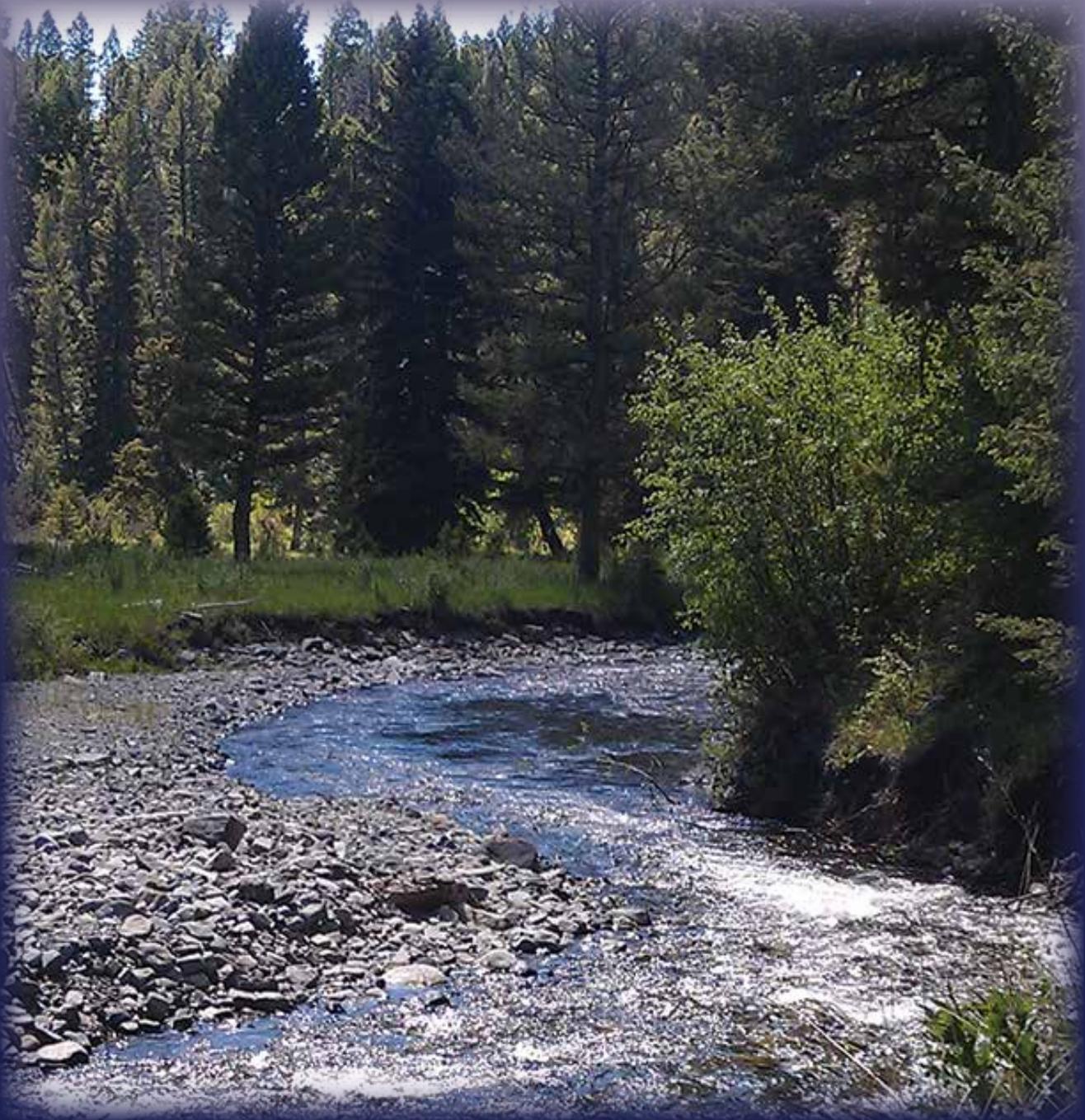


MONTANA



PUBLIC EMPLOYEES RETIREMENT BOARD
A COMPONENT UNIT OF THE STATE OF MONTANA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

STATE OF MONTANA

Public Employees' Retirement Board

A Component Unit of the State of Montana

Comprehensive Annual Financial Report



For the Fiscal Year Ended
June 30, 2012

Public Employees' Retirement System - Defined Benefit Retirement Plan

Judges' Retirement System

Highway Patrol Officers' Retirement System

Sheriffs' Retirement System

Game Wardens' and Peace Officers' Retirement System

Municipal Police Officers' Retirement System

Firefighters' Unified Retirement System

Volunteer Firefighters' Compensation Act

Public Employees' Retirement System - Defined Contribution Retirement Plan

Deferred Compensation (457) Plan

Prepared By:
The Fiscal Services Bureau
Public Employee Retirement Administration
100 North Park, Suite 200 ~ PO Box 200131
Helena, MT 59620-0131
(406) 444-3154

Table of Contents

Introductory Section

Letter of Transmittal.....	5
Public Employees' Retirement Board.....	12
Montana Public Employee Retirement Administration Organizational Chart.....	13

Financial Section

Independent Auditor's Report.....	15
Management's Discussion & Analysis.....	17
Basic Financial Statements:	
<i>Statement of Fiduciary Net Assets - Pension Trust Funds</i>	36
<i>(The notes to the financial statements are an integral part of this statement)</i>	
<i>Statement of Changes in Fiduciary Net Assets - Pension Trust Funds</i>	38
<i>(The notes to the financial statements are an integral part of this statement)</i>	
<i>Notes to the Financial Statements</i>	40
Required Supplementary Information:	
Schedule of Funding Progress.....	82
Schedule of Funding Progress for OPEB.....	84
Notes to Required Supplementary Information for OPEB.....	85
Schedule of Employer Contributions and Other Contributing Entities.....	86
Notes to the Required Supplementary Information.....	88
Supporting Schedules:	
Schedule of Administrative Expenses.....	91
Schedule of Investment Expenses.....	92
Schedule of Professional/Consultant Fees.....	93
Detail of Fiduciary Net Assets (PERS-DBRP, PERS-DBEd).....	94
Detail of Changes in Fiduciary Net Assets (PERS-DBRP, PERS-DBEd).....	95
Detail of Fiduciary Net Assets (PERS-DCRP, PERS-DCEd, DC Disability).....	96
Detail of Changes in Fiduciary Net Assets (PERS-DCRP, PERS-DCEd, DC Disability).....	97

Investment Section

Board of Investments' Investment Letter.....	99
Report on Investment Activity.....	103
Total Rates of Annualized Returns by Asset Class.....	104
Schedules of Asset Mix.....	110
Schedule of Largest Holdings.....	118
Investment Summary.....	122

Actuarial Section

Actuary's Certification.....	127
Summary of Actuarial Assumptions and Methods.....	131
Schedule of Active Member Valuation Data.....	136
Schedule of Active Member Composition.....	138
Schedule of Retiree Member Composition.....	139
Schedule of Beneficiary Member Composition.....	140
Schedule of Disabled Member Composition.....	141
Schedule of Retirees and Beneficiaries Added to and Removed from Rolls.....	142
Solvency Test.....	144
Summary of Actuarial (Gain)/Loss by Source.....	146
Summary of Defined Benefit Retirement Plans Provisions as of June 30, 2012.....	147

Statistical Section

Summary of Statistical Data.....	175
Changes in Net Assets, Last Ten Fiscal Years.....	176
History of Actuarial Accrued Liabilities.....	185
Schedule of Fair Values by Type of Investment, Last Ten Years.....	188
Schedule of Contribution Rate History.....	195
History of Membership in Retirement Plans, Last Ten Years.....	198
Schedule of Benefit Expenses and Refunds by Type, Last Ten Years.....	202
Schedule of Distributions Processed, Last Ten Fiscal Years.....	206
Schedule of Retired Members by Type of Benefit.....	208
Distribution of Defined Benefit Recipients by Location.....	214
Schedule of Active Members by Age and Gender.....	216
Schedule of Retired Members by Age and Gender.....	217
Average Benefit Payments, Last Ten Fiscal Years.....	218
Schedule of Average Monthly Benefit Payments, All Retirees.....	226
Principal Participating Employers.....	228
Schedule of Participating Employers.....	232

Mission Statement of the PERB

The Montana Public Employees' Retirement Board, as fiduciaries, administers its retirement plans and trust funds, acting in the best interest of the members and beneficiaries.

Mission Statement of the MPERA

The Montana Public Employee Retirement Administration efficiently provides quality benefits, education and service to help our plan members and beneficiaries realize a successful retirement.



Salmon Lake - Shelly Pardis



Georgetown Lake - Roxanne Minnehan

There are at least 3,223 named lakes and reservoirs in Montana. Flathead County has the most named lakes at 269, while Wibaux County has 1.

Source: Wikipedia.org



Fort Peck Reservoir - Alicia Reber-Jensen



*Upper Two Medicine Lake
- Joel Thompson*



Flathead Lake - Sam Mason

Montana Public Employee Retirement Administration



Steve Bullock
Governor

Roxanne Minnehan
Executive Director

STATE OF MONTANA



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PO BOX 200131
HELENA MT 59620-0131

January 7, 2013

The Honorable Steve Bullock
Governor of Montana
Room 204, State Capitol
PO Box 200801
Helena, MT 59620-0801

Dear Governor Bullock:

The Public Employees' Retirement Board (PERB) and its staff, the Montana Public Employee Retirement Administration (MPERA), are pleased to submit this *Comprehensive Annual Financial Report (CAFR)* for the fiscal year ended June 30, 2012, in accordance with 19-2-407, Montana Code Annotated. The purpose of this letter is to introduce the basic financial statements and provide an analytical overview of the trust funds' financial activities. The letter of transmittal is intended to complement the MD&A and the two should be read in conjunction.

The management of the Montana Public Employee Retirement Administration assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. This CAFR was prepared in conformance with the principles of governmental accounting and reporting set forth by the Governmental Accounting Standards Board, including the Management's Discussion and Analysis (MD&A). Defined benefit and defined contribution transactions are reported on the accrual basis of accounting.

The external auditor conducted an independent audit of the basic financial statements in accordance with U.S. generally accepted auditing standards. This audit is described in the *Independent Auditor's Report* on page 15 of the *Financial Section*. Management has provided the external auditors with full and unrestricted access to MPERA staff to facilitate independent validation of the integrity of the plans' financial reporting.

The MD&A included in the *Financial Section* is a management discussion of the financial position of the retirement plans and provides an overview and analysis of the plans' basic financial statements. The *Statistical Section* includes statistics regarding active and retiree membership, employer contributions, assets held, and benefits or distributions paid in accordance with the five objectives required by GASB Statement 44 - financial trends, revenue capacity, debt capacity, demographic and economic information, and operating information.

"AN EQUAL OPPORTUNITY EMPLOYER"

INTRODUCTORY SECTION

PROFILE OF THE PERB

The PERB is a discretely presented component unit Pension Trust Fund of the State of Montana financial reporting entity. For this reason, the financial statements contained in this report are also included in the State of Montana's Comprehensive Annual Financial Report. Fiduciary responsibility for the systems rests with the PERB, which consists of seven members, appointed by the Governor. The members are assigned five-year, staggered terms. The PERB is required to approve a final budget before the beginning of the fiscal year. The MPERA management develops the budget for all plans administered and presents it to the PERB. As governed by statute, the PERB's defined benefit administrative expenses may not exceed 1.5 percent of the total defined benefit plan retirement benefits paid. Costs for the PERB to administer the defined contribution plans are included as part of the administrative expenses of the plans. The budget is monitored throughout the year and quarterly updates are provided.

The PERB administers ten separate retirement plans, each reported in this CAFR. There are eight defined benefit retirement plans including the *Public Employees' Retirement System-Defined Benefit Retirement Plan (PERS-DBRP)* in its 68th year of operation, *Judges' Retirement System (JRS)*, *Highway Patrol Officers' Retirement System (HPORS)*, *Sheriffs' Retirement System (SRS)*, *Game Wardens' and Peace Officers' Retirement System (GWPORS)*, *Municipal Police Officers' Retirement System (MPORS)*, *Firefighters' Unified Retirement System (FURS)*, and *Volunteer Firefighters' Compensation Act (VFCA)*.

The two defined contribution retirement plans are the *Deferred Compensation (457) Plan* and *Public Employees' Retirement System-Defined Contribution Retirement Plan (PERS-DCRP)*. The PERS-DCRP was implemented July 1, 2002. New hires in PERS have the option of choosing participation in either the defined benefit retirement plan (DBRP) or the defined contribution retirement plan (DCRP) within 12 months of hire. University employees have a third option of joining the Optional Retirement Program (ORP) administered by the Teachers Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF New York, NY).

Education for plan members and employers is a top priority and statutorily funded by a percentage of employer contributions. All PERS new hires are offered Plan Choice Educational workshops to assist with their retirement plan decision. We continue to add other educational workshops and provide additional member services through our website.

ECONOMIC CONDITION AND OUTLOOK

INVESTMENTS

The investments of the pension trust funds are governed by an investment standard known as the "prudent expert principle." The prudent expert principle is constitutionally and statutorily mandated and establishes a standard for all fiduciaries, which includes anyone having discretionary authority with respect to the pension trusts. The prudent expert principle states that fiduciaries will discharge their duties solely in the interest of the trust funds' participants and beneficiaries and with the degree of diligence, care and skill which prudent experts would ordinarily exercise

INTRODUCTORY SECTION

under similar circumstances in a like position. By following the prudent expert principle and permitting further diversification of investments within a fund, the fund may reduce overall risk and increase returns.

The assets of the defined benefit trust funds are invested by the Montana Board of Investments (BOI). The prudent expert principle permits the BOI to establish an Investment Policy Statement based upon certain investment criteria and allows for the delegation of investment authority to the BOI staff. The statement of investment policy outlines the responsibility for the investment of the funds and the degree of risk that is deemed appropriate for the trust funds. Investment officers are to execute the investment policy in accordance with statutory authority but are to use full discretion within the policy and guidelines.

For the defined contribution plans, the PERS-DCRP and Deferred Compensation Plan investment options offered are selected by the PERB in compliance with its Investment Policy Statements with the assistance of the statutorily-created Employee Investment Advisory Council and the advice of a third-party consultant. Participants of the PERS-DCRP direct the investment of their contributions and a portion of their employer's contributions among the offered investment options. The remaining portion of their employer's contributions is used to reduce the Plan Choice Rate unfunded actuarial liability, fund the long-term disability trust, and provide member education.

ECONOMIC OUTLOOK

The economic outlook of the defined benefit plans is based primarily upon investment earnings. For fiscal year 2012, the PERS-DBRP experienced a 2.41 percent rate of return; an average annualized rate of return for the last three years was 12.08 percent; for the last five years was 1.22 percent; and for the last ten years was 2.98 percent. The past year, five year and the ten year rates of return are below the annual actuarial return assumption of 7.75 percent and act to erode the funded status of the plan. The plans are required by law to be maintained on an actuarially sound basis which protects participants' future benefits. A summary of the investment activity can be found in the *Investment Section* of this annual report.

Pension trust funds are considered well-funded when there is enough money and contributions to amortize any unfunded liability in 30 years or less. A detailed discussion of funding is provided in the *Actuarial Section* of this annual report. The actuarial valuations dated June 30, 2012, for the eight defined benefit plans, show one plan (JRS) with an actuarial surplus, three plans (MPORS, FURS and VFCA) to be actuarially sound, and four plans (PERS, HPORS, SRS and GWPORS) not actuarially sound. The amortization period for the Unfunded Actuarial Liability (Actuarial Surplus) for the defined benefit plans, as of June 30, 2012, are as follows:

PERS	Does Not Amortize	GWPORS	Does Not Amortize
JRS	0.0 years (Actuarial Surplus)	MPORS	25.7 years
HPORS	49.7 years	FURS	16.4 years
SRS	Does Not Amortize	VFCA	9.3 years

INTRODUCTORY SECTION

With the exception of GWPORS, the funded status of all of the retirement systems administered by the PERB decreased in fiscal year 2012 which is the result of the systems not receiving the Annual Required Contribution (ARC); the unfavorable investment market experience in previous years; and the decrease in the actuarially assumed rate of return assumption. A single year's funded ratio, by itself, does not provide a measure of the funding direction. The funding status and funding progress of the individual retirement systems can be found in the *Financial Section* of this report on pages 42 and 82, respectively.

FUNDING

The funding objective of the pension trust funds administered by the PERB is to meet long-term benefit obligations through contributions that remain approximately level as a percent of member payroll over the long term. PERB's long-term goal is for all retirement systems to be 100% funded and up to 120% funded to allow a reserve in poor markets. The short-term goal is to obtain actuarial soundness for the systems that do not amortize. It is the obligation of the PERB to recommend funding increases or system changes or both to the Legislature to address financial sustainability.

LEGISLATIVE UPDATE

The four plans that are not actuarially sound have not received the annual required contributions (ARC). The PERB is proposing legislation again during the 2013 Legislature to address the actuarial soundness of the plans. The PERB proposed plan design options and contribution rate increases to the 2011 Legislature to address long-term plan sustainability. Changes in employee contribution rates, benefit eligibility, and benefit structure for new hires became effective July 1, 2011. Other funding mechanisms were eliminated from the bill.

ACCOMPLISHMENTS

Fiscal year 2012 accomplishments of MPERA include: modification of the website benefit estimator to use early retirement factors; implementation of a website service purchase calculator; implementation of an imaging system; VFCA system enhancements including the ability to maintain member demographic information, lifting the limit of 28 certificate members, and generating the first annual statements to individual VFCA members; continuation of the three to five year computer system upgrade including data cleansing; successful participation in the State of Montana Consolidated Vendor File project to provide greater transparency and meet regulatory requirements; and enhancement of employer web reporting system to allow the reporting and tracking of concurrent employment for working retirees.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the Montana Public Employees' Retirement Board for its comprehensive annual financial report for the fiscal year ended June 30, 2011. This was the fourteenth consecutive year that the Montana Public Employees' Retirement Board has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government entity must publish an easily readable and efficiently

INTRODUCTORY SECTION

organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

PUBLIC PENSION COORDINATING COUNCIL PUBLIC PENSION STANDARDS AWARD

MPERA also received the *Public Pension Coordinating Council (PPCC), Public Pension Standards Award* for 2012 in recognition of meeting the professional standards for plan administration set forth in the Public Pension Standards. This is the tenth year the PPCC is offering the PPCC Standards Award Program to public retirement systems. The Public Pension Standards are intended to reflect minimum expectations for public retirement system management and administration, as well as serve as a benchmark by which all defined benefit public plans should be measured. The retirement systems and the state and local governments that sponsor them are encouraged to meet these standards. The standards have two components - the Administrative Standard and the Funding Standard. A system may qualify for and receive a Recognition Certificate for either the Administrative or Funding Standard, or both. This is the eighth time MPERA has received this award for the Administrative Standard.

ACKNOWLEDGEMENTS

The compilation of this report reflects the efforts of the fiscal services bureau accounting staff of the Montana Public Employee Retirement Administration. This report is intended to provide complete and reliable information to facilitate the management decision process, as a means of determining compliance with legal provisions, and as a means of determining responsible stewardship of the plans' funds. MPERA received an unqualified opinion from our independent auditors on the financial statements included in this report. This opinion provides assurance that the financial statements can be relied upon.

The reporting employers of each retirement system form the link between the plans and the members. Their cooperation contributes significantly to the success of the plans. We hope the employers and their employees find this report informative.

We would like to take this opportunity to express our gratitude to the staff, the advisors and the many people who have worked so diligently to assure the successful operation of the plans.

Respectfully submitted,

/s/ Roxanne M. Minnehan

Roxanne M. Minnehan, Executive Director
Montana Public Employee Retirement Administration

/s/ Scott E. Moore

Scott E. Moore, President
Public Employees' Retirement Board

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Montana Public Employees'
Retirement Board

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Danison

President

Jeffrey R. Emer

Executive Director



Public Pension Coordinating Council

***Recognition Award for Administration
2012***

Presented to

***Montana Public Employee Retirement
Administration***

In recognition of meeting professional standards for
plan administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

A handwritten signature in cursive script, reading 'Alan H. Winkle', is centered on the page.

