with a period certain. If a retiring member elects Option 2 or 3 and the designated beneficiary predeceases or is divorced from the member, the benefit may revert to the higher Option 1 benefit available at retirement or the retiree may select a different beneficiary and/or a different option within 18 months of the death or divorce.

13. Post Retirement Benefit Increases

For retired members who have been retired at least 12 months, a Guaranteed Annual Benefit Adjustment (GABA) will be made each year in January equal to (i) 3% for members hired before July 1, 2007 and (ii) 1.5% for members hired on or after July 1, 2007.

14. Changes Since Last Valuation

None.

**APPENDIX D
GLOSSARY**

1. Actuarial Assumptions

Assumptions as to the occurrence of future events affecting pension costs, such as: mortality, withdrawal, disability, and retirement; changes in compensation; inflation; rates of investment earnings, and asset appreciation or depreciation; and other relevant items.

2. Actuarial Cost Method

A procedure for determining the Actuarial Present Value of pension plan benefits and expenses and for developing an allocation of such value to each year of service, usually in the form of a Normal Cost and an Actuarial Liability.

3. Actuarial Gain (Loss)

A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions during the period between two Actuarial Valuation dates, as determined in accordance with a particular Actuarial Cost Method.

4. Actuarial Liability

The portion of the Actuarial Present Value of Projected Benefits which will not be paid by future Normal Costs. It represents the value of the past Normal Costs with interest to the valuation date.

5. Actuarial Present Value (Present Value)

The value as of a given date of a future amount or series of payments. The Actuarial Present Value discounts the payments to the given date at the assumed investment return and includes the probability of the payment being made. As a simple example: assume you owe \$100 to a friend one year from now. Also, assume there is a 1% probability of your friend dying over the next year, in which case you won't be obligated to pay him. If the assumed investment return is 10%, the actuarial present value is:

$$\begin{array}{ccccccc} \text{Amount} & & \text{Probability of} & & \text{1/(1+Investment} & & \\ & & \text{Payment} & & \text{Return)} & & \\ \$100 & \times & (1 - .01) & \times & 1/(1+.1) & = & \$90 \end{array}$$

6. Actuarial Valuation

The determination, as of a specified date, of the Normal Cost, Actuarial Liability, Actuarial Value of Assets, and related Actuarial Present Values for a pension plan.

**APPENDIX D
GLOSSARY**

7. Actuarial Value of Assets

The value of cash, investments and other property belonging to a pension plan as used by the actuary for the purpose of an Actuarial Valuation. The purpose of an Actuarial Value of Assets is to smooth out fluctuations in market values. This way, long-term costs are not distorted by short-term fluctuations in the market.

8. Actuarially Equivalent

Of equal Actuarial Present Value, determined as of a given date with each value based on the same set of Actuarial Assumptions.

9. Amortization Payment

The portion of the pension plan contribution which is designed to pay interest and principal on the Unfunded Actuarial Liability in order to pay for that liability in a given number of years.

10. Entry Age Normal Actuarial Cost Method

A method under which the Actuarial Present Value of the Projected Benefits of each individual included in an Actuarial Valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages.

11. Funded Percentage

The ratio of the Actuarial Value of Assets to the Actuarial Liabilities.

12. Inflation (CPI)

The assumed increase in dollar related values in the future due to the general increase in the cost-of-living. The usual measure for inflation is the Consumer Price Index (CPI).

13. Investment Return Assumption

The assumed interest rate used for projecting dollar related values in the future.

14. Mortality Table

A set of percentages which estimates the probability of death at a particular point in time. Typically, the rates are annual and based on age and gender.

**APPENDIX D
GLOSSARY**

15. Normal Cost

That portion of the Actuarial Present Value of pension plan benefits and expenses which is allocated to a valuation year by the Actuarial Cost Method.

16. Projected Benefits

Those pension plan benefit amounts which are expected to be paid in the future under a particular set of Actuarial Assumptions, taking into account such items as the effect of advancement in age and increases in future compensation and service credits.

17. Unfunded Actuarial Liability

The excess of the Actuarial Liability over the Actuarial Value of Assets.