Alan H. Winkle
Program Administrator

INTRODUCTORY SECTION

Public Employees' Retirement Board

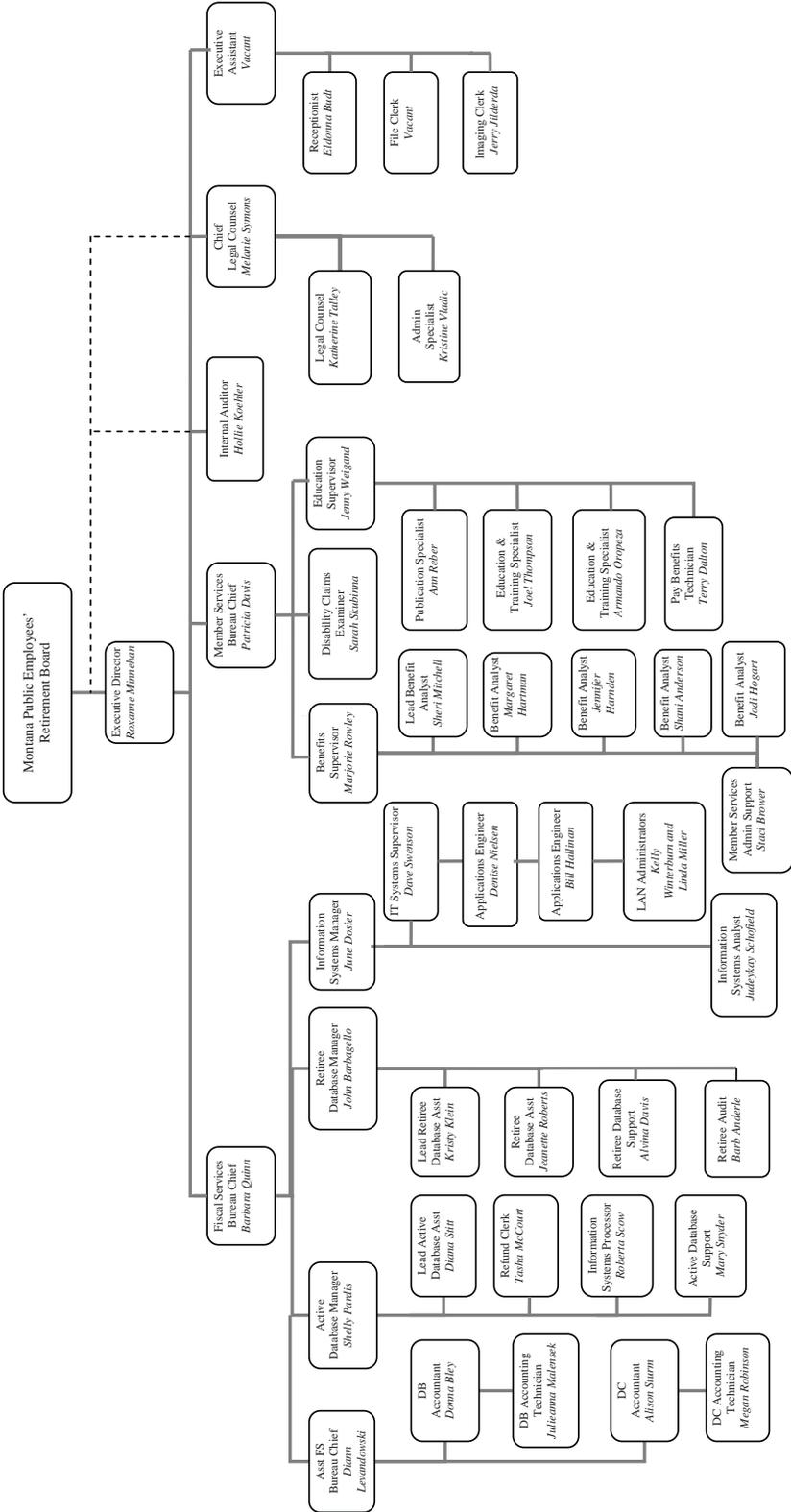
A Component Unit of the State of Montana



Back Row: Terrence Smith, Melissa Strecker, Timm Twardoski, and Bob Bugni.
Front Row: Dianna Porter, Scott Moore, and Darcy Halpin.

<p>Scott Moore, President Miles City, Active Public Employee Firefighter Appointed 4/1/2010 Term Expires 3/31/2015 Email: mperb.smooore@gmail.com</p>	<p>Terrence Smith, Vice President Bozeman, PERS-DCRP Active Public Employee Big Sky County Water & Sewer District Financial Officer Reappointed 4/1/2009 Term Expires 3/31/2014 Email: mperb.tsmith@gmail.com</p>
<p>Darcy Halpin Belgrade, PERS Retired Member Appointed 4/21/2008 Term Expires 3/31/2013 Email: mperb.dhalpin@gmail.com</p>	<p>Dianna Porter Butte, Member at Large Appointed 4/8/2008 Term Expires 3/31/2013 Email: mperb.dporter@gmail.com</p>
<p>Melissa Strecker Missoula, Active Public Employee Department of Corrections Probation and Parole Officer Appointed 6/25/12 Term Expires 3/31/2017 Email: mperb.mstrecker@gmail.com</p>	<p>Timm Twardoski Helena, Member at Large Appointed 4/1/2011 Term Expires 3/31/2016 Email: mperb.twardoski@gmail.com</p>
<p>Bob Bugni East Helena, Experience in Investment Management Liason to the Montana Board of Investments Appointed 12/13/2011 Term Expires 3/31/2014 Email: mperb.bbugni@gmail.com</p>	

Public Employees' Retirement Board
A Component Unit of the State of Montana
MPERA Organizational Chart



INTRODUCTORY SECTION

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Yellowstone River - Roxanne Minnehan



Blackfoot River - Phyllis Meierhenry

A watershed is an area that when rain or snow melts, it drains into a common waterway, such as a river, lake or reservoir. Triple Divide Peak in Glacier National Park is one of the few watersheds in the world that flows into lakes and rivers leading to three oceans - Pacific, Atlantic and Arctic.

Sources: EPA.gov and Wikipedia.org



Missouri River - Shelly Pardis



*Jefferson River -
Diann Levandowski*

LEGISLATIVE AUDIT DIVISION

Tori Hunthausen, Legislative Auditor
Deborah F. Butler, Legal Counsel



Deputy Legislative Auditors:
Cindy Jorgenson
Angus Maciver

INDEPENDENT AUDITOR'S REPORT

The Legislative Audit Committee
of the Montana State Legislature:

We have audited the accompanying Statement of Fiduciary Net Assets – Pension Trust Funds of the Public Employees' Retirement Board, a component unit of the state of Montana, as of June 30, 2012, and the related Statement of Changes in Fiduciary Net Assets – Pension Trust Funds for the fiscal year ended June 30, 2012. The information contained in these financial statements is the responsibility of the Public Employees' Retirement Board. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Public Employees' Retirement Board as of June 30, 2012, and the changes in fiduciary net assets for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Funding Progress, the Schedule of Funding Progress for OPEB, and the Schedule of Employer Contributions & Other Contributing Entities be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The Schedules of Administrative Expenses, Investment Expenses, and Professional/Consultant fees; the Detail of Fiduciary Net Assets (PERS-DBRP and PERS-DBED)

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<http://leg.mt.gov/audit>

and the Detail of Fiduciary Net Assets (PERS-DCRP, PERS-DCEd and PERS-DC Disability) as of June 30, 2012; and the related Detail of Changes in Fiduciary Net Assets (PERS-DBRP and PERS-DBEd) and the Detail of Changes in Fiduciary Net Assets (PERS-DCRP, PERS-DCEd and PERS-DC Disability) for the fiscal year ended June 30, 2012, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

At June 30, 2012, the Public Employees' Retirement System – Defined Benefit Retirement Plan, Game Wardens' and Peace Officers', Sheriffs', and Highway Patrol Officers' retirement systems were not actuarially sound. The amortization period for the Unfunded Actuarial Accrued Liability is at 49.7 years for the Highway Patrol Officers' Retirement System. The Public Employees' Retirement System-Defined Benefit Retirement Plan, Game Wardens' and Peace Officers' Retirement System, and Sheriffs' Retirement System do not amortize. The maximum allowable amortization period is for a scheduled period of no more than 30 years.

The Introductory Section, Investment Section, Actuarial Section, and Statistical Section listed in the foregoing table of contents are presented for the purpose of additional analysis and are not a required part of the financial statements. Such additional information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Respectfully submitted,

/s/ Cindy Jorgenson

Cindy Jorgenson, CPA
Deputy Legislative Auditor

December 20, 2012

Public Employees' Retirement Board

A Component Unit of the State of Montana

Management's Discussion and Analysis

This section presents management's discussion and analysis of the Montana Public Employees' Retirement Board's (PERB) financial presentation and performance of the plans administered by the PERB for the year ending June 30, 2012. It is presented as a narrative overview and analysis and should be read in conjunction with the Letter of Transmittal included in the Introductory Section, the financial statements and other information presented in the Financial Section of this Component Unit Financial Report.

Financial Highlights

- *The PERB's combined total net assets of the defined benefit plans increased by \$13.8 million or 0.3% in fiscal year 2012. The increase was primarily due to the positive investment income in each of the plans.*
- *The PERB's defined contribution plans combined total net assets increased by \$25.4 million or 5.8% in fiscal year 2012. The total increase in net assets was due to the increase of investment income in the PERS-defined contribution retirement plan and the deferred compensation plan.*
- *Revenues (additions to plan net assets) for the PERB's defined benefit plans for fiscal year 2012 was \$347.5 million, which includes member and employer contributions of \$232.8 million and a net investment gain of \$114.7 million.*
- *Revenues (additions to plan net assets) for the PERB's defined contribution plans for fiscal year 2012 was \$47.4 million, which includes member and employer contributions of \$31.1 million and a net investment gain of \$16.3 million.*
- *Expenses (deductions to plan net assets) for the PERB's defined benefit plans increased from \$307.4 million in fiscal year 2011 to \$333.8 million in fiscal year 2012 or about 8.6%. The increase in 2012 is due to an increase in benefits and administrative expenses.*
- *Expenses (deductions to plan net assets) for the PERB's defined contribution plans increased from \$21.1 million in fiscal year 2011 to \$22.0 million in fiscal year 2012 or about 4.3%. The increase in expenses is primarily due to an increase in administrative expenses.*
- *The PERB's defined benefit plans' funding objectives are to meet long-term benefit obligations. As of June 30, 2012, the date of the latest actuarial valuation, three of the plans can pay off the Unfunded Actuarial Liability within 30 years or less. They are the Municipal Police Officers' Retirement System (MPORS), Firefighters' Unified Retirement System (FURS), and the Volunteer Firefighters' Compensation Act (VFCA). The plans that are not able to pay off the Unfunded Actuarial Liability within 30 years are the Public Employees' Retirement System (PERS), Highway Patrol Officers' Retirement System (HPORS), Sheriffs' Retirement System (SRS) and the Game Wardens' and Peace Officers' Retirement System (GWORS). The Judges' Retirement System (JRS) has a surplus. This means there are more*

FINANCIAL SECTION

assets than liabilities in the plan. As a whole the plans were actuarially funded at an average of 76%. It is important to understand that this measure reflects the Actuarial Value of Assets for the defined benefit plans, which are currently less than the actual fair value published in the financial statements. Investment earnings are critical to the defined benefit plans. The actuary uses a four-year smoothing method for determining the Actuarial Value of Assets. This method is used to reduce the impact of volatility in the market. It is important to note that with smoothing, the losses experienced in the 2008-2009 plan year exceed the loss this year now being reflected in the Actuarial Value of Assets.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the PERB's financial reporting which is comprised of the following components:

- (1) Financial Statements
- (2) Notes to the Financial Statements
- (3) Required Supplementary Information

Collectively, this information presents the combined net assets held in trust for pension benefits for each of the plans administered by the PERB as of June 30, 2012. This financial information also summarizes the combined changes in net assets held in trust for pension benefits for the year then ended. The information in each of these components is briefly summarized as follows:

- (1) Financial Statements for the fiscal year ended June 30, 2012, are presented for the fiduciary funds administered by the PERB.

Fiduciary funds are used to account for resources held for the benefit of outside parties. The fiduciary funds are held for participants in eight defined benefit plans and two defined contribution plans.

- The Statement of Fiduciary Net Assets is presented for the pension trust funds at June 30, 2012. These financial statements reflect the resources available to pay benefits to retirees and beneficiaries at the end of the year reported.
 - The Statement of Changes in Fiduciary Net Assets is presented for the pension trust funds for the year ended June 30, 2012. These financial statements reflect the changes in the resources available to pay benefits to retirees and beneficiaries at the end of the year reported.
- (2) The Notes to the Financial Statements provide additional information that is essential for a full understanding of the data provided in the financial statements. The information in the Notes to the Financial Statements is described as follows:
- Note A provides a summary of significant accounting policies including the basis of accounting; capital assets and equipment used in operations including the new system project MPERAtiv; operating lease; GASB 50 Disclosures on funding; GASB 45 Disclosures regarding Other Post Employment Benefits (OPEB); and summaries of the method to value investments and other significant accounting policies or explanations.
 - Note B provides information about litigation.

- Note C describes the membership and descriptions of each of the plans administered by the PERB. Summaries of benefits and contribution information are also provided.
- (3) The Required Supplementary Information consists of the schedules of funding progress and required contributions and related notes concerning actuarial information of the defined benefit pension plans administered by the PERB.

Financial Analysis of the Systems– Defined Benefit Plans

Investments

The State of Montana Board of Investments (BOI), as authorized by state law, invests the defined benefit plans' assets in investment pools. Each plan owns an equity position in the pools and receives proportionate investment income from the pool in accordance with respective ownership. The investment pools are: Montana Short Term Investment Pool, Montana Domestic Equity Pool, Retirement Fund Bond Pool, Montana International Equity Pool, Montana Real Estate Pool and Montana Private Equity Pool. Each plan's allocated share of the investment in the pools is shown in the Statement of Fiduciary Net Assets of the plan. Investment gains and losses are reported in the Statement of Changes in Fiduciary Net Assets.

ECONOMIC CONDITION

According to the Board of Investments Chief Investment Officer, Clifford Sheets, "As we begin fiscal 2013, economic conditions in the U.S. remain stable. A slowdown in the second quarter GDP to 1.3% has followed the pattern of the last two years of weaker growth during

second and third quarters, followed by stronger first and fourth quarter economic readings. This pattern was marked in 2012 by a spring slowdown in the number of monthly jobs added, from around 200,000 per month in the first quarter to fewer than 100,000 per month in the second quarter. The unemployment rate has hovered around 8%, a stubbornly high rate considering we are technically into the fourth year of an economic expansion. A positive development over recent months has been a continued improvement in the housing market as new and existing home sales picked up in a market where prices appear to finally be slowly increasing. These conditions are benefiting from record low mortgage rates as bond yields in general remain low in reaction to monetary policy."

"Despite the slow improvement in the labor market, consumer confidence has improved in recent months and has supported a stable, although slow, rise in spending. Corporate profits remain high but have recently flattened out, and capital spending has dropped during the summer months, suggesting some hesitation on the part of the business sector. One reason for this hesitancy is likely to be the uncertainty posed by the so-called "fiscal cliff," a term coined to describe the year-end changes embedded in current law that will result in both tax increases and spending reductions. Should these changes go into effect as planned, the odds are the U.S. would see a mild recession at a minimum as we enter 2013. Given the November election and the current partisan divide in Washington, Congress is not likely to do anything to prevent this fiscal event from happening until after the election. And while the expectation is that indeed action will occur to mitigate much of the fiscal impact, there is still a risk action happens at the eleventh hour which in the meantime may act to undermine confidence in the capital markets."

FINANCIAL SECTION

“Given the continued weak employment picture in the U.S., the Federal Reserve decided in early September to launch a new bond buying program focused on mortgage securities in an effort to indirectly stimulate the economy. Also, efforts are underway in Europe by the European Central Bank to stem the risk to the banking and sovereign debt markets by launching a new program to buy shorter term bonds of a country in distress; but only on condition the country’s fiscal budget meets austerity requirements established by outside authorities. The country currently in the market hot seat is Spain where economic conditions have worsened and investors have shunned Spain's bonds out of concern over a potential sovereign default. This effort is expected to prevent the risk of default, but still does little to turn the recession that is ongoing in Europe. The actions by central banks around the world to stimulate economic growth are feasible in a world marked by generally low inflation. A low level of inflation is likely to continue given still weak labor market conditions and well-behaved oil prices, though there is likely to be some offset from higher food prices in the wake of the drought in the U.S.”

“As of early October, the outlook for U.S. GDP growth over the second half of this year was slightly below 2.0%. Growth next year is expected to marginally improve to 2.1% though it is highly contingent upon how Congress deals with the fiscal cliff. Despite all the uncertainties as year-end approaches, the consensus puts the odds of a recession within the next 12 months at only about one-in-four.” (This was written October 2012).

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FINANCIAL SECTION

Defined Benefit Plans Total Investments

At June 30, 2012, the PERB's defined benefit plans held total investments of \$4.8 billion, an increase of \$43 million from fiscal year 2011

investment totals. Below are the schedules of Fiduciary Net Assets and Changes in Fiduciary Net Assets for the defined benefit plans including comparative totals from fiscal year 2011.

Fiduciary Net Assets - Defined Benefit Plans

As of June 30, 2012

(dollars in thousands)

	PERS		JRS		HPORS		SRS	
	2012	2011	2012	2011	2012	2011	2012	2011
Assets:								
Cash and Receivables	\$ 50,022	73,164	1,095	1,565	1,383	2,028	3,394	5,743
Securities Lending Collateral	176,225	195,532	2,899	3,143	4,460	4,905	9,701	10,420
Investments	3,879,208	3,873,371	63,797	62,185	98,159	97,020	213,467	206,096
Property and Equipment	11	1	3		3		3	
Intangible Assets	35	105		1		1		1
Total Assets	4,105,501	4,142,173	67,794	66,894	104,005	103,954	226,565	222,260
Liabilities:								
Securities Lending Liability	176,225	195,532	2,899	3,143	4,460	4,905	9,701	10,420
Other Payables	5,064	4,533	136	92	254	200	198	148
Total Liabilities	181,289	200,065	3,035	3,235	4,714	5,105	9,899	10,568
Total Net Assets	\$3,924,212	3,942,108	64,759	63,659	99,291	98,849	216,666	211,692

Changes In Fiduciary Net Assets - Defined Benefit Plans

For the year ended June 30, 2012

(dollars in thousands)

	PERS		JRS		HPORS		SRS	
	2012	2011	2012	2011	2012	2011	2012	2011
Additions:								
Contributions	\$ 159,917	157,594	2,045	1,980	6,534	6,091	11,721	11,844
Investment Income (Loss)	91,355	715,398	1,517	11,392	2,321	17,911	5,109	37,539
Total Additions	251,272	872,992	3,562	13,372	8,855	24,002	16,830	49,383
Deductions:								
Benefits	252,762	231,223	2,344	2,240	8,223	7,866	10,379	9,237
Refunds	12,308	11,536			68	121	1,271	968
OPEB Expenses	81	78	1		1		1	
Administrative Expenses	3,308	3,249	117	39	121	55	206	121
Miscellaneous Expenses	732	749						
Total Deductions	269,191	246,835	2,462	2,279	8,413	8,042	11,857	10,326
Incr/(Decr) in Net Assets	(\$17,919)	\$626,157	1,100	11,093	442	15,960	4,973	39,057
Prior Period Adjustments	24	45						

FINANCIAL SECTION

Analysis of Individual Systems

PERS-DBRP and Education

The PERS-DBRP provides retirement, disability, and death benefits for covered

employees of the State, local governments, certain employees of the Montana University System, and school districts. Member and employer contributions and earnings on investments fund the benefits of the plan. All

GWPORS		MPORS		FURS		VFCA		TOTAL	
2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
2,153	2,950	14,345	14,671	13,988	14,603	1,722	1,704	88,102	116,428
4,441	4,634	10,194	10,831	10,166	10,766	1,156	1,303	219,242	241,534
97,893	91,669	224,417	214,474	223,790	213,009	25,387	25,355	4,826,118	4,783,179
3		3		3		3		32	1
	1		1		1			35	111
104,490	99,254	248,959	239,977	247,947	238,379	28,268	28,362	5,133,529	5,141,253
4,441	4,634	10,194	10,831	10,166	10,766	1,156	1,303	219,242	241,534
414	373	128	104	128	86	99	70	6,421	5,606
4,855	5,007	10,322	10,935	10,294	10,852	1,255	1,373	225,663	247,140
99,635	94,247	238,637	229,042	237,653	227,527	27,013	26,989	4,907,866	4,894,113

GWPORS		MPORS		FURS		VFCA		TOTAL	
2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
7,618	7,721	22,120	20,844	21,201	20,122	1,635	1,596	232,791	227,792
2,388	16,335	5,717	39,175	5,726	38,751	592	4,792	114,725	881,293
10,006	24,056	27,837	60,019	26,927	58,873	2,227	6,388	347,516	1,109,085
3,203	2,863	17,355	17,013	16,519	15,605	2,046	1,938	312,831	287,985
1,241	993	710	1,000	119	128			15,717	14,746
1		1		1		1		88	78
173	88	177	106	162	92	144	81	4,408	3,831
						12	15	744	764
4,618	3,944	18,243	18,119	16,801	15,825	2,203	2,034	333,788	307,404
5,388	20,112	9,594	41,900	10,126	43,048	24	4,354	13,728	801,681
								24	45

FINANCIAL SECTION

new members are initially members of the PERS-DBRP and have a 12-month window during which they may choose to remain in the PERS-DBRP or join the PERS-DCRP by filing an irrevocable election. The PERS-DBRP and the DB Education Fund have been combined in these comparisons. The PERS-DBRP net assets held in trust for benefits at June 30, 2012 amounted to \$3.92 billion, a decrease of \$17.9 million (0.5%) from \$3.94 billion at June 30, 2011.

Additions to the PERS-DBRP net assets held in trust for benefits include employer, member and state contributions, and investment income. For the fiscal year ended June 30, contributions increased to \$159.9 million in fiscal year 2012 from \$157.6 million in fiscal year 2011, an increase of \$2.3 million (1.5%). Contributions increased due to new members contributing at the higher rate of 7.9%. The plan recognized net investment income of \$91 million for the fiscal year ended June 30, 2012, compared with net investment income of \$715 million for the fiscal year ended June 30, 2011. The decrease in investment income is a result of the summer of 2011 economic slowdown. Due to political events, investor confidence was undermined having an impact on the stock market.

Deductions from the PERS-DBRP net assets held in trust for benefits primarily include retirement benefits, refunds, and administrative expenses. For fiscal year 2012, benefits amounted to \$252.8 million, an increase of \$21.5 million (9.3%) from fiscal year 2011. The increase in benefit payments was due to the increase in benefit recipients and the increase in the average recipient's benefit due to the guaranteed annual benefit adjustment (GABA). For fiscal year 2012, refunds amounted to \$12.3 million, an increase of \$772 thousand (6.7%) from fiscal

year 2011. The increase in refunds was due to more people refunding their accounts and the refund amounts being larger dollar amounts. For fiscal year 2012, the costs of administering the plan's benefits amounted to \$3.3 million, an increase of \$59 thousand (1.8%) from fiscal year 2011. The increase in administrative expenses for fiscal year 2012 was due to the increased costs including personnel and consultation associated with imaging, data cleansing, and the technological development of a new computer application to modernize the administrative processes associated with the PERS-DBRP.

An actuarial valuation of the PERS-DBRP assets and benefit obligations is performed annually. At June 30, 2012, the date of the most recent actuarial valuation, the unfunded actuarial liability does not amortize within the required 30 years. The funded status of the plan decreased to 67% at June 30, 2012 from 70% at June 30, 2011.

The PERS-DBRP actuarial value of assets was less than actuarial liabilities by \$1,844 million at June 30, 2012, compared with \$1,609 million at June 30, 2011. The increase in the unfunded actuarial liability as of the last actuarial valuation is a result of recognizing past investment losses of \$168 million and a total liability gain deducting \$31 million from the actuarial liability as a result of the experience of the plan being different from the actuarial assumptions. Legislative changes were introduced for those hired on or after July 1, 2011. Although these changes had no immediate impact on plan costs or liabilities, they will lower the normal cost rate going forward.

JRS

The JRS provides retirement, disability, and death benefits for all Montana judges of the

district courts, justices of the Supreme Court, and the Chief Water Judge or Associate Water Judge. Member and employer contributions and earnings on investments fund the benefits of the plan. The JRS net assets held in trust for benefits at June 30, 2012 amounted to \$64.8 million, an increase of \$1.1 million (1.7%) from \$63.7 million at June 30, 2011.

Additions to the JRS net assets held in trust for benefits include member and employer contributions, and investment income. For the fiscal year ended June 30, 2012, contributions amounted to \$2.05 million, an increase of \$65 thousand (3.3%) from fiscal year 2011. Contributions increased due to an increase in active members' salaries. The plan recognized net investment income of \$1.5 million for the fiscal year ended June 30, 2012, compared with net investment income of \$11.4 million for the fiscal year ended June 30, 2011. The decrease in investment income is a result of the summer of 2011 economic slowdown. Due to political events, investor confidence was undermined having an impact on the stock market.

Deductions from the JRS net assets held in trust for benefits mainly include retirement benefits, and administrative expenses. For fiscal year 2012, benefits amounted to \$2.3 million, an increase of \$104 thousand (4.7%) from fiscal year 2011. The increase in benefits was due to an increase in the average recipient's benefit due to the guaranteed annual benefit adjustment (GABA) or the minimum benefit adjustment for non-GABA retirees. For fiscal year 2012, administrative expenses amounted to \$117 thousand, an increase of \$78 thousand (200.3%) from fiscal year 2011. The increase in administrative expenses for fiscal year 2012 was due to the increased costs including personnel and consultation associated with imaging, data cleansing, and the technological

development of a new computer application to modernize the administrative processes associated with the JRS.

An actuarial valuation of the JRS assets and benefit obligations is performed annually. At June 30, 2012, the date of the most recent actuarial valuation, the years to amortize the unfunded actuarial liability is still zero due to the actuarial surplus. The funded status of the plan decreased to 137% at June 30, 2012 from 141% at June 30, 2011.

The JRS actuarial value of assets was more than actuarial liabilities by \$17.0 million at June 30, 2012, compared with a \$17.9 million actuarial surplus at June 30, 2011. The decrease in the actuarial surplus as of the last actuarial valuation is due to recognizing past investment losses of \$2.5 million and a total liability loss adding \$0.5 million from the actuarial liability as a result of the experience of the plan being different from the actuarial assumptions.

HPORS

The HPORS provides retirement, disability, and death benefits for members of the Montana Highway Patrol. Member and employer contributions, a statutory appropriation from the general fund, and earnings on investments fund the benefits of the plan. The HPORS net assets held in trust for benefits at June 30, 2012 amounted to \$99.3 million, an increase of \$442 thousand (0.4%) from \$98.8 million at June 30, 2011.

Additions to the HPORS net assets held in trust for benefits include employer and member contributions, a statutory appropriation from the general fund, and investment income. For the fiscal year ended June 30, contributions increased to \$6.5 million in fiscal year 2012 from \$6.1 million in fiscal year 2011, an increase

FINANCIAL SECTION

of \$443 thousand (7.3%). Contributions increased due to a slight increase in the number of participating members and an increase in total compensation for active members. The plan recognized net investment income of \$2.3 million for the fiscal year ended June 30, 2012, compared with net investment income of \$17.9 million for the fiscal year ended June 30, 2011. The decrease in investment income is a result of the summer of 2011 economic slowdown. Due to the political events, investor confidence was undermined having an impact on the stock market.

Deductions from the HPORS net assets held in trust for benefits mainly include retirement benefits, refunds, and administrative expenses. For fiscal year 2012, benefits amounted to \$8.2 million, an increase of \$357 thousand (4.5%) from fiscal year 2011. The increase in benefit payments was due to an increase in benefit recipients and the increases in the average recipient's benefit due to the guaranteed annual benefit adjustment (GABA) or the minimum benefit adjustment for non-GABA. For fiscal year 2012, refunds amounted to \$68 thousand, a decrease of \$53 thousand (43.7%) from fiscal year 2011. The decrease in refunds was due to more refunds being processed at smaller dollar amounts. For fiscal year 2012, administrative expenses were \$121 thousand, an increase of \$66 thousand (120.6%) from fiscal year 2011. The increase in administrative expenses for fiscal year 2012 was due to the increased costs including personnel and consultation associated with imaging, data cleansing, and the technological development of a new computer application to modernize the administrative processes associated with the HPORS.

An actuarial valuation of the HPORS assets and benefit obligations is performed annually. At June 30, 2012, the date of the most recent

actuarial valuation, the years to amortize the unfunded actuarial liability increased to 49.7 years from 48.2 years at June 30, 2011. The funded status of the plan decreased to 58% at June 30, 2012 from 61% at June 30, 2011.

The HPORS actuarial value of assets was less than actuarial liabilities by \$71.2 million at June 30, 2012, compared with \$60.5 million at June 30, 2011. The increase in the unfunded actuarial liability as of the last actuarial valuation is a result of recognizing past investment losses of \$4.2 million and a total liability loss adding \$5.6 million from the actuarial liability as a result of the experience of the plan being different from the actuarial assumptions.

SRS

The SRS provides retirement, disability, and death benefits for all Department of Justice criminal investigators hired after July 1, 1993, detention officers hired after July 1, 2005, and all Montana sheriffs. Member and employer contributions and earnings on investments fund the benefits of the plan. The SRS net assets held in trust for benefits at June 30, 2012 amounted to \$216.7 million, an increase of \$5.0 million (2.3%) from \$211.7 million at June 30, 2011.

Additions to the SRS net assets held in trust for benefits include member and employer contributions, and investment income. For the fiscal year ended June 30, contributions decreased to \$11.7 million in fiscal year 2012 from \$11.8 million in fiscal year 2011, for a decrease of \$123 thousand (1.0%). Although the plan saw an increase in active members, the contributions decreased due to retirements of more experienced, higher compensated members; therefore, total compensation reported for active members decreased. The plan recognized net investment income of

\$5.1 million for the fiscal year ended June 30, 2012, compared with net investment income of \$37.5 million for the fiscal year ended June 30, 2011. The decrease in investment income is a result of the summer of 2011 economic slowdown. Due to political events, investor confidence was undermined having an impact on the stock market.

Deductions from the SRS net assets held in trust for benefits mainly include retirement benefits, refunds, and administrative expenses. For fiscal year 2012, benefits amounted to \$10.4 million, an increase of \$1.1 million (12.4%) from fiscal year 2011. The increase in benefit payments was due to an increase in benefit recipients and an increase in the average recipient's benefit due to the guaranteed annual benefit adjustment (GABA). For fiscal year 2012, refunds amounted to \$1.3 million, an increase of \$303 thousand (31.3%) from fiscal year 2011. Refunds increased due to an increase in members refunding their accounts. For fiscal year 2012, administrative expenses amounted to \$206 thousand, an increase of \$85.2 thousand (70.4%) from fiscal year 2011. The increase in administrative expenses for fiscal year 2012 was due to the increased costs including personnel and consultation associated with imaging, data cleansing, and the technological development of a new computer application to modernize the administrative processes associated with the SRS.

An actuarial valuation of the SRS assets and benefit obligations is performed annually. At June 30, 2012, the date of the most recent actuarial valuation, the unfunded actuarial liability does not amortize within 30 years or less. The funded status of the plan decreased to 74% at June 30, 2012 from 76% at June 30, 2011.

The SRS actuarial value of assets was less than actuarial liabilities by \$73.0 million at June 30, 2012, compared with \$62.8 million at June 30, 2011. The increase in the unfunded actuarial liability as of the last actuarial valuation is a result of recognizing past investment losses of \$8.0 million and a total liability gain deducting \$1.8 million from the actuarial liability as a result of the experience of the plan being different from the actuarial assumptions. There was a legislative change to the plan that affects those hired on or after July 1, 2011. Although these changes had no immediate impact on plan costs or liabilities, they will lower the normal cost rate going forward.

GWPORS

The GWPORS provides retirement, disability, and death benefits for game wardens, warden supervisory personnel and state peace officers. Member and employer contributions and earnings on investments fund the benefits of the plan. The GWPORS net assets held in trust for benefits at June 30, 2012, amounted to \$99.6 million, an increase of \$5.4 million (5.7%) from \$94.2 million at June 30, 2011.

Additions to the GWPORS net assets held in trust for benefits include member and employer contributions, and investment income. For the fiscal year ended June 30, contributions decreased to \$7.6 million in fiscal year 2012 from \$7.7 million in fiscal year 2011, for a decrease of \$103 thousand (1.3%). Although the plan saw an increase in active members, the contributions decreased due to retirements of more experienced, higher compensated members; therefore, total compensation reported for active members decreased. The plan recognized net investment income of \$2.4 million for the fiscal year ended June 30, 2012, compared with net investment income of \$16.3 million for the fiscal year ended June

FINANCIAL SECTION

30, 2011. The decrease in investment income is a result of the summer of 2011 economic slowdown. Due to political events, investor confidence was undermined having an impact on the stock market.

Deductions from the GWPORS net assets held in trust for benefits mainly include retirement benefits, refunds, and administrative expenses. For fiscal year 2012, benefits amounted to \$3.2 million, an increase of \$340 thousand (11.9%) from fiscal year 2011. The increase in benefit payments was due to the increase in benefit recipients and the increase in the average recipient's benefit due to the guaranteed annual benefit adjustment (GABA). For fiscal year 2012, refunds amounted to \$1.2 million, an increase of \$248 thousand (25.0%) from fiscal year 2011. The increase in refunds was due to more refunds being processed at larger dollar amounts. For fiscal year 2012, administrative expenses amounted to \$173 thousand, an increase of \$85 thousand (96.2%) from fiscal year 2011. The increase in administrative expenses for fiscal year 2012 was due to the increased costs including personnel and consultation associated with imaging, data cleansing, and the technological development of a new computer application to modernize the administrative processes associated with the GWPORS.

An actuarial valuation of the GWPORS assets and benefit obligations is performed annually. At June 30, 2012, the date of the most recent actuarial valuation, the unfunded actuarial liability does not amortize within 30 years or less. The funded status of the plan slightly increased to 75.8% at June 30, 2012 from 75.4% at June 30, 2011.

The GWPORS actuarial value of assets was less than actuarial liabilities by \$31.2 million at June 30, 2012, compared with

\$29.4 million at June 30, 2011. The increase in unfunded actuarial liability as of the last actuarial valuation is a result of recognizing past investment losses of \$3.0 million and a total liability gain deducting \$3.3 million from the actuarial liability as a result of the experience of the plan being different from the actuarial assumptions. The current gain is approximately 2.5% of liabilities, mainly due to salaries not increasing as much as assumed. There was a legislative change to the plan that affects those hired on or after July 1, 2011. Although these changes had no immediate impact on plan costs or liabilities, they will lower the normal cost rate going forward.

MPORS

The MPORS provides retirement, disability, and death benefits for municipal police officers employed by first- and second-class cities, and other cities that adopt the plan. MPORS also has an option for members to participate in a Deferred Retirement Option Plan (DROP). Member, employer and state contributions and earnings on investments fund the benefits of the plan. The MPORS net assets held in trust for benefits at June 30, 2012 amounted to \$238.6 million, an increase of \$9.6 million (4.2%) from \$229.0 million at June 30, 2011.

Additions to the MPORS net assets held in trust for benefits include employer, member, and state contributions, and investment income. For the fiscal year ended June 30, contributions increased to \$22.1 million in fiscal year 2012 from \$20.8 million in fiscal year 2011, for an increase of \$1.3 million (6.1%). Although the plan saw a decrease in active members, the plan saw an increase in contributions due to higher compensated members staying in the plan. The plan recognized net investment income of \$5.7 million for the fiscal year ended June 30, 2012, compared with net investment income of \$39.2 million for fiscal year ended June

30, 2011. The decrease in investment income is a result of the summer of 2011 economic slowdown. Due to political events, investor confidence was undermined having an impact on the stock market.

Deductions from the MPORS net assets held in trust for benefits mainly include retirement benefits, refunds, and administrative expenses. For fiscal year 2012, benefits amounted to \$17.4 million, an increase of \$342 thousand (2.0%) from fiscal year 2011. The increase in benefit payments was due to the increase in benefit recipients, and the increase in the average recipient's benefit due to the guaranteed annual benefit adjustment (GABA) or the minimum benefit adjustment for non-GABA retirees. For fiscal year 2012, refunds amounted to \$710 thousand, a decrease of \$290 thousand (29.0%) from fiscal year 2011. Although there was a slight increase in the number of members who are refunding their accounts, those that refunded had smaller account balances. For fiscal year 2012, administrative expenses were \$177 thousand, an increase of \$70.7 thousand (66.7%) from fiscal year 2011. The increase in administrative expenses for fiscal year 2012 was due to the increased costs including personnel and consultation associated with imaging, data cleansing, and the technological development of a new computer application to modernize the administrative processes associated with the MPORS.

An actuarial valuation of the MPORS assets and benefit obligations is performed annually. At June 30, 2012, the date of the most recent actuarial valuation, the years to amortize the unfunded actuarial liability increased to 25.7 years from 25.0 years at June 30, 2011. The funded status of the plan slightly decreased to 54.8% at June 30, 2012 from 55.2% at June 30, 2011.

The MPORS actuarial value of assets was less than actuarial liabilities by \$193.2 million at June 30, 2012, compared with \$179.7 million at June 30, 2011. The increase in the actuarial liability as of the last actuarial valuation is a result of recognizing past investment losses of \$9.0 million and a total liability loss adding \$2.9 million to the actuarial liability as a result of the experience of the plan being different from the actuarial assumptions.

FURS

The FURS provides retirement, disability, and death benefits for firefighters employed by first- and second-class cities, other cities and rural fire departments that adopt the plan, and firefighters hired by the Montana Air National Guard (MANG) on or after October 1, 2001. Member, employer, and state contributions, and earnings on investments fund the benefits of the plan. The FURS net assets held in trust for benefits at June 30, 2012, amounted to \$237.7 million, an increase of \$10.2 million (4.5%) from \$227.5 million at June 30, 2011.

Additions to the FURS net assets held in trust for benefits include employer, member, and state contributions, and investment income. For the fiscal year ended June 30, 2012, contributions increased to \$21.2 million in fiscal year 2012 from \$20.1 million in fiscal year 2011, an increase of \$1.1 million (5.4%). Contributions increased due to an increase of active members contributing to the plan. The plan recognized net investment income of \$5.7 million for the fiscal year ended June 30, 2012, compared with net investment income of \$38.8 million for the fiscal year ended June 30, 2011. The decrease in investment income is a result of the summer of 2011 economic slowdown. Due to political events, investor confidence was undermined having an impact on the stock market.

FINANCIAL SECTION

Deductions from the FURS net assets held in trust for benefits mainly include retirement benefits, refunds, and administrative expenses. For fiscal year 2012, benefits amounted to \$16.5 million, an increase of \$914 thousand (5.9%) from fiscal year 2011. The increase in benefit payments was due to the increase in benefit recipients, and the increase in the average recipient's benefit due to the guaranteed annual benefit adjustment (GABA) or the minimum benefit adjustment for non-GABA retirees. For fiscal year 2012, refunds amounted to \$119 thousand, a decrease of \$9 thousand (7.1%) from fiscal year 2011. Although more people refunded their accounts, those that refunded had smaller account balances. For fiscal year 2012, administrative expenses were \$162 thousand, an increase of \$70 thousand (76.3%). The increase in administrative expenses for fiscal year 2012 was mainly due to the increased costs including personnel and consultation associated with imaging, data cleansing, and the technological development of a new computer application to modernize the administrative processes associated with the FURS.

An actuarial valuation of the FURS assets and benefit obligations is performed annually. At June 30, 2012, the date of the most recent actuarial valuation, the years to amortize the unfunded actuarial liability increased to 16.4 years from 16.0 years at June 30, 2011. The funded status of the plan decreased slightly to 61.8% at June 30, 2012 from 61.9% at June 30, 2011.

The FURS actuarial value of assets was less than actuarial liabilities by \$144.1 million at June 30, 2012, compared with \$135.2 million at June 30, 2011. The increase in unfunded actuarial liability as of the last actuarial valuation is a result of recognizing past investment losses of \$8.6 million and a

total liability loss adding \$2.0 million to the actuarial liability as a result of the experience of the plan being different from the actuarial assumptions.

VFCA

The VFCA provides retirement, disability, and death benefits for volunteer firefighters who are members of eligible volunteer fire companies in unincorporated areas. State contributions and earnings on investments fund the benefits of the plan. The VFCA net assets held in trust for benefits at June 30, 2012 amounted to \$27.01 million, an increase of \$24 thousand (0.1%) from \$26.99 million at June 30, 2011.

Additions to the VFCA net assets held in trust for benefits include state contributions, and investment income. For the fiscal year ended June 30, contributions increased to \$1.64 million in fiscal year 2012 from \$1.60 million in fiscal year 2011, an increase of \$39 thousand (2.5%). Contributions increased because there was an increase in the fire insurance premium taxes distributed to the VFCA through the general fund. The plan recognized net investment income of \$592 thousand for the fiscal year ended June 30, 2012, compared with net investment income of \$4.8 million for the fiscal year ended June 30, 2011. The decrease in investment income is a result of the summer of 2011 economic slowdown. Due to political events, investor confidence was undermined having an impact on the stock market.

Deductions from the VFCA net assets held in trust for benefits include retirement benefits, administrative expenses, and supplemental insurance payments. For fiscal year 2012, benefits amounted to \$2.05 million, an increase of \$108.2 thousand (5.6%) from fiscal year 2011. The increase in benefit payments was due

to an increase in benefit recipients. For fiscal year 2012, administrative expenses amounted to \$144 thousand, an increase of \$63 thousand (77.7%) from fiscal year 2011. The increase in administrative expenses for fiscal year 2012 was due to the increased costs including personnel and consultation associated with imaging, data cleansing, and the technological development of a new computer application to modernize the administrative processes associated with the VFCA. For fiscal year 2012, supplemental insurance payments amounted to \$12 thousand, a decrease of \$3 thousand from fiscal year 2011.

An actuarial valuation of the VFCA assets and benefit obligations is performed annually. At June 30, 2012, the date of the most recent actuarial valuation, the years to amortize the unfunded actuarial liability increased to 9.3 years from 8.8 years at June 30, 2011 and the funded status of the plan decreased to 73% at June 30, 2012 from 74% at June 30, 2011.

The VFCA actuarial value of assets was less than actuarial liabilities by \$9.61 million at June 30, 2012, compared with \$9.01 million at June 30, 2011. The increase in unfunded actuarial liability as of the last actuarial valuation is a result of recognizing past investment losses of \$1.2 million and a total liability loss adding \$144 thousand from the actuarial liability as a result of the experience of the plan being different from the actuarial assumptions.

Actuarial Valuations and Funding Progress

An experience study was performed during fiscal year 2010 for the six year period July 1, 2003 to June 30, 2009. The experience study resulted in several changes to the actuarial assumptions and implementation of new

actuarial factors. An actuarial valuation of each of the defined benefit plans is performed annually. The most recent actuarial valuation was performed for fiscal year ended June 30, 2012.

The PERB's funding objective is to meet long-term benefit obligations through investment income and contributions. Accordingly, the collection of employer and member contributions and the income from investments provide the cash flow needed to finance future retirement benefits. The Annual Required Contribution (ARC) is critical to the defined benefit plans' funding. It is the present value of the total cost of post-employment benefits earned to date by employees that is assigned to a given period and serves as a measurement of those pension costs for accounting and financial reporting purposes. The ARC has not been met in the past four years for the PERS-Defined Benefit Retirement Plan (PERS-DBRP), the Game Wardens' and Peace Officers' Retirement System (GWPORS), and the Sheriffs' Retirement System (SRS) and was not met for the past two years for the Highway Patrol Officers' Retirement System (HPORS). Investment earnings are also critical to the defined benefit plans' funding; if there are investment losses this deteriorates the plans' funding. Market losses were experienced in fiscal years 2001, 2002 and fiscal years 2008 and 2009. Positive returns were experienced in fiscal years 2003 through 2007 and fiscal years 2010 through 2012. The funding status decreased for all defined benefit plans in the latest valuation, with the exception of GWPORS that experienced a slight increase. Public pension plans are considered actuarially sound if the unfunded accrued actuarial liability amortization period is 30 years or less. Montana's Constitution requires the public retirement plans to be funded on an actuarially sound basis.

FINANCIAL SECTION

All systems were actuarially funded within 30 years in 2007 and 2008. This was due to positive investment returns, recognition of all losses experienced in 2001 and 2002, and the \$25 million cash infusion in 2006 from the State of Montana in the PERS-DBRP. The impact of the negative investment returns in 2008 and 2009 resulted in the PERS-DBRP, GWPORS, and SRS, not amortizing within the required 30 years.

Legislation from the 2007 session either increased employer contribution rates or decreased guaranteed annual benefit adjustment (GABA) for new hires or both effective July 1, 2007. Effective July 1, 2009, PERS-DBRP and SRS received the last increase of employer contributions under the 2007 Legislative House Bill 131.

According to the PERB's June 30, 2012 actuarial valuations, the unfunded liability in PERS-DBRP, GWPORS and SRS does not amortize and HPORS doesn't amortize within 30 years.

Funding ratios range from a high of 137% (JRS) to a low of 55% (MPORS). The Schedule of Funding Progress on pages 82 and 83 shows the funding for the last six fiscal years. The table also shows the amount by which actuarial assets exceeded or fell short of actuarial liabilities. The actuary performs a smoothing of investment gains or losses over a period of four years. At June 30, 2012, the actuarial value of assets of all plans was less than the market value of assets by \$125.8 million due to a positive 2.23% market return in fiscal year 2012. The current smoothing reserve has a negative balance which will be reflected in the actuarial value of assets again in fiscal year 2013.

Defined Contribution Plans

The PERB administers two defined contribution plans: The Public Employees' Retirement System-Defined Contribution Retirement Plan (PERS-DCRP) and the Deferred Compensation (457) Plan. The schedules of Fiduciary Net Assets and Changes in Fiduciary Net Assets for the two defined contribution plans including comparative totals from fiscal year 2011 are on page 35.

PERS-DCRP

The PERS-DCRP is established under section 401(a) of the Internal Revenue Code and Title 19, chapters 2 & 3 of the Montana Code Annotated (MCA). This plan provides retirement, disability and death benefits for plan members. This plan was available to all active PERS members effective July 1, 2002. All new members are initially members of the PERS-DBRP and have a 12-month window during which they may choose to remain in the PERS-DBRP or join the PERS-DCRP by filing an irrevocable election. The plan member and employer contributions and earnings on investments fund the benefits of the plan. The PERS-DCRP net assets held in trust for benefits at June 30, 2012 amounted to \$87.2 million, an increase of \$8.4 million (10.6%) from \$78.8 million at June 30, 2011.

Additions to the PERS-DCRP net assets held in trust for benefits include contributions and investment income. For the fiscal year ended June 30, contributions increased to \$11.1 million in fiscal year 2012 from \$10.8 million in fiscal year 2011, an increase of \$309 thousand (2.9%). Contributions increased due to an increase in the total compensation reported as a result of an increase in active participants. The plan recognized net investment income of \$2.4 million for fiscal year ended 2012, compared with net investment income of

\$12.7 million in fiscal year 2011. The decrease in investment income is a result of the summer of 2011 economic slowdown. Due to political events, investor confidence was undermined having an impact on the stock market.

Deductions from the PERS-DCRP net assets include disability benefits, member distributions, administrative expenses, and miscellaneous expenses. For fiscal year 2012, disability benefits amounted to \$27 thousand, compared to \$19 thousand in fiscal year 2011. For fiscal year 2012, distributions amounted to \$4.0 million, an increase of \$354 thousand (9.8%). The increase in distributions was due to more defined contribution members taking periodic or lump sum distributions and IRS permitted rollovers. For fiscal year 2012, the costs of administering the plan amounted to \$484 thousand, an increase of \$67 thousand (16.0%) from fiscal year 2011. The increase in administrative expenses for fiscal year 2012 was due to the increased costs including personnel and consultation associated with imaging, data cleansing, and the technological development of a new computer application to modernize the administrative processes associated with the PERS-DCRP. Miscellaneous expenses increased from \$299 thousand in fiscal year 2011 to \$313 thousand in fiscal year 2012, an increase of \$14 thousand (4.8%) from fiscal year 2011. Miscellaneous expenses are administrative fees charged by the vendors based on account balances. The increase in miscellaneous expenses was due to the increase in plan participant accounts and an increase in the average account balance.

Deferred Compensation (457) Plan

The Deferred Compensation Plan is established under section 457 of the Internal Revenue Code and Title 19, chapter 50 of the Montana Code Annotated (MCA). This plan is a voluntary supplemental retirement savings

plan for those who choose and are eligible to participate. The Deferred Compensation Plan is funded by contributions and by investment earnings. The Deferred Compensation net assets held in trust for benefits at June 30, 2012 amounted to \$377.7 million, an increase of \$17.1 million (4.7%) from \$360.6 million at June 30, 2011.

Additions to the Deferred Compensation Plan net assets held in trust for benefits include contributions and investment income. For fiscal year 2012, contributions increased to \$20.1 million from \$19.6 million in fiscal year 2011, an increase of \$515 thousand (2.6%). Contributions increased due to an increase in the amount of money deferred to the plan and the addition of three contracting employers participating in the plan for an overall increase in membership. The plan recognized net investment income of \$13.9 million for fiscal year 2012, compared with net investment income of \$36.9 million for fiscal year 2011. The decrease in investment income is a result of the summer of 2011 economic slowdown. Due to political events, investor confidence was undermined having an impact on the stock market.

Deductions from the Deferred Compensation Plan net assets mainly include member and beneficiary distributions, administrative expense, and miscellaneous expenses. For fiscal year 2012, distributions amounted to \$15.6 million, an increase of \$221 thousand (1.4%) from \$15.4 million at June 30, 2011. The increase in distributions was due to more deferred compensation members taking distributions. The administrative expenses increased from \$283 thousand in fiscal year 2011 to \$353 thousand in fiscal year 2012, an increase of \$70 thousand (24.6%) from fiscal year 2011. The increase in administrative expenses for fiscal year 2012 was due to

FINANCIAL SECTION

the increased costs including personnel and consultation associated with imaging, data cleansing, and the technological development of a new computer application to modernize the administrative processes associated with the Deferred Compensation Plan. Miscellaneous expenses, increased from \$1.0 million in fiscal year 2011 to \$1.2 million in fiscal year 2012, an increase of \$179 thousand (17.8%) from fiscal year 2011. Miscellaneous expenses are administrative fees charged by the vendors based on account balances. The increase in miscellaneous expenses was due to the increase in plan participant accounts and an increase in the average account balance.

FINANCIAL SECTION

Fiduciary Net Assets - Defined Contribution Plans

As of June 30, 2012

(dollars in thousands)

	PERS-DCRP		457-PLAN		TOTAL	
	2012	2011	2012	2011	2012	2011
Assets:						
Cash and Receivables	\$ 4,011	3,645	1,775	961	5,786	4,606
Securities Lending Collateral	7	44	3	13	10	57
Investments	83,326	75,298	376,272	360,009	459,598	435,307
Property and Equipment	3		3		6	
Intangible Assets	1	3		1	1	4
Total Assets	87,347	78,990	378,053	360,984	465,401	439,974
Liabilities:						
Securities Lending Collateral	7	44	3	13	10	57
Other Payables	183	158	375	351	558	509
Total Liabilities	190	202	378	364	568	566
Total Net Assets	\$ 87,158	78,788	377,675	360,620	464,833	439,408

Changes In Fiduciary Net Assets - Defined Contribution Plans

For the year ended June 30, 2012

(dollars in thousands)

	PERS-DCRP		457-PLAN		TOTAL	
	2012	2011	2012	2011	2012	2011
Additions:						
Contributions	\$ 11,071	10,762	20,074	19,559	31,145	30,321
Investment Income (Loss)	2,352	12,698	13,913	36,907	16,265	49,605
Total Additions	13,423	23,460	33,987	56,466	47,410	79,926
Deductions:						
Benefits	27	19			27	19
Distributions	3,973	3,619	15,637	15,416	19,610	19,035
OPEB Expenses	9	9	5	5	14	14
Administrative Expenses	484	417	353	283	837	700
Miscellaneous Expenses	313	299	1,186	1,007	1,499	1,306
Total Deductions	4,806	4,363	17,181	16,711	21,987	21,074
Incr/(Decr) in Net Assets	\$ 8,617	19,097	16,806	39,755	25,423	58,852
Prior Period Adjustments	(247)		247			

FINANCIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Statement of Fiduciary Net Assets - Pension Trust Funds

as of June 30, 2012

	PERS-DBRP	JRS	HPORS	SRS	GWPORS
Assets					
Cash and Short-term Investments	\$ 39,780,937	923,109	1,070,951	2,854,904	1,740,266
Securities Lending Collateral (Note A6)	176,224,929	2,899,392	4,460,305	9,700,622	4,440,808
Receivables					
Interest	5,318,516	87,523	134,562	292,848	134,099
Accounts Receivable	4,465,062	83,613	177,122	246,263	278,290
Due from Other Funds	408,980				
Due from Primary Government					
Notes Receivable	48,108				
<i>Total Receivables</i>	10,240,666	171,136	311,684	539,111	412,389
Investments, at fair value (Note A6)					
Montana Domestic Equity Pool (MDEP)	1,455,188,392	23,932,783	36,839,692	80,065,282	36,685,427
Retirement Fund Bond Pool (RFBP)	974,139,458	16,030,598	24,652,578	53,636,097	24,510,464
Montana International Pool (MTIP)	621,886,728	10,223,579	15,732,119	34,234,117	15,697,128
Montana Private Equity Pool (MPEP)	512,314,695	8,428,346	12,957,630	28,178,933	12,939,604
Montana Real Estate Pool (MTRP)	315,092,832	5,167,773	7,963,159	17,308,005	8,036,273
Structured Investment Vehicles (SIV)	586,117	13,751	13,728	44,026	23,941
Defined Contributions Fixed Investments					
Defined Contributions Variable Investments					
Deferred Compensation Life Insurance					
<i>Total Investments</i>	3,879,208,222	63,796,830	98,158,906	213,466,460	97,892,837
Capital Assets					
Property and Equipment, at cost,					
net of Accumulated Depreciation (Note A2)	11,307	3,168	2,689	3,169	3,168
Intangible Assets, at cost,					
net of Amortization Expense (Note A2)	35,120	292	292	292	292
<i>Total Capital Assets</i>	46,427	3,460	2,981	3,461	3,460
Total Assets	4,105,501,181	67,793,927	104,004,827	226,564,558	104,489,760
Liabilities					
Securities Lending Liability	176,224,929	2,899,392	4,460,305	9,700,622	4,440,808
Accounts Payable	820,070	40,865	34,688	61,012	59,624
Due to Other Funds	379,023	8,015	28,620	96,988	63,438
Deferred Revenue	3,261,548	78,856	181,303	26,287	278,748
Compensated Absences	236,114	7,061	5,993	7,061	7,061
OPEB Implicit Rate Subsidy LT	367,316	1,232	2,673	6,984	5,049
Total Liabilities	181,289,000	3,035,421	4,713,582	9,898,954	4,854,728
Net Assets Held in Trust for Pension Benefits	\$ 3,924,212,181	64,758,506	99,291,245	216,665,604	99,635,032

The notes to the financial statements are an integral part of this statement.

FINANCIAL SECTION

Defined Benefit Pension Plans				Defined Contribution Plans			Total Pension Trust Funds
MPORS	FURS	VFCA	Total Defined Benefit Pension Plans	PERS-DCRP	457 Plan	Total Defined Contribution Plans	
							2012
1,561,874	1,690,512	1,685,905	51,308,458	3,558,330	1,396,151	4,954,481	56,262,939
10,194,142	10,166,188	1,155,587	219,241,973	7,258	2,903	10,161	219,252,134
307,771	306,798	34,909	6,617,026	888	359	1,247	6,618,273
201,342	193,663	1,815	5,647,170	84,206	378,381	462,587	6,109,757
			408,980	366,842		366,842	775,822
12,273,769	11,797,130		24,070,899				24,070,899
			48,108				48,108
12,782,882	12,297,591	36,724	36,792,183	451,936	378,740	830,676	37,622,859
84,109,165	83,939,540	9,516,059	1,810,276,340				1,810,276,340
56,430,996	56,219,461	6,372,511	1,211,992,163				1,211,992,163
35,975,360	35,868,861	4,066,285	773,684,177				773,684,177
29,657,240	29,560,709	3,347,888	637,385,045				637,385,045
18,220,028	18,175,105	2,056,894	392,020,069				392,020,069
23,877	26,464	27,624	759,528	56,946	22,779	79,725	839,253
				9,500,087	246,314,689	255,814,776	255,814,776
				73,768,774	129,921,919	203,690,693	203,690,693
					12,316	12,316	12,316
224,416,666	223,790,140	25,387,261	4,826,117,322	83,325,807	376,271,703	459,597,510	5,285,714,832
2,837	2,800	2,579	31,717	2,579	3,058	5,637	37,354
292	292		36,872	1,226		1,226	38,098
3,129	3,092	2,579	68,589	3,805	3,058	6,863	75,452
248,958,693	247,947,523	28,268,056	5,133,528,525	87,347,136	378,052,555	465,399,691	5,598,928,216
10,194,142	10,166,188	1,155,587	219,241,973	7,258	2,903	10,161	219,252,134
36,588	40,607	33,262	1,126,716	114,047	328,647	442,694	1,569,410
78,762	65,610	55,367	775,823				775,823
411	10,777		3,837,930				3,837,930
6,323	6,241	5,748	281,602	26,877	19,168	46,045	327,647
6,014	4,941	4,871	399,080	42,003	27,638	69,641	468,721
10,322,240	10,294,364	1,254,835	225,663,124	190,185	378,356	568,541	226,231,665
238,636,453	237,653,159	27,013,221	4,907,865,401	87,156,951	377,674,199	464,831,150	5,372,696,551

FINANCIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Statement of Changes in Fiduciary Net Assets - Pension Trust Funds for the year ended June 30, 2012

	PERS-DBRP	JRS	HPORS	SRS	GWPORS
Additions					
Contributions (Note C)					
Employer	\$ 79,919,031	1,598,343	4,965,952	6,027,657	3,470,224
Plan Member	79,261,405	446,605	1,271,989	5,693,503	4,143,480
Membership Fees	10				
Interest Reserve Buyback	70,955		26,587	133	4,694
Retirement Incentive Program	128,352				
Miscellaneous Revenue	1,290				
State Contributions	535,506		269,335		
Nonvested Member Forfeitures					
<i>Total Contributions</i>	159,916,549	2,044,948	6,533,863	11,721,293	7,618,398
Investments (Note A6)					
Net Appreciation (Depreciation) in Fair Value of Investments	(4,403,263)	127,070	20,089	689,189	631,019
Interest	99,015,799	1,442,672	2,382,826	4,596,923	1,838,062
Dividends	16,850,207	274,621	424,435	916,609	413,796
Investment Expense	(21,334,520)	(347,590)	(537,199)	(1,160,438)	(525,501)
<i>Net Investment Income</i>	90,128,223	1,496,773	2,290,151	5,042,283	2,357,376
Securities Lending Income					
Securities Lending Income	1,580,638	25,777	39,788	86,051	38,866
Securities Lending Rebate and Fees	(353,396)	(5,762)	(8,896)	(19,234)	(8,687)
<i>Net Securities Lending Income</i>	1,227,242	20,015	30,892	66,817	30,179
Total Net Investment Income	91,355,465	1,516,788	2,321,043	5,109,100	2,387,555
Total Additions	251,272,014	3,561,736	8,854,906	16,830,393	10,005,953
Deductions (Note C)					
Benefits	252,762,398	2,344,170	8,223,433	10,379,424	3,202,597
Refunds/Distributions	11,990,973		64,537	1,248,000	1,227,048
Refunds to Other Plans	316,776		2,644	22,630	15,042
Transfers to DCRP	609,358				
Transfers to ORP	122,882				
Supplemental Insurance Payments					
OPEB Expenses	80,847	725	616	725	725
Administrative Expenses	3,307,974	117,124	121,349	206,232	172,648
Miscellaneous Expenses					
<i>Total Deductions</i>	269,191,208	2,462,019	8,412,579	11,857,011	4,618,060
Net Increase (Decrease)	(17,919,194)	1,099,717	442,327	4,973,382	5,387,893
Net Assets Held in Trust for Pension Benefits					
Beginning of Year	3,942,107,754	63,658,789	98,848,918	211,692,222	94,247,139
Prior Period Adjustment	23,621				
End of Year	\$ 3,924,212,181	64,758,506	99,291,245	216,665,604	99,635,032

The notes to the financial statements are an integral part of this statement.

FINANCIAL SECTION

Defined Benefit Pension Plans				Defined Contribution Plans			Total Pension Trust Funds
MPORS	FURS	VFCA	Total Defined Benefit Pension Plans	PERS-DCRP	457 Plan	Total Defined Contribution Plans	
3,790,744	4,099,903		98,707,629	6,317,882	19,381,269	25,699,151	124,406,780
			10				10
999	22,712		126,080				126,080
			128,352				128,352
			1,290	201,852	627,503	829,355	830,645
12,273,769	11,797,130	1,635,400	26,511,140				26,511,140
				414,627		414,627	414,627
22,120,333	21,201,081	1,635,400	232,791,865	11,071,207	20,074,051	31,145,258	263,937,123
159,596	426,984	(139,123)	(2,488,439)	719,662	5,572,214	6,291,876	3,803,437
5,743,541	5,482,311	752,385	121,254,519	1,822,608	8,879,487	10,702,095	131,956,614
970,639	967,306	112,623	20,930,236				20,930,236
(1,227,287)	(1,221,448)	(142,070)	(26,496,053)	(191,491)	(538,860)	(730,351)	(27,226,404)
5,646,489	5,655,153	583,815	113,200,263	2,350,779	13,912,841	16,263,620	129,463,883
90,946	90,620	10,583	1,963,269	1,044	366	1,410	1,964,679
(20,335)	(20,261)	(2,366)	(438,937)	(206)	(72)	(278)	(439,215)
70,611	70,359	8,217	1,524,332	838	294	1,132	1,525,464
5,717,100	5,725,512	592,032	114,724,595	2,351,617	13,913,135	16,264,752	130,989,347
27,837,433	26,926,593	2,227,432	347,516,460	13,422,824	33,987,186	47,410,010	394,926,470
17,354,933	16,519,146	2,046,233	312,832,334	27,310		27,310	312,859,644
707,283	118,878		15,356,719	3,973,069	15,636,906	19,609,975	34,966,694
3,353			360,445				360,445
			609,358				609,358
			122,882				122,882
		12,600	12,600				12,600
651	641	591	85,521	9,071	5,040	14,111	99,632
176,675	162,189	143,961	4,408,152	483,594	352,703	836,297	5,244,449
				313,278	1,185,782	1,499,060	1,499,060
18,242,895	16,800,854	2,203,385	333,788,011	4,806,322	17,180,431	21,986,753	355,774,764
9,594,538	10,125,739	24,047	13,728,449	8,616,502	16,806,755	25,423,257	39,151,706
229,041,915	227,527,420	26,989,174	4,894,113,331	78,787,666	360,620,227	439,407,893	5,333,521,224
			23,621	(247,217)	247,217		23,621
238,636,453	237,653,159	27,013,221	4,907,865,401	87,156,951	377,674,199	464,831,150	5,372,696,551

Public Employees' Retirement Board

A Component Unit of the State of Montana

Notes to the Financial Statements

for the Fiscal Year Ended June 30, 2012

The Public Employees' Retirement Board (PERB) administers ten retirement plans and the related member education funds. The retirement plans are eight defined benefit plans and two defined contribution plans. The defined benefit retirement plans are the Public Employees' Retirement System (PERS-DBRP), Judges' Retirement System (JRS), Highway Patrol Officers' Retirement System (HPORS), Sheriffs' Retirement System (SRS), Game Wardens' and Peace Officers' Retirement System (GWPORS), Municipal Police Officers' Retirement System (MPORS), Firefighters' Unified Retirement System (FURS), and the Volunteer Firefighters' Compensation Act (VFCA). The defined contribution retirement plans are the Public Employees' Retirement System (PERS-DCRP) and the Deferred Compensation (IRC §457) Plan.

The PERS-DCRP was implemented July 1, 2002. All new PERS members, after July 1, 2002, have a 12-month window to file an irrevocable plan choice election. PERS members are provided education to help them decide between participation in the Defined Benefit Retirement Plan (PERS-DBRP) or the Defined Contribution Retirement Plan (PERS-DCRP). If members are employees of the university system they have a third choice, the Optional Retirement Program (ORP). Further education is provided for the members who choose the PERS-DCRP, including information on investment choices.

The PERB began administering the Deferred Compensation (457) Plan on July 1, 1999. The Deferred Compensation Plan is available

to all employees of the State, the Montana University System and contracting political subdivisions. The Montana Public Employee Retirement Administration (MPERA) as a state agency, participates as an employer in the PERS-DBRP, PERS-DCRP and the Deferred Compensation Plan.

The assets of each plan are maintained separately, including member education funds. The assets may be used only for the payment of benefits to the members and administrative expenses of the appropriate plan, in accordance with the terms of each plan as prescribed in Title 19 of the Montana Code Annotated (MCA). The financial statements are presented by combining the PERS-DBRP and the DBRP Education Fund and by combining the PERS-DCRP, the DCRP Education Fund and the DCRP Disability Fund. A presentation of each individual fund is shown at the end of the financial section on pages 94 to 97.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

The PERB is a discretely presented component unit Pension Trust Fund of the State of Montana financial reporting entity. The MPERA, staff of the PERB, prepares the accounting records and financial statements for the fiduciary pension trust funds using the accrual basis of accounting. For the pension trust funds, member contributions are recognized in the period in which contributions are due. Employer contributions are recognized

when due and the employer has made a formal commitment to provide the contributions. Revenues are recognized in the accounting period in which they are earned and become measurable. Benefits and refunds/distributions are recognized in the accounting period in which they are due and payable. Expenses are recognized in the period incurred. Administrative expenses are financed through investment earnings on the pension trust fund for the defined benefit plans. Interfund receivables and payables exist at year-end for defined benefit administrative expenses that are accounted for within PERS-DBRP and allocated to the other defined benefit plans at year-end. Costs specifically related to the MPERAtiv program are charged directly to the individual plans.

The fiscal year 2012 financial statements contain a prior period adjustment to the PERS-DBRP for prior years' employer reporting errors where members should have been reported but were not. The prior period adjustment to the financial statements of the PERS-DCRP and Deferred Compensation Plan is for prior years' fee revenue that was allocated incorrectly to each plan.

Participants of the PERS-DCRP are charged, on a quarterly basis, a flat fee plus a basis point fee based on their individual account balances. The record keeper, Great-West Retirement Services (Great-West), withholds payment of Great-West's contractual expenses and the remaining fees are remitted to the PERB to cover the PERB's administrative expenses of the plan. The fees remitted to the PERB are recorded as Miscellaneous Revenue in the financial statements.

Participants of the Deferred Compensation Plan are charged, on a quarterly basis, a flat fee plus a basis point fee based on their individual account balances. The record keeper, Great-West, withholds payment of Great-West's contractual expenses and the remaining fees are remitted to the PERB to cover the PERB's administrative expenses of the plan. The fees remitted to the PERB are recorded as Miscellaneous Revenue in the financial statements.

2. CAPITAL ASSETS AND EQUIPMENT USED IN OPERATIONS

Assets under \$5,000 are expensed in the year purchased. Assets valued at \$5,000 or more are recorded at cost less straight-line depreciation over the estimated useful life of five to ten years. Assets valued at \$100,000 or more are recorded at cost less straight-line depreciation over the estimated useful life of five to ten years. Equipment consists of two data cleansing servers purchased this past year for the data cleansing project which is part of the MPERAtiv program. Capital assets include the web-based employer reporting software and the MPERA website.

The accumulated depreciation on the web-based employer reporting system is \$1,668,688 as of June 30, 2012 and the carrying value as of June 30, 2012 is \$32,922. The accumulated depreciation on the MPERA website as of June 30, 2012 is \$110,473 and the carrying value is \$5,177.

MPERA is embarking on a program over three to five years where several phases will be implemented to improve operational efficiency, provide better service to our plan members and other customers, and address disaster recovery concerns

FINANCIAL SECTION

surrounding our paper driven processes. The program, appropriately named MPERAtiv includes the implementation of a document imaging system, a data cleansing project, and implementation of a new member web access public pension line of business software application. The MPERAtiv program was prompted by members expectations of web accessed services and the age and limitations of our systems that are increasingly difficult to maintain in addition to recommendations from the State's Information Technology Division (SITSD) to move away from the old Integrated Database Management System (IDMS) platform. MPERA's IDMS platforms were put in place in 1985 (retiree), 1993 (active), and 2006 (volunteer fire). The new line of business application will replace the IDMS platform as well as the Web Reporting Oracle application that

was implemented in two phases between 2002 (payroll) and 2004 (457).

3. OPERATING LEASE

Operating leases are rental agreements where the payments are chargeable as rent and recorded as administrative expenses. The MPERA entered into a 10-year lease for office space in November 2003, at the location of 100 North Park Avenue, Helena, MT. The lease is payable monthly and includes inflationary adjustments over the period of the lease.

4. FUNDED STATUS AND FUNDING PROGRESS

The funded status of the eight defined benefit retirement plans, as of the most recent actuarial valuation date, appear in the table at the bottom of the page.

Funded Status as of June 30, 2012

(dollar amounts are in thousands)

System	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
PERS-DBRP	\$3,816,920	\$5,661,281	\$1,844,361	67.42%	\$1,081,288	170.57%
JRS	63,195	46,190	(17,005)	136.81%	6,193	-274.60%
HPORS	96,655	167,824	71,169	57.59%	13,618	522.62%
SRS	211,535	284,559	73,024	74.34%	59,583	122.56%
GWPORS	97,691	128,927	31,236	75.77%	38,317	81.52%
MPORS	234,025	427,257	193,232	54.77%	41,745	462.89%
FURS	233,121	377,211	144,090	61.80%	36,177	398.30%
VFCA	26,531	36,146	9,615	73.40%	N/A*	N/A*

*Covered payroll is not applicable to VFCA because members are unpaid volunteers.

FINANCIAL SECTION

The net Funded Ratio decreased in fiscal year 2012 for all the retirement plans with the exception of the increase in GWPORS.

Funded Ratio		
	6/30/2012	6/30/2011
PERS-DBRP	67%	70%
JRS	137%	141%
HPORS	58%	61%
SRS	74%	76%
GWPORS	76%	75%
MPORS	55%	55%
FURS	62%	62%
VFCA	73%	74%

The required supplementary information (RSI), following the notes to the financial statements, presents similar information but uses a multi-year format to show trend information. These trends indicate whether the actuarial values of the plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities.

Remaining Amortization Period	
PERS-DBRP	Does not amortize
JRS	N/A*
HPORS	49.7 years
SRS	Does not amortize
GWPORS	Does not amortize
MPORS	25.7 years
FURS	16.4 years
VFCA	9.3 years
* Currently JRS has a surplus	

Merit Projected Salary Increases	
PERS-DBRP	0% - 6%
JRS	0%
HPORS	0% - 7.3%
SRS	0% - 7.3%
GWPORS	0% - 7.3%
MPORS	0% - 7.3%
FURS	0% - 7.3%
VFCA	N/A

The information that follows is general and applicable to each defined benefit plan, except the VFCA's amortization method is a level dollar amount instead of a level percent of payroll like the other plans.

General to each DB Retirement System	
Valuation date	June 30, 2012
Actuarial cost method	Entry Age
Amortization method, except VFCA	Level percent payroll, open
Asset valuation method	4-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.75%
Projected salary increases:	
General Wage Growth*	4.00%
*includes inflation rate at	3.00%
Guaranteed annual benefit adjustment (GABA), except VFCA	3% after 1 year. Effective July, 1, 2007, 1.5% GABA for new hires of PERS, SRS and GWPORS.

The minimum benefit adjustment (non-GABA) only affects four systems: JRS, HPORS, MPORS and FURS. A table showing the non-GABA adjustment for these systems follows on the top of the next page.

FINANCIAL SECTION

Minimum Benefit Adjustment (non-GABA)	
Retiree benefit adjustments	
JRS	Biennial increase to salary of active member in like position
HPORS	2% per year of service of probationary officer's base pay, not to exceed 5% increase over previous benefit
MPORS	50% of newly confirmed officer's pay
FURS	50% of newly confirmed officer's pay

5. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The State of Montana implemented Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*. This statement requires the disclosure of employer liability for retiree medical subsidies and other post-employment benefits. The OPEB liability at June 30, 2012 and June 30, 2011 was \$468,721 and \$369,090, respectively.

Plan Descriptions: MPERA employees and dependents are eligible to receive health care through the State Group Benefits Plan administered by the Montana Department of Administration. In accordance with section 2-18-704, MCA, the State provides optional post-employment medical, vision, and dental health care benefits to the following employees and dependents who elect to continue coverage and pay administratively established premiums: (1) employees and dependents who retire under applicable retirement provisions and (2) surviving dependents of deceased employees. For GASB Statement No. 45 reporting, the State Group Benefits Plan is considered an agent multiple-employer

plan and MPERA is considered to be a separate employer participating in the plan.

In addition to the employee benefits, the following post-employment benefits are provided. Montana Department of Administration established retiree medical premiums varying between \$285 and \$982 per month depending on the medical plan selected, family coverage, and Medicare eligibility. Retirees pay 100% of the premiums for medical, dental, and vision. Administratively established monthly dental premiums vary between \$34.90 and \$59.36; monthly vision premiums vary between \$7.64 and \$22.26; both premiums vary depending on the coverage selected. Basic life insurance in the amount of \$14,000 is provided until age 65 at a cost of \$1.90 per month. The State Benefit Plans reimburse all validated medical claims net of member obligations (annual deductibles and coinsurance of the members' selected medical plan). Dental claims are reimbursed at 50% to 100% of the allowable charges, depending on the services provided. The State acts as secondary payer for retired Medicare-eligible claimants.

Benefits Not Included in the Actuarial Valuation: The dental and vision benefits are fully-insured and retirees pay 100% of the cost for both dental and vision; therefore, no liability for these benefits is calculated in the actuarial valuation. Continuation of the life insurance benefit is not available as an employer-provided group insurance benefit for retirees; therefore, no liability for life insurance is calculated in this valuation.

Funding Policy: The following estimates were prepared based on an actuarial

valuation prepared as of the year ending December 31, 2011 for the Department of Administration and the resulting State of Montana Actuarial Valuation of Other Post-Employment Benefits Plan (plan) contains the MPERA data and is available through the address below.

Montana Department of Administration
State Accounting Division
Room 255, Mitchell Bldg
125 N Roberts St
PO Box 200102
Helena, MT 59620-0102

GASB Statement No. 45 requires the plan's participants, including MPERA, to report each year the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year of retiree health care costs and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The 2011 ARC is calculated for all the State plan's participants and then individually allocated to individual participants. MPERA's 2012 allocated portion of the ARC is estimated at \$99,632 and is based on the plan's current ARC rate of 6.32% of participants' annual covered payroll. MPERA's 2012 ARC is equal to an annual amount required each year to fully fund the liability over 30 years.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and includes the types of benefits provided at the time of each valuation and the

historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in the actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information (RSI) following the notes to the statements, presents information that shows the actuarial value of plan assets and liabilities. In the January 1, 2011, actuarial valuation date, the projected unit credit funding method is used. The actuarial assumptions did not include an investment rate of return since no assets meet the definition of plan assets under GASB Statements No. 43 or No. 45. Annual healthcare costs trend rates of 10% were used for both medical and prescription claims. These rates decrease by 0.5% per year down to 5.0% at 2021 and beyond for medical and by 1.0% per year down to 5.0% at 2016 and beyond for prescription costs. The unfunded actuarial accrued liability is amortized following a 30-year level percent of pay amortization on an open basis, using a 4.25% discount rate and a 2.50% payroll growth rate assumption.

FINANCIAL SECTION

The State finances claims on a pay-as-you-go basis and does not advance-fund the OPEB liability. While this liability is disclosed for financial statement purposes it does not represent a legal liability of the State of Montana or MPERA. Therefore, the following cost information shows no value for Plan Assets made by MPERA.

Annual Other Post-Employment Benefits (OPEB) Cost: MPERA's allocated annual OPEB cost (expense) for the year ending June 30, 2012 was \$99,632. The interest on the net OPEB obligation for the year ending June 30, 2012 was \$4,420. For fiscal year 2011, MPERA's allocated annual OPEB cost (expense) was \$92,692 and the interest was \$4,240. The cost that was allocated to MPERA for the years ended June 30, 2012 and June 30, 2011 was \$99,632 and \$92,692, respectively.

The PERB annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2012 and prior are as follows.

Annual OPEB Cost			
Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2008	\$91,792	0.00%	\$ 91,792
6/30/2009	95,693	0.00%	187,485
6/30/2010	88,913	0.00%	276,398
6/30/2011	92,692	0.00%	369,090
6/30/2012	99,632	0.00%	468,721

MPERA's net OPEB (NOPEB) outstanding at June 30, 2012 was as follows: Annual Required Contribution (ARC) is \$104,000; interest on the NOPEB is \$4,420;

adjustments to the ARC is \$0; increase in the NOPEB is \$108,420; and the NOPEB obligation is \$468,721.

Funded Status and Funding Progress: The most recent actuarial valuation available was completed by the State of Montana as of January 1, 2011 for the calendar year ending December 31, 2011. This actuarial valuation is completed every two years with the next valuation to be completed as of January 1, 2013 for the calendar year ending December 31, 2013.

The MPERA allocation of the plan as of the calendar year ending December 31, 2011 was as follows: Actuarial Accrued Liability (AAL) is \$463,762; Actuarial Value of Plan Assets is \$0; Unfunded Actuarial Accrued Liability (UAAL) is \$463,762; Funded Ratio (Actuarial Value of Plan Assets/AAL) is 0 percent; Covered Payroll (Active Plan Members) is \$1,644,229; and the UAAL as a Percentage of Covered Payroll is 28.21%.

6. METHOD USED TO VALUE INVESTMENTS

According to Article VIII, section 13 of the Montana Constitution and section 19-2-504, MCA, the Board of Investments (BOI) has a fiduciary responsibility for investing the defined benefit retirement plan assets on behalf of the defined benefit plan members. Investments are determined in accordance with the statutorily and constitutionally mandated "prudent expert principle." Pursuant to Article VIII, section 15 of the Montana Constitution and sections 19-2-502 and 19-2-503, MCA, the PERB has a fiduciary responsibility for the administration of the pension trust funds. For the defined benefit pools, the PERB relies on the Investment

Policy Statements that are drafted and approved by the BOI with the assistance of RV Kuhns & Associates, Inc., the investment consultant. Investments are reported at fair value. As of June 30, 2012, there were six major diversified pools, Montana Short Term Investment Pool (STIP), Montana Domestic Equity Pool (MDEP), Retirement Funds Bond Pool (RFBP), Montana International Equity Pool (MTIP), Montana Private Equity Pool (MPEP) and Montana Real Estate Investment Pool (MTRP).

The PERS-DCRP and Deferred Compensation Plan's fixed investments were administered through outside vendors Pacific Investment Management Company (PIMCO) and custodial bank State Street Bank Kansas City (SSKC) and a third-party insurer, Transamerica. Transamerica was previously known as Aegon until April 2012. All money invested in the Fixed Investments of the PERS-DCRP and Deferred Compensation Plan was transferred to a Pooled Trust on March 1, 2010.

For both the PERS-DCRP and Deferred Compensation plan the third party record keeper, Great-West Retirement Services, tracks and reports the daily trading and valuations of all investment options including the assets held by the individual mutual fund companies.

In addition to the laws cited previously, the PERS-DCRP investments are also governed by section 19-3-2122, MCA and the Deferred Compensation Plan investments are governed by Title 19, Chapter 50, MCA.

There are separate investment policies for the PERS-DCRP and Deferred

Compensation plans. The investment policies are reviewed by the PERB on an annual basis and the investment options are reviewed quarterly by an independent third party consultant and investment analyst. In the review, each investment alternative is compared to its peers and the appropriate benchmark. In addition, each investment alternative is reviewed for other indicators including, but not limited to: style drift, duplication, and fund manager or other organizational changes. Investment alternatives that are determined to have a sub-standard performance rating or other negative indicators may be recommended for probation or termination. During the reviews, the PERB may decide to retain, replace or place in a probation status any of the offered mutual funds. Investments are reported at fair value as of June 30, 2012.

The following are the summaries of the BOI's fiscal year end statements, the fixed investments (Stable Value Group Trust) contracts and a statement about the variable investments. The BOI fiscal year statements and information on the income can be obtained by contacting BOI at the following address:

Montana Department of Commerce
Board of Investments
2401 Colonial Drive, 3rd Floor
PO Box 200126
Helena, MT 59620-0126.

STIP portfolio may include asset-backed securities, commercial paper, corporate and U.S. government direct obligations, U.S. government agency securities, repurchase agreements, institutional money market funds, certificates of deposit and variable-rate (floating rate) instruments. The

FINANCIAL SECTION

purpose of STIP is the preservation of principal, while obtaining money market type returns and 24-hour liquidity. The BOI manages the STIP consistent with the SEC's rule 2a7 of the Investment Company Act of 1940. In meeting certain conditions, STIP, as a 2a7-like pool, is allowed to use an amortized cost rather than fair value to report net assets to compute unit values. The portfolio is carried at amortized cost or book value with a constant unit value of \$1.00. State agencies with accounts that retain interest earnings are legally required to invest in STIP and the PERB elects to have all STIP income automatically reinvested. For fiscal year 2012 income was distributed on the first calendar day of each month. *Credit Risk* is the risk that the issuer of a STIP security may default in making timely principal and interest payments. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. The total investments credit quality rating for STIP is not rated (NR). The PERB portion of STIP is \$51.3 million or 2.15%.

At June 30, 2012, the STIP balance included Structure Investment Vehicles (SIVs) that were no longer liquid. As a result these are no longer considered cash equivalents and are reclassified from cash to investments based on a pro rata share of the pension funds' investment in the pool.

MDEP may include common stock, equity index shares, preferred stock, convertible equity securities, American Depositary Receipts (ADR's), equity derivatives and commingled funds. The MDEP portfolio is limited to domestic stock or ADR investments. ADR investments are

receipts issued by a U.S. depository bank representing shares of a foreign stock or bonds held abroad by the foreign sub-custodian of the American depository bank. For *Custodial Credit Risk* as of June 30, 2012, all the MDEP securities were registered in the nominee name for the BOI and held in the possession of the BOI's custodial bank, State Street Bank. The PERB portion of MDEP is \$1.8 billion or 62.64%.

RFBP portfolio includes corporate and foreign government bonds; U.S. government direct obligations and U.S. government agency securities; and cash equivalents. U.S. government direct obligations include U.S. Treasury securities and debt explicitly guaranteed by the U.S. government. U.S. government agency securities include U.S. government agency and mortgage-backed securities. U.S. government mortgage-backed securities reflect participation in a pool of residential mortgages. Real estate investments held, in part, for the PERS include a building at 100 North Park Avenue in Helena, MT; a building at 2273 Boot Hill Court in Bozeman, MT; a building at 2401 Colonial Drive in Helena, MT; and property located on California Street in Helena, MT. The BOI also holds the building located at 1712 Ninth Avenue in Helena, MT for the sole benefit of the PERS. The *Custodial Credit Risk* as of June 30, 2012, all real estate and mortgage investments were registered in the name of the Montana BOI. There is no *Concentration of Credit Risk* for the PERB. *Credit Risk* is that the issuer of a fixed income security may default in making timely principal and interest payments. With the exception of the U.S. government securities, the RFBP fixed income instruments have credit risk as

measured by major credit rating services. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. The total fixed income investments credit quality rating for RFBP is not rated (NR). For *Custodial Credit Risk* as of June 30, 2012, all the fixed income securities were registered in the nominee name for the BOI and held in the possession of the BOI's custodial bank, State Street Bank. The State Street repurchase agreement was purchased in the State of Montana BOI name. For *Interest Rate Risk* as of June 30, 2012, in accordance with GASB Statement No. 40, the BOI has selected the effective duration method to disclose interest rate risk. The PERB portion of the entire RFBP is \$1.2 billion or 62.65%. *Foreign Currency Risk* is the risk that changes in exchange rates will adversely affect the fair value of an investment. The RFBP includes securities subject to foreign currency risk. The PERB portion of the foreign currency risk is \$966.4 thousand or 50.36%.

MTIP may include common stock, equity index shares, preferred stock, convertible equity securities, American Depositary Receipts (ADR's), equity derivatives, and commingled funds. ADR investments are receipts issued by a U.S. depository bank representing shares of a foreign stock or bonds held abroad by the foreign sub-custodian of the American depository bank. The MTIP portfolio includes holdings of securities of foreign-based corporations listed on legal and recognized foreign exchanges as well as domestic exchanges. The MTIP portfolio invests in both developed and emerging markets. For *Custodial Credit Risk* as of June 30, 2012,

all MTIP securities were registered in the nominee name for the BOI and held in the possession of the BOI's custodial bank, State Street Bank. The PERB portion of the entire MTIP is \$773.7 million or 62.67%. *Foreign Currency Risk* is the risk that changes in exchange rates will adversely affect the fair value of an investment. The MTIP includes securities subject to foreign currency risk. The PERB portion of the foreign currency risk is \$966.6 thousand or 50.37%.

MPEP portfolio may include venture capital, leveraged buyout, mezzanine, distressed debt, special situation, and secondary investments. These investments are made via Limited Partnership Agreements in which the BOI and other institutional investors invest as Limited Partners in funds managed by a General Partner. These investments are riskier with higher potential return than public equity investments and are less liquid because the funds are usually committed for at least ten years. Realized capital gains are not distributed unless the gains are needed to pay management fees. Income due participants is distributed monthly on the first calendar day of each month. For *Custodial Credit Risk* as of June 30, 2012, all MPEP investments were recorded in the name of the Montana BOI and held in the possession of the BOI's custodial bank, State Street Bank. The PERB portion of the entire MPEP is \$637.4 million or 62.66%. *Foreign Currency Risk* is the risk that changes in exchange rates will adversely affect the fair value of an investment. The MPEP includes securities subject to foreign currency risk. The PERB portion of the foreign currency risk is \$7.9 million or 50.35%.

FINANCIAL SECTION

MTRP portfolio includes investments in private core, value-added, and opportunistic real estate. Core investments are the least risky with the lowest return and are usually managed in commingled accounts in which the investor purchases shares. Value-added and opportunistic real estate investments provide more risk and return and are less liquid than core investments. These investments are usually made through Limited Partnership Agreements. The MTRP invests its cash in STIP. Realized capital gains are not distributed unless the gains are needed to pay management fees. Income due participants is distributed monthly on the first calendar day of each month. For *Custodial Credit Risk* as of June 30, 2012, all MTRP investments were recorded in the name of the Montana BOI and held in the possession of the BOI's custodial bank, State Street Bank. The PERB portion of the entire MTRP is \$392.0 million or 62.69%. *Foreign Currency Risk* is the risk that changes in exchange rates will adversely affect the fair value of an investment. The MTRP includes securities subject to foreign currency risk. The PERB portion of the foreign currency risk is \$9.9 million or 50.39%.

All Other Funds Investments portfolio no longer includes any investments for the pension plans. On May 1, 2011, the direct real estate buildings and residential mortgages, owned by the PERS, were sold to MTRP and RFBP.

Securities Lending Collateral, governed under the provisions of state statutes, BOI authorized the custodial bank, State Street Bank, to lend the BOI's securities to broker-dealers and other entities with a simultaneous agreement to return the

collateral for the same securities in the future. The custodial bank is required to maintain collateral equal to 102 percent of the fair value of domestic securities and 105 percent of the fair value of international securities while the securities are on loan. The BOI and the custodial bank split the earnings on security lending activities. The securities lending collateral, securities lending collateral liability, securities lending income, and securities lending expense consist of allocations to PERB on a pro rate basis of its ownership share of each pool with securities lending activity. On any day including June 30th, the markets may move in a positive or negative direction resulting in under or over collateralization. The Bank compensates for market movement by recalculating on the following business day to meet the collateralization requirements. The private equity and real estate pools do not participate in securities lending.

Fixed Investments (Stable Value Group Trust) for the PERS-DCRP and the Deferred Compensation Plan, are administered through outside vendors Pacific Investment Management Company (PIMCO) and custodial bank, State Street Bank Kansas City (SSKC), and a third-party insurer, Transamerica. When participants invest in the fixed investment option they are guaranteed a rate of return. The fixed investment employs a synthetic stable value strategy where the investment manager, PIMCO, manages a diversified bond portfolio and Transamerica guarantees the participants principal investments and earnings. Transamerica calculates the rate of return each quarter called the "crediting rate", which is used to credit earnings to participant accounts. Transamerica sets a fixed quarterly rate of

return based on the investment manager's portfolio market value yield and duration.

The PERB entered into a Pooled Trust contract with Transamerica, PIMCO and SSKC for fixed income investments held by the PERB in the PERS-DCRP and Deferred Compensation Plan. The Pooled Trust qualifies as a group trust under sections 401(a), including section 401(a)(24) and 501(a), of the IRC of 1986, as amended. All monies invested in the Fixed Investments of the PERS-DCRP and Deferred Compensation Plan were transferred to the Pooled Trust.

Under the Pooled Trust agreement Transamerica provides a guarantee of principal and sets a fixed quarterly crediting rate. The Pooled Trust assets are invested by PIMCO and are held under a custodial agreement with SSKC. The Pooled Trust assets are invested by PIMCO based on an investment guideline schedule as agreed upon in the Pooled Trust Contract and approved by the PERB, Transamerica and PIMCO. *Concentration of Credit Risk* is addressed in the investment policy statement of the Stable Value Group trust.

Variable Investments for the PERS-DCRP and Deferred Compensation Plan are held and managed in a selection of retail and institutional mutual funds, which cover all standard asset classes and categories. The selection of offered mutual funds is designed to provide participants with the ability to diversify investments and meet their individual investment goals and strategies. With advice from an independent investment analyst and assistance from the statutorily created Employee Investment Advisory Council (EIAC), the PERB conducts quarterly

reviews of the offered mutual funds. The goal of the reviews is to ensure that the offered mutual funds meet standards established in the Investment Policy Statements adopted by the PERB. The investment policies state: "Participants make individual investment decisions, subject to the investments offered under the plan and, ultimately, bear the risks and rewards of investment returns." In the reviews, each investment alternative is compared to its peers and the appropriate benchmark. In addition, each investment alternative is reviewed for other indicators including, but not limited to: style drift, duplication, and fund manager or other organizational changes. Investment alternatives that are determined to have a sub-standard performance rating or other negative indicators may be recommended for probation or termination. During the reviews the PERB may decide to retain, replace or place in a probation status any of the offered mutual funds. *Concentration of Credit Risk* is not addressed in the investment policy and investments in mutual funds are not required to be disclosed.

Investments are reported at fair value as of June 30, 2012. Available funds in the PERS-DCRP and Deferred Compensation Plan are listed on pages 76 and 79, respectively. A listing may also be obtained by contacting MPERA.

B. LITIGATION

Each of the plans administered by the PERB may be involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management and legal counsel, the disposition of those matters will not have a material, adverse

FINANCIAL SECTION

affect on any plan's financial position as a whole.

Center for Mental Health. The legislature amended § 19-3-108(3), MCA in 1999 requiring PERS to exclude participation by certain employees, hired by regional mental health centers on or after July 1, 1999 from PERS participation. The Center for Mental Health (CMH) continued to improperly report employees as PERS members until 2009 when MPERA discovered these errors. MPERA subsequently returned the incorrectly paid contributions to the employees and the employer and corrected retirement benefits. The impacted employees hired legal counsel, Joseph Cosgrove of Hoyt and Blewett in Great Falls, to represent them. Cosgrove filed an administrative claim with Risk Management and Tort Defense (RMTD) and a complaint was filed against MPERA and the State on September 13, 2011 and served on the Office of the Attorney General on October 4, 2011. The complaint alleges MPERA and the State negligently breached their duties to administer and manage PERS. Plaintiffs seek damages for past and future economic damages, emotional distress, costs and disbursements. Litigation-related discovery is progressing under the auspices of RMTD and Maxon Davis, Esq. If plaintiffs are successful, tort-based damages may be limited to \$1.5 million under § 2-9-108, MCA and will be paid through the state's self-insurance reserve fund, not the PERS trust fund. Any award of damages based on payment of retirement benefits or collection of interest on wrongly withheld contributions will not have a material, adverse effect on PERS's financial position as a whole.

John Crossman, et al. v. MPERA. In 2007 former volunteer firefighters contested MPERA's refusal to increase their VFCA retirement benefits based on 2003 and 2005 legislative amendments to § 19-17-404, MCA. Both of these amendments increased retirement benefits for members who serve as volunteer firefighters for more than twenty years. The claimants, who all served for more than twenty years prior to 2005, seek to have their retirement benefits recalculated according to the new benefit structure provided in the amended version of § 19-17-404, MCA. Because the claimants all retired prior to the effective dates of the amendments, MPERA determined that they are not eligible to have their retirement benefits recalculated. Following the filing of cross motions for summary judgment, the hearing examiner issued a proposed order granting MPERA's motion, which the PERB adopted as its Final Order in December 2008. Claimants then filed a petition for judicial review in the First Judicial District, Judge Dorothy McCarter presiding. Judge McCarter issued an order in January 2010 holding that the claimants are included within § 19-17-404, MCA, but remanding for a determination on whether their claim is barred by the two year statute of limitations under § 27-2-211(1)(c), MCA. Hearing Examiner Melcher denied cross motions for summary judgment and expanded the statute of limitations issue to a determination of which period of limitations is applicable. Examiner Melcher presided over an administrative hearing in early October 2011. A proposed order was issued July 17, 2012, applying the two year statute of limitations and determining that the named claimants are entitled to retroactive pay totaling \$69,930 and increased benefits going forward.

FINANCIAL SECTION

PERB adopted the proposed order as its Final Order on September 13, 2012. The Final Order was then forwarded to the First Judicial District Court. Thereafter, at its October 2012 meeting, PERB determined to offer to settle this lawsuit by paying the claimants the 2005 increase retroactive to May 2005, and paying the new benefit amount going forward. Claimants agreed. They will receive a total retroactive payment of \$74,925 in November 2012, with their increased benefits commencing with the November payment. Section 19-3-403(16), MCA requires PERB to treat similarly situated members similarly. Therefore, PERB has determined to increase the benefit payment for all similarly situated VFCA retirees. In January 2013, existing retirees, other than Claimants, will receive a total retroactive payment of \$588,075 from May 2005 through December 2012, with the retirees' increased benefit amounts commencing with the January payments. Going

forward, based on retiree data as of June 2012, monthly benefits will increase by approximately \$7,432.50 for 282 retirees.

C. PLAN MEMBERSHIP, DESCRIPTIONS AND CONTRIBUTION INFORMATION

The plans are established and amended statutorily by the Legislature. In all defined benefit plans (except VFCA), if a member leaves covered employment before retirement, the member contributions plus accrued interest (accumulated contributions) may be refunded to the member. If a member returns to service and repays the withdrawn accumulated contributions plus the interest the accumulated contributions would have earned had they remained on deposit, membership service is restored. Membership in each plan as of June 30, 2012 and June 30, 2011 is detailed in the following charts.

PERS-DBRP Membership					
	<u>2012</u>	<u>2011</u>		<u>2012</u>	<u>2011</u>
Number of participating employers	538	533			
Active plan members	28,548	28,659	Retiree and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	18,148	17,509
Vested	2,560	2,535	Disability Retirements	200	231
Non-vested	6,164	5,787	Survivor Benefits	390	383
	8,724	8,322		18,738	18,123

FINANCIAL SECTION

JRS Membership					
	<u>2012</u>	<u>2011</u>		<u>2012</u>	<u>2011</u>
Number of participating employers	1	1			
Active plan members	54	54	Retiree and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	54	56
Vested	-	-	Disability Retirements	-	-
Non-vested	-	-	Survivor Benefits	2	2
	-	-		56	58

HPORS Membership					
	<u>2012</u>	<u>2011</u>		<u>2012</u>	<u>2011</u>
Number of participating employers	1	1			
Active plan members	218	214	Retiree and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	280	276
Vested	11	11	Disability Retirements	9	10
Non-vested	10	9	Survivor Benefits	16	16
	21	20		305	302

SRS Membership					
	<u>2012</u>	<u>2011</u>		<u>2012</u>	<u>2011</u>
Number of participating employers	57	57			
Active plan members	1,241	1,230	Retiree and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	415	392
Vested	60	48	Disability Retirements	33	31
Non-vested	212	196	Survivor Benefits	21	18
	272	244		469	441

FINANCIAL SECTION

GWPORS Membership					
	<u>2012</u>	<u>2011</u>		<u>2012</u>	<u>2011</u>
Number of participating employers	7	7			
Active plan members	972	951	Retiree and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	153	138
Vested	64	61	Disability Retirements	2	-
Non-vested	146	113	Survivor Benefits	8	7
	<u>210</u>	<u>174</u>		<u>163</u>	<u>145</u>

MPORS Membership					
	<u>2012</u>	<u>2011</u>		<u>2012</u>	<u>2011</u>
Number of participating employers	31	31			
Active plan members	736	739	Retiree and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	634	624
Vested	49	40	Disability Retirements	20	22
Non-vested	76	71	Survivor Benefits	29	30
	<u>125</u>	<u>111</u>		<u>683</u>	<u>676</u>

FURS Membership					
	<u>2012</u>	<u>2011</u>		<u>2012</u>	<u>2011</u>
Number of participating employers	24	24			
Active plan members	590	579	Retiree and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	543	524
Vested	13	13	Disability Retirements	7	7
Non-vested	62	60	Survivor Benefits	21	21
	<u>75</u>	<u>73</u>		<u>571</u>	<u>552</u>

FINANCIAL SECTION

VFCA Membership					
	<u>2012</u>	<u>2011</u>		<u>2012</u>	<u>2011</u>
Number of participating employers	217	216			
Active plan members	2,106	2,105	Retiree and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	1,242	1,183
Vested	879	870	Disability Retirements	-	-
			Survivor Benefits	-	-
				1,242	1,183

PERS-DCRP Membership					
	<u>2012</u>	<u>2011</u>		<u>2012</u>	<u>2011</u>
Number of participating employers	258	261			
Active plan members	2,032	2,021	Retiree and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Periodic Distributions	12	8
Vested	172	143	Disability Retirements	4	2
Non-vested	388	344	Survivor Benefits	1	1
	560	487		17	11

Deferred Compensation (457) Membership					
	<u>2012</u>	<u>2011</u>		<u>2012</u>	<u>2011</u>
Number of participating employers	28*	23*	Number of participating plan members	8,156	8,091
Number of participating employers that provide contributions on members' behalf	4	2	Number of participating plan members that are actively contributing to their deferred compensation accounts	4,584	4,648

*All State agencies are counted as one employer.

Public Employees’ Retirement System-DBRP (PERS-DBRP) _____

Plan Description: The PERS-Defined Benefit Retirement Plan (DBRP) is a multiple-employer, cost-sharing plan established July 1, 1945, and governed by Title 19, chapters 2 & 3, Montana Code Annotated (MCA). This plan covers the State, local governments, certain employees of the Montana University System, and school districts.

All new members are initially members of the PERS-DBRP and have a 12-month window during which they may choose to remain in the PERS-DBRP or join the PERS-DCRP by filing an irrevocable election. Members may not be members of both the defined benefit and defined contribution retirement plans. All new members from the universities also have

a third option to join the university system’s Optional Retirement Program (ORP). For members that choose to join the PERS-DCRP or the ORP, a percentage of the employer contribution will be used to assist with the funding of the PERS-DBRP.

The PERS-DBRP provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are established by state law and can only be amended by the Legislature. Benefits are based on eligibility, years of service, and highest average compensation. Member rights are vested after five years of service. A brief summary of eligibility and benefits follows.

PERS-DBRP Summary of Benefits

Member’s highest average compensation (HAC)

Hired prior to July 1, 2011 - highest average compensation during any consecutive 36 months;
 Hired on or after July 1, 2011 - highest average compensation during any consecutive 60 months.

Eligibility for benefit

Service retirement:

Hired prior to July 1, 2011: Age 60, 5 years of membership service;
 Age 65, regardless of membership service; or
 Any age, 30 years of membership service.

Hired on or after July 1, 2011: Age 65, 5 years of membership service;
 Age 70, regardless of membership service.

Early retirement, actuarially reduced:

Hired prior to July 1, 2011: Age 50, 5 years of membership service; or
 Any age, 25 years of membership service.

Hired on or after July 1, 2011: Age 55, 5 years of membership service.

Vesting 5 years of membership service

FINANCIAL SECTION

PERS-DBRP Summary of Benefits (continued)

Monthly benefit formula

Members hired prior to July 1, 2011:

- Less than 25 years of membership service: 1.785% of HAC per year of service credit;
- 25 years of membership service or more: 2% of HAC per year of service credit.

Members hired on or after July 1, 2011:

- Less than 10 years of membership service: 1.5% of HAC per year of service credit;
- 10 years or more, but less than 30 years of membership service: 1.785% of HAC per year of service credit;
- 30 years or more of membership service: 2% of HAC per year of service credit.

Guaranteed Annual Benefit Adjustment (GABA)

After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage (provided below) each January, inclusive of all other adjustments to the member's benefit.

- 3.0% for members hired prior to July 1, 2007
- 1.5% for members hired on or after July 1, 2007

At June 30, 2012 PERS had 538 participating employers, five more than fiscal year 2011. The participating employers consist of:

PERS-DBRP EMPLOYERS		
<u>Employers</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>
State Agencies	34	34
Counties	55	55
Cities and Towns	98	97
Colleges and Universities	5	5
School Districts	230	231
High Schools	6	6
Other Agencies	<u>110</u>	<u>105</u>
Total	538	533

Contributions: Member and employer contribution rates are established by state law and may be amended only by the Legislature. The member contribution rate for fiscal year 2012 was 6.9% of the member's compensation for members hired prior to July 1, 2011. Members hired on or after July 1, 2011 have a contribution rate of 7.9%. Contributions are deducted from each member's salary and remitted by participating employers.

An individual account is established for each member's contributions and interest allocations until a request for retirement or refund is processed.

Each state agency and university system employer contributed 7.17% of PERS-covered payroll during fiscal year 2012. Participating local governments contributed 7.07% of PERS-covered payroll during fiscal year

2012. The State contributed the remaining 0.1% for local governments. Participating school districts contributed 6.8% of PERS-covered payroll during fiscal year 2012. The state contributed the remaining 0.37%. A percentage of the employers' contributions is used to fund the employee education program. (Reference Schedule of Contribution Rates on page 81).

Plan Membership Elections: MPERA has included in the financial statements transfers of \$609,358 in Transfers to DCRP and \$122,882 in Transfers to ORP. These transfers reflect the DCRP and ORP contributions of participants that filed elections at or near the June 30 cutoff date. The contributions were transferred in early fiscal year 2013.

PERS-DBRP Active Membership by Employer Type		
Employer Type	6/30/2012	6/30/2011
State Agencies	10,718	10,807
Counties	5,336	5,397
Cities	3,225	3,181
Universities	2,690	2,638
High Schools	63	60
School Districts	5,321	5,387
Other Agencies	1,195	1,189
Total	28,548	28,659

Additional Service Purchase Due to a Reduction in Force: Section 19-2-706, MCA allows state and university system employees who are eligible for a service retirement and whose positions have been eliminated due to a reduction in force, to have their employer pay a portion of the total cost of purchasing up to three years of "1-for-5" additional service. The employer has up to ten years to complete payment for the service purchases and is charged the actuarially required rate of return as established by the PERB on the unpaid balance. The employees participating under section 19-2-706, MCA

increased from 209 in fiscal year 2011 to 217 in fiscal year 2012. The contributions received (including interest) during fiscal year 2012 totaled \$128,352. The outstanding balance at June 30, 2012, totaled \$48,108.

Public Employees' Retirement System-DBRP Education Fund: Education is provided to all members of the PERS regardless of plan choice as governed by section 19-3-112, MCA. The education must be presented with impartial and balanced information about plan choices, investments and retirement planning.

The education program consists of ongoing transfer education for new members and investment/retirement planning education for all active members.

The education program was funded by 0.04% of PERS-covered payroll in fiscal year 2012.

Actuarial Status: The statutory funding rate is tested in the valuation to determine if it is sufficient to cover the Normal Cost Rate plus an amortization payment of the Unfunded Actuarial Liability, if any, over no more than 30 years. As of June 30, 2012, the statutory contribution rates are not sufficient to amortize the unfunded actuarial accrued liability. During the year ended June 30, 2012, the PERS' assets gained 2.27% on a market value basis. However, due to the asset-smoothing technique which recognizes only a portion of the gains and losses, the return on the actuarial asset value was 3.28%. This return was below the assumed rate of return of 7.75% and resulted in an actuarial loss on investments of \$168 million.

FINANCIAL SECTION

Judges' Retirement System (JRS)

Plan Description: The JRS is a single-employer defined benefit plan established in 1967, and governed by Title 19, chapters 2 & 5 of the MCA. This system provides benefits for all Montana judges of the district courts, justices of the Supreme Court, and the Chief Water Judge or Associate Water Judge. Benefits are established by state law

and can only be amended by the Legislature. The JRS provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service, and compensation. Member rights are vested after five years of service. A brief summary of eligibility and benefits follows.

JRS Summary of Benefits

Member's current salary¹ or highest average compensation (HAC)²

¹Hired prior to July 1, 1997 and non-GABA - monthly compensation at time of retirement;

²Hired after June 30, 1997 or electing GABA - HAC during any consecutive 36 months.

Eligibility for benefit

Age 60, 5 years of membership service;

Any age with 5 years of membership service - involuntary termination, actuarially reduced.

Vesting 5 years of membership service

Monthly benefit formula

3-1/3% of current salary¹ (non-GABA) or HAC² (GABA) per year of service credit for the first 15 years of service credit, plus 1.785% per year for each year after 15 years.

Guaranteed Annual Benefit Adjustment (GABA)

Hired on or after July 1, 1997, or those electing GABA - after the member has completed 12 full months of retirement, the member's benefit increases by a maximum of 3.0% each January, inclusive of all other adjustments to the member's benefit.

Minimum benefit adjustment (non-GABA)

Hired prior to July 1, 1997 - current salary of an active member in same position is used in the calculation of the monthly benefit each time the Legislature increases salaries for active judges.

At June 30, 2012 JRS had one participating employer, the same as fiscal year 2011. The participating employer consists of:

JRS EMPLOYERS		
<u>Employer</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>
State Agency - Supreme Court	<u>1</u>	<u>1</u>
Total	1	1

Contributions: Member and employer contribution rates are established by state law and may be amended only by the Legislature. The member contribution rate for fiscal year 2012 was 7.0% of the member's monthly compensation. Contributions are deducted from each member's salary and remitted by the participating employer. An individual account is established for each member's contributions and interest allocations until a retirement or refund request is processed.

JRS Active Membership by Employee Type		
<u>Employee Type</u>	<u>6/30/2012</u>	<u>6/30/2011</u>
GABA	41	41
Non-GABA	<u>13</u>	<u>13</u>
Total	54	54

As the employer, the State contributed 25.81% of the total JRS-covered payroll to

the retirement plan during fiscal year 2012. (Reference Schedule of Contribution Rates on page 81).

Actuarial status: The statutory funding rate is tested in the valuation to determine if it is sufficient to cover the Normal Cost Rate plus an amortization payment of the Unfunded Actuarial Liability, if any, over no more than 30 years. As of June 30, 2012, the statutory contribution rates are sufficient to amortize the unfunded actuarial accrued liability. During the year ended June 30, 2012, the JRS' assets gained 2.20% on a market value basis. However, due to the asset-smoothing technique which recognizes only a portion of the gains and losses, the return on the actuarial asset value was 3.63%. This return was below the assumed rate of return of 7.75% and resulted in an actuarial loss on investments of \$2.5 million.

Highway Patrol Officers' Retirement System (HPORS) _____

Plan Description: The HPORS is a single-employer, defined benefit plan established July 1, 1945, and governed by Title 19, chapters 2 & 6 of the MCA. This system provides retirement benefits to all members of the Montana Highway Patrol, including supervisory personnel. Benefits are established by state law and can only be amended by the Legislature. The HPORS provides retirement,

disability, and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service, and highest average compensation. Member rights for death and disability are vested immediately. All other rights are vested after five years of service. A brief summary of eligibility and benefits follows on the next page.

FINANCIAL SECTION

HPORS Summary of Benefits

Member's highest average compensation (HAC)

Highest average compensation during any consecutive 36 months.

Eligibility for benefit

20 years of membership service, regardless of age.

Early Retirement

5 years of membership service, actuarially reduced from age 60.

Vesting 5 years of membership service

Monthly benefit formula

2.5% of HAC per year of service credit.

Guaranteed Annual Benefit Adjustment (GABA)

Hired on or after July 1, 1997, or those electing GABA - after the member has completed 12 full months of retirement, the member's benefit increases by a maximum of 3.0% each January, inclusive of all other adjustments to the member's benefit.

Minimum benefit adjustment (non-GABA)

Hired prior to July 1, 1997 - monthly benefits for non-GABA members are increased each July when they fall below a statutorily guaranteed minimum. Any annual increase is limited to 5.0% over the current benefit and may not exceed 60% of the current base salary of a probationary officer.

At June 30, 2012 HPORS had one participating employer, the same as fiscal year 2011. The participating employer consists of:

HPORS EMPLOYERS		
<u>Employer</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>
State Agency - Department of Justice	<u>1</u>	<u>1</u>
Total	1	1

Contributions: Member and employer contribution rates are established by state law and may be amended only by the Legislature. The member contribution rate for fiscal year 2012 is 9.05% of the member's total compensation if hired on or after July 1, 1997 or for members electing GABA, and 9.0% for those members hired prior to July 1, 1997

and not electing GABA (all active members hired prior to July 1, 1997 have elected GABA). Contributions are deducted from each member's salary and remitted by the participating employer. An individual account is established for each member's contributions and interest allocations until a retirement or refund request is processed.

As the employer, the State contributed 36.33% of the total HPORS-covered payroll during fiscal year 2012. The first 26.15% is payable from the same source used to pay members' compensation. The remaining amount, equal to 10.18%, is payable from the general fund through a statutory appropriation. (Reference Schedule of Contribution Rates on page 81).

HPORS Active Membership by Employee Type		
Employee Type	6/30/2012	6/30/2011
GABA	218	214
Non-GABA	0	0
Total	218	214

Additional Service Purchase Due to a Reduction in Force: Section 19-2-706, MCA allows state and university system employees who are eligible for a service retirement and whose positions have been eliminated to have their employer pay a portion of the total cost of purchasing up to three years of “1-for-5” additional service. The employer has up to ten years to complete payment for the service purchases and is charged the actuarially required rate of return as established by the PERB on the unpaid balance. No employees have taken advantage of this provision to date.

Sheriffs’ Retirement System (SRS)

Plan Description: The SRS is a multiple-employer, cost-sharing defined benefit plan established July 1, 1974, and governed by Title 19, chapters 2 & 7, MCA. This plan provides retirement benefits to all Department of Justice criminal and gambling investigators hired after July 1, 1993, all detention officers hired after July 1, 2005, and to all Montana sheriffs. Benefits are established by state law

Supplemental Benefit for Retirees: Section 19-6-709, MCA provides eligible Montana highway patrol officers retired prior to July 1, 1991, or their survivors, an annual supplemental lump-sum payment distributed each September. This lump-sum payment is funded by a statutory appropriation requested by the PERB from the general fund. Factors impacting eligibility include the number of years the recipient has received a service retirement benefit or disability benefit, the recipient’s age, and whether the recipient is employed in a position covered by a retirement system under Title 19. The average annual supplemental payment for non-GABA retirees was \$2,773 in September 2012.

Actuarial Status: The statutory funding rate is tested in the valuation to determine if it is sufficient to cover the Normal Cost Rate plus an amortization payment of the Unfunded Actuarial Liability, if any, over no more than 30 years. As of June 30, 2012, the HPORS amortizes in 49.7 years. During the year ended June 30, 2012, the HPORS’ assets gained 2.24% on a market value basis. However, due to the asset-smoothing technique which recognizes only a portion of the gains and losses, the return on the actuarial asset value was 3.32%. This return was below the assumed rate of return of 7.75% and resulted in an actuarial loss on investments of \$4.2 million.

and can only be amended by the Legislature. The SRS provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service, and highest average compensation. Member rights are vested after five years of service. A brief summary of eligibility and benefits follows on the next page.

FINANCIAL SECTION

SRS Summary of Benefits

Member's highest average compensation (HAC)

Hired prior to July 1, 2011 - highest average compensation during any consecutive 36 months;
Hired on or after July 1, 2011 - highest average compensation during any consecutive 60 months.

Eligibility for benefit

20 years of membership service, regardless of age.

Early Retirement

Age 50, 5 years of membership service, actuarially reduced.

Vesting 5 years of membership service

Monthly benefit formula

2.5% of HAC per year of service credit.

Guaranteed Annual Benefit Adjustment (GABA)

After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage (provided below) each January, inclusive of all other adjustments to the member's benefit.

- 3.0% for members hired prior to July 1, 2007
- 1.5% for members hired on or after July 1, 2007

At June 30, 2012 SRS had 57 participating employers, the same as fiscal year 2011. The participating employers consist of:

SRS EMPLOYERS		
<u>Employers</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>
State Agencies - Department of Justice	1	1
Counties	<u>56</u>	<u>56</u>
Total	57	57

Contributions: Member and employer contribution rates are established by state law and may be amended only by the Legislature. The member contribution rate for fiscal year 2012 was 9.245% of member's compensation. Contributions are deducted from each member's salary and remitted by participating employers. An individual account is established for each member's contributions

and interest allocations until a retirement or refund request is processed.

The employer contribution rate for fiscal year 2012 was 10.115%. (Reference Schedule of Contribution Rates on page 81).

SRS Active Membership by Employer Type		
Employer Type	6/30/2012	6/30/2011
Dept of Justice	54	49
Counties	1,187	1,181
Total	1,241	1,230

Additional Service Purchase Due to a Reduction in Force: Section 19-2-706, MCA allows state employees who are eligible for a service retirement and whose positions have been eliminated to have their employer pay a portion of the total cost of purchasing up to three years of “1-for-5” additional service. The employer has up to ten years to complete payment for the service purchases and is charged the actuarial rate of return as established by the PERB on the

unpaid balance. Three employees have taken advantage of this provision to date.

Actuarial Status: The statutory funding rate is tested in the valuation to determine if it is sufficient to cover the Normal Cost Rate plus an amortization payment of the Unfunded Actuarial Liability, if any, over no more than 30 years. As of June 30, 2011 the statutory contribution rates are not sufficient to amortize the unfunded actuarial accrued liability. During the year ending June 30, 2012, the SRS’ assets gained 2.32% on a market value basis. However, due to the asset-smoothing technique which recognizes only a portion of the gains and losses, the return on the actuarial asset value was 3.82%. This return was below the assumed rate of return of 7.75% and resulted in an actuarial loss on investments of \$8.0 million.

Game Wardens’ and Peace Officers’ Retirement System (GWPORS)__

Plan Description: The GWPORS is a multiple-employer, cost-sharing defined benefit plan established in 1963 and governed by Title 19, chapters 2 & 8, MCA. This system provides retirement benefits to all persons employed as a game warden, warden supervisory personnel, or state peace officer. Benefits are established by state law and can only be amended by the Legislature. The

GWPORS provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service, and highest average compensation. Member rights are vested after five years of service.

A brief summary of eligibility and benefits follows.

GWPORS Summary of Benefits

Member’s highest average compensation (HAC)

Hired prior to July 1, 2011 - highest average compensation during any consecutive 36 months;
 Hired on or after July 1, 2011 - highest average compensation during any consecutive 60 months.

Eligibility for benefit

Age 50, 20 years of membership service.

Early Retirement (reduced benefit)

Age 55, vested members who terminate employment prior to 20 years of membership service.

FINANCIAL SECTION

GWPORS Summary of Benefits (continued)

Vesting 5 years of membership service

Monthly benefit formula

2.5% of HAC per year of service credit.

Guaranteed Annual Benefit Adjustment (GABA)

After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage (provided below) each January, inclusive of all other adjustments to the member's benefit.

- 3.0% for members hired prior to July 1, 2007
- 1.5% for members hired on or after July 1, 2007

At June 30, 2012 GWPORS had seven participating employers, the same as fiscal year 2011. The participating employers consist of:

GWPORS EMPLOYERS		
<u>Employers</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>
State Agencies	4	4
Colleges and Universities	<u>3</u>	<u>3</u>
Total	7	7

Contributions: Member and employer contribution rates are established by state law and may be amended only by the Legislature. The member contribution rate for fiscal year 2012 was 10.56% of member's compensation. Contributions are deducted from each member's salary and remitted by participating employers. An individual account is established for each member's contributions and interest allocations until a retirement or refund request is processed.

Each state agency and university employer contributed 9.0% of total GWPORS-covered payroll to the retirement plan during fiscal year 2012. (Reference Schedule of Contribution Rates on page 81).

GWPORS Active Membership by Employer		
<u>Employer</u>	<u>6/30/2012</u>	<u>6/30/2011</u>
Dept of Corrections	726	702
Dept FW&P	101	104
Dept of Livestock	35	35
Dept of Transport.	76	77
Universities	<u>34</u>	<u>33</u>
Total	972	951

Additional Service Purchase Due to a Reduction in Force: Section 19-2-706, MCA allows state and university system employees who are eligible for a service retirement and whose positions have been eliminated to have their employer pay a portion of the total cost of purchasing up to three years of “1-for-5” additional service. The employer has up to ten years to complete payment for the service purchases and is charged the actuarially required rate of return as established by the PERB on the unpaid balance. No employees have taken advantage of this provision to date.

if it is sufficient to cover the Normal Cost Rate plus an amortization payment of the Unfunded Actuarial Liability, if any, over no more than 30 years. As of June 30, 2012, the statutory contribution rates are not sufficient to amortize the unfunded actuarial accrued liability. During the year ending June 30, 2011, the GWPORS’ assets gained 2.31% on a market value basis. However, due to the asset-smoothing technique which recognizes only a portion of the gains and losses, the return on the actuarial asset value was 4.43%. This return was below the assumed rate of return of 7.75% and resulted in an actuarial loss on investments of \$3.0 million.

Actuarial Status: The statutory funding rate is tested in the valuation to determine

Municipal Police Officers’ Retirement System (MPORS) _____

Plan Description: The MPORS is a multiple-employer, cost-sharing defined benefit plan established in 1974 and is governed by Title 19, chapters 2 & 9 of the MCA. This plan covers all municipal police officers employed by first- and second-class cities and other cities that adopt the plan. Benefits are established by state law and can only be amended by the Legislature. The MPORS provides retirement, disability, and death benefits to plan members

and their beneficiaries. Benefits are based on eligibility, years of service, and compensation. Member rights for death and disability are vested immediately. All other rights are vested after five years of service.

A brief summary of eligibility and benefits follows.

MPORS Summary of Benefits

Member’s final average compensation (FAC)

Hired prior to July 1, 1977 - average monthly compensation of final year of service;
 Hired on or after July 1, 1977 - final average compensation (FAC) for last consecutive 36 months.

Eligibility for benefit

20 years of membership service, regardless of age.

Early Retirement

Age 50, 5 years of membership service.

Vesting

5 years of membership service

FINANCIAL SECTION

MPORS Summary of Benefits (continued)

Monthly benefit formula

2.5% of FAC per year of service credit.

Guaranteed Annual Benefit Adjustment (GABA)

Hired on or after July 1, 1997, or those electing GABA - after the member has completed 12 full months of retirement, the member's benefit increases by a maximum of 3.0% each January, inclusive of all other adjustments to the member's benefit.

Minimum benefit adjustment (non-GABA)

If hired before July 1, 1997 and member did not elect GABA, the monthly retirement, disability or survivor's benefit may not be less than ½ the compensation of a newly confirmed officer in the city where the member was last employed.

At June 30, 2012 MPORS had 31 participating employers, the same as fiscal year 2011. The participating employers consist of:

MPORS EMPLOYERS		
<u>Employers</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Cities	<u>31</u>	<u>31</u>
Total	31	31

Contributions: Member and employer contribution rates are established by state law and may be amended only by the Legislature. Member contribution rates are dependent upon date of hire as a police officer. For fiscal year 2012, member contributions as a percentage of salary were 7.0% if employed after June 30, 1975 and prior to July 1, 1979; 8.5% if employed after June 30, 1979 and prior to July 1, 1997; and, 9.0% if employed on or after July 1, 1997 and for members electing GABA. Contributions are deducted from each member's salary and remitted by participating employers. An individual account is established for each member's contributions and interest allocations until a retirement or refund request is processed.

Employer contributions to the retirement plan are 14.41% of total MPORS-covered payroll. The State contributions are requested at the beginning of the fiscal year based on the previous fiscal year compensation and are due no later than November 1.

The State's contribution rate for fiscal year 2012 was 29.37%. (Reference Schedule of Contribution Rates on page 81).

MPORS Active Membership by Employee Type		
<u>Employee Type</u>	<u>6/30/2012</u>	<u>6/30/2011</u>
GABA	729	730
Non-GABA	<u>7</u>	<u>9</u>
Total	736	739

Deferred Retirement Option Plan (DROP): Beginning July 2002, eligible members of MPORS can participate in the DROP by filing a one-time irrevocable election with the PERB. The DROP is governed by Title 19, chapter 9, part 12, MCA. A member must have completed at least twenty years of membership service to be eligible. They may elect to participate in the DROP for a minimum of one month and a maximum of 60 months and may participate in the DROP only once. A participant remains a member of the MPORS, but will not receive membership service or service credit in the system for the duration of the member's DROP period. During the participation in the DROP, all mandatory contributions continue to the retirement system. A monthly benefit is calculated based on salary and years of service to date as of the beginning of the DROP period. The monthly benefit is paid into the member's DROP account until the end of the DROP period. At the end of the DROP period, the participant may receive the balance of the DROP account in a lump-sum payment or in a direct rollover to another eligible plan, as allowed by the IRS. If the participant continues employment after the DROP period ends, they will again accrue membership service and service credit. The DROP account cannot be distributed until employment is formally terminated. As of June 30, 2012, a total of 90 members have participated in the DROP.

DROP Participation		
	6/30/2012	6/30/2011
Participants		
Beginning of Year	37	32
Participants Added	2	10
Completed DROP	2	5
Participants		
End of Year	37	37
DROP Distributions	\$352,107	\$448,988

Actuarial Status: The statutory funding rate is tested in the valuation to determine if it is sufficient to cover the Normal Cost Rate plus an amortization payment of the Unfunded Actuarial Liability, if any, over no more than 30 years. As of June 30, 2012, the MPORS amortizes in 25.7 years. During the year ended June 30, 2012, the MPORS' assets gained 2.40% on a market basis. However, due to the asset-smoothing technique which recognizes only a portion of the gains and losses, the return on the actuarial asset value was 3.71%. This return was below the assumed rate of return of 7.75% and resulted in an actuarial loss on investments of \$9.0 million.

FINANCIAL SECTION

Firefighters' Unified Retirement System (FURS)

Plan Description: The FURS is a multiple-employer, cost-sharing defined benefit plan established in 1981, and governed by Title 19, chapters 2 & 13, MCA. This system provides retirement benefits to firefighters employed by first- and second-class cities, other cities and rural fire district departments that adopt the plan, and to firefighters hired by the Montana Air National Guard (MANG) on or after October 1, 2001. Benefits are established by state law and can only be amended by the

Legislature. The FURS provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service, and compensation. Member rights for death and disability are vested immediately. All other member rights are vested after five years of service.

A brief summary of eligibility and benefits follows.

FURS Summary of Benefits

Member's compensation

Hired prior to July 1, 1981 and not electing GABA - highest monthly compensation (HMC);
Hired on or after July 1, 1981 and those electing GABA - highest average compensation (HAC) during any consecutive 36 months.

Eligibility for benefit

20 years of membership service, regardless of age.

Early Retirement

Age 50, 5 years of membership service.

Vesting 5 years of membership service

Monthly benefit formula

- 1) Members hired prior to July 1, 1981 and not electing GABA are entitled to the greater of:
2.5% of HMC per year of service; OR
 - i) if less than 20 years of service -
2% of HMC for each year of service;
 - ii) if more than 20 years of service -
50% of the member's HMC plus 2% of the member's HMC for each year of service over 20 years
- 2) Members hired after June 30, 1981 and those electing GABA:
2.5% of HAC per year of service.

Guaranteed Annual Benefit Adjustment (GABA)

Hired on or after July 1, 1997, or those electing GABA - after the member has completed 12 full months of retirement, the member's benefit increases by a maximum of 3.0% each January, inclusive of all other adjustments to the member's benefit.

FURS Summary of Benefits (continued)

Minimum benefit adjustment (non-GABA)

If hired before July 1, 1997 and member did not elect GABA, the monthly retirement, disability or survivor’s benefit may not be less than ½ the compensation of a newly confirmed firefighter employed by the city that last employed the member (provided the member has at least ten years of membership service).

At June 30, 2012 FURS had 24 participating employers, the same as in fiscal year 2011. The participating employers consist of:

FURS EMPLOYERS		
<u>Employers</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>
State Agencies - Department of Military Affairs	1	1
Cities	16	16
Rural Fire Districts	<u>7</u>	<u>7</u>
Total	24	24

Contributions: Member and employer contribution rates are established by state law and may be amended only by the Legislature. The member contribution rates for fiscal year 2012 are 9.5% for members hired prior to July 1, 1997 and not electing GABA, and 10.7% for members hired on or after July 1, 1997 and members electing GABA. Contributions are deducted from each member’s salary and remitted by participating employers. An individual account is established for each member’s contributions and interest allocations until a retirement or refund request is processed.

Employer contribution rates for fiscal year 2012 were 14.36% of the total FURS-covered payroll.

The State contribution was 32.61% of total compensation for all covered firefighters in fiscal year 2012. State contributions are requested at the beginning of each fiscal year

based on previous fiscal year salary and are due no later than November 1. (Reference Schedule of Contribution Rates on page 81).

FURS Active Membership by Employee Type		
<u>Employee Type</u>	<u>6/30/2012</u>	<u>6/30/2011</u>
GABA	584	573
Non-GABA	<u>6</u>	<u>6</u>
Total	590	579

Additional Service Purchase Due to a Reduction in Force: Section 19-2-706, MCA allows state and university system employees who are eligible for a service retirement and whose positions have been eliminated to have their employer pay a portion of the total cost of purchasing up to three years of “1-for-5” additional service. The employer has up to ten years to complete payment for the service purchases and is charged the actuarially required rate of return

FINANCIAL SECTION

as established by the PERB on the unpaid balance. No employees have taken advantage of this provision to date.

Actuarial Status: The statutory funding rate is tested in the valuation to determine if it is sufficient to cover the Normal Cost Rate plus an amortization payment of the Unfunded Actuarial Liability, if any, over no more than 30 years. As of June 30, 2012, the FURS

amortizes to 16.4 years. During the year ended June 30, 2012, the FURS' assets gained 2.42% on a market value basis. However, due to the asset-smoothing technique which recognizes only a portion of the gains and losses, the return on the actuarial asset value was 3.87%. This return was below the assumed rate of return of 7.75% and resulted in an actuarial loss on investments of \$8.6 million.

Volunteer Firefighters' Compensation Act (VFCA)

Plan Description: The VFCA is a statewide retirement and disability plan. This compensation plan was established in 1965 and is governed by Title 19, chapter 17, MCA. All members are unpaid volunteers and the State of Montana is the only contributor to the plan. Benefits are established by state law and can only be amended by the Legislature. The VFCA provides pension, disability, and survivorship benefits for all volunteer firefighters who are members of qualified volunteer fire companies in unincorporated areas, towns or villages and includes volunteer fire departments, fire districts, and fire service areas under the laws of the State of Montana.

Benefits are based on eligibility and years of service. Member rights are vested after ten years of credited service. VFCA also provides limited benefits for death or injuries incurred in the line of duty.

A member who chooses to retire and draw a pension benefit may return to service with a volunteer fire department without loss of benefits. A returning retired member may not be considered an active member accruing credit for service.

A brief summary of eligibility and benefits follows.

VFCA Summary of Benefits

Eligibility for benefit

Age 55, 20 years of credited service;

Age 60, 10 years of credited service.

Additional benefit

As of April 25, 2005, all retirees receive a benefit equal to \$7.50 per month for each year of credited service, up to 30 years of service (maximum benefit \$225).

Members who retire on or after July 1, 2011 and have greater than 30 years of credited service will receive \$7.50 per month for each additional year of credited service after 30 years if the pension trust fund is actuarially sound, amortizing any unfunded liabilities in 20 years or less. This determination will be made annually and a member's benefit will be capped at \$225 a month (30 years of credited service) if the amortization period grows to greater than 20 years.

VFCA Summary of Benefits (continued)

Vesting 10 years of credited service

Monthly benefit formula

\$7.50 per year of credited service

Contributions: The State is the only contributor to the VFCA. Contributions are 5% of fire insurance premium taxes collected on certain fire risks. The State Auditor makes annual payments from the general fund to the Volunteer Firefighters' Compensation Act fund. (Reference Schedule of Contribution Rates on page 81).

Group Insurance Payments: Supplemental payments are available to qualified volunteer fire companies that provide additional group medical insurance for their members in case of death or injury incurred while in the line of duty. The payment is made to the volunteer fire companies and is equal to \$75 per year for each mobile firefighting unit owned by the volunteer fire company, up to a maximum of two units.

Actuarial Status: The annual required contribution increased from \$1,070,363 at the June 30, 2011 valuation to \$1,125,222 at the June 30, 2012 valuation. The required contribution is determined by amortizing the unfunded actuarial liability over a 20-year period. As of June 30, 2012, the VFCA amortizes to 9.3 years. During the year ended June 30, 2012, the VFCA's assets gained 1.67% on a market value basis. However, due to the asset-smoothing method which recognizes only a portion of the gains and losses, the return on the actuarial asset value was a negative 2.97%. This return was below the assumed rate of return of 7.75% and resulted in an actuarial loss on investments of \$1.2 million.

Public Employees' Retirement System-DCRP (PERS-DCRP) _____

Plan Description: The PERS-Defined Contribution Retirement Plan (DCRP) is a multiple employer plan established July 1, 2002 and governed by Title 19, chapters 2 & 3, MCA. This plan is available to eligible employees of the State, Montana University System, local governments, and school districts. All new PERS members are initially members of the PERS-DBRP and have a 12-month window during which they may choose to transfer to the PERS-DCRP or remain in the PERS-DBRP by filing an irrevocable election. If an election is not filed the member remains in the PERS-DBRP.

Members may not be members of both the defined contribution and defined benefit retirement plans. The PERS-DCRP provides retirement, disability, and death benefits to plan members and their beneficiaries.

A brief summary of eligibility and benefits follows on the next page.

FINANCIAL SECTION

PERS-DCRP Summary of Benefits

Eligibility for benefit

Termination of Service

Vesting

Immediate for participant's contributions and attributable income;
5 years of membership service for the employer's contributions to individual accounts and attributable income.

Benefit

Depends upon eligibility and individual account balance;
Various payout options are available, including: taxable lump sums, periodic payments per participant direction and IRS permitted rollovers.

Contributions: Member and employer contribution rates are established by state law and may be amended only by the Legislature. The member contribution rate for fiscal year 2012 was 6.9% of member's compensation for members hired prior to July 1, 2011. Members hired on or after July 1, 2011 have a contribution rate of 7.9%. Contributions are deducted from each member's salary and remitted by participating employers. The entire amount of the member's contribution is credited to the individual account and maintained by the record keeper.

Each state agency and university system employer contributed 7.17% of PERS-covered payroll during fiscal year 2012. Participating local governments employers contribute 7.07% of PERS-covered payroll during fiscal year 2012. The State contributes the remaining 0.1% for local governments. Participating school districts contribute 6.8% of PERS-covered payroll during fiscal year 2012. The State contributed the remaining 0.37%. (Reference Schedule of Contribution Rates on page 81).

The employer rate of 7.17% is allocated as follows: 4.19% to the member's retirement account, 2.64% to the defined benefit plan choice rate, 0.04% to the defined contribution education fund and 0.3% to the long term disability plan.

PERS-DCRP Active Membership by Employer Type		
Employer Type	6/30/2012	6/30/2011
State Agencies	915	930
Counties	349	355
Cities	263	255
Universities	113	101
High Schools	3	3
School Districts	234	229
Other Agencies	155	148
Total	2,032	2,021

At June 30, 2012 PERS-DCRP had 258 reporting employers, three less than in fiscal year 2011. The participating employers consist of:

PERS-DCRP EMPLOYERS		
<u>Employers</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>
State Agencies	31	31
Counties	44	45
Cities and Towns	47	48
Universities	5	4
School Districts	90	92
High Schools	2	2
Other Agencies	<u>39</u>	<u>39</u>
Total	258	261

Plan Membership Elections: Included in the financial statements are employer contribution transfers of \$8,773 and member contribution transfers of \$14,745. These transfers reflect the contribution transfers of DCRP participants that filed elections at or near the June 30 cutoff date, although the contributions were not moved until early fiscal year 2013.

DCRP Education Fund: Implemented July 1, 2002, the DCRP Education Fund (DCEd), as governed by section 19-3-112, MCA, was established to provide funding for the required education programs for members who have joined the PERS-DCRP. The DCEd was funded by 0.04% of the employers' contributions in fiscal year 2012.

DCRP Disability Fund: Implemented July 1, 2002, the DCRP Disability Fund (DC Disability), as governed by section 19-3-2117, MCA, will provide disability benefits to eligible members who have joined the PERS-

DCRP. The DCRP Disability Fund received 0.3% of the employers' contribution.

The investment options offered are selected by the PERB in compliance with their Investment Policy Statement, the advice of an independent investment analyst, and assistance from the statutorily-created Employee Investment Advisory Council. Participants of the PERS-DCRP direct their contributions and a portion of their employer's contribution among the offered investment options. Participants may invest in any or all of the offered options and transfer between options on a daily basis, if desired. The remaining portion of the employer's contributions is used to reduce the Plan Choice Rate unfunded actuarial liability, to fund the long-term disability benefits to participants of the DCRP and to fund an employee education program.

The offered investment options fall into two primary types: (1) the fixed investment option and (2) the variable investment options.

FINANCIAL SECTION

Variable investments: The variable investment options include a variety of Large, Mid and Small Cap mutual funds, as well as a fixed income bond fund and Target Date Retirement Funds. Options range from aggressive to conservative. The mutual funds cover all standard asset classes and categories. The investment options as of June 30, 2012 are listed below.

PERS-DCRP Investment Options

International Stock Funds

American Funds New Perspective A
Oakmark International
Vanguard Total International Stock Index

Small Company Stock Funds

Vanguard Small Cap Growth Index
Vanguard Small Cap Index Signal
Target Small Cap Value

Mid-Sized Company Stock Funds

Munder Mid-Cap Core Growth A
Perkins Mid-Cap Value Fund T

Large Company Stock Funds

Alger Capital Appreciation Z
BlackRock Equity Index - Collective F
Vanguard Equity Income - Adm
JP Morgan US Equity

Balanced Funds

Vanguard Balanced Index - Inst'l

Bond Funds

Vanguard Total Bond Market Index Signal

Target Date Funds

T. Rowe Price Retirement 2005 through 2055

Fixed Investment Options

Montana Fixed Fund

Fixed investments: The fixed investments of the PERS-DCRP are administered through outside vendors Pacific Investment Management Company (PIMCO) and custodial bank, State Street Bank Kansas City (SSKC), and a third-party insurer, Transamerica. When participants invest in the fixed investment option they are guaranteed a fixed rate of return. The fixed investment employs a synthetic stable value strategy where the investment manager, PIMCO, manages a diversified bond portfolio and Transamerica guarantees the participants' principal investments. Transamerica calculates the rate of return each quarter, called the "crediting rate", which is used to credit earnings to participant accounts. Transamerica sets a fixed quarterly rate of return based on the investment manager's portfolio yield and duration.

PERB entered a Pooled Trust contract with Transamerica, PIMCO, and SSKC for all monies invested in the Fixed Investments in the PERS-DCRP and Deferred Compensation Plan. The Pooled Trust qualifies as a group trust under sections 401(a), including section 401(a)(24) and 501(a), of the IRC of 1986, as amended.

Administrative expenses and revenues that fund them are accounted for within the plan. Expenses for the DCRP can generally be classified as 1) administrative, including miscellaneous or 2) investment management. Following is a summary of revenues and expenses.

Administrative funding: PERB's administrative fee is a basis point (or percent) fee based on account balances. On a quarterly basis, the record keeper, Great-West Retirement Services (Great-West), withholds the basis point fee from each plan participant's account and submits the remainder to the

PERB after paying Great-West fees. They are recorded as *Miscellaneous Revenue* in the financial statements.

The PERB receives revenue sharing fees from certain mutual fund companies. These fees are normally charged by the mutual funds for the purpose of individual record keeping or marketing. Because the mutual fund companies involved in the PERS-DCRP do not need to keep records of participants' accounts and do not market the plan, the fees are returned to the PERB. The PERB uses revenue sharing fees to pay administrative expenses associated with the PERS-DCRP. These amounts are recorded as *Miscellaneous Revenue*.

Record keeping fees: The record keeper, Great-West, charges a set administrative fee to all plan participants. On a quarterly basis, the fees are withheld from each plan participant's account. They are recorded as *Miscellaneous Expense* in the financial statements.

Deferred Compensation Plan (457)

Plan Description: The Deferred Compensation (457) Plan is a voluntary supplemental retirement savings plan established in 1974. The Deferred Compensation Plan is governed by Title 19, chapter 50, MCA, in accordance with Internal Revenue Code (IRC) §457. This plan is available to all employees of the State, Montana University System, and contracting political subdivisions.

Assets of the Deferred Compensation Plan are required to be held in trusts, custodial accounts or insurance company contracts for the exclusive benefit of participants and their

Fixed investment fees: The fixed investment crediting rate is declared net of expenses. Fees on the fixed investments are charged by each of the three providers, PIMCO, SSKC and Transamerica. The fees are defined under each contract for specific services. The fees charged by PIMCO and SSKC for the externally managed fixed investments are classified as *Investment Expense*. The fees charged by Transamerica are classified as *Miscellaneous Expense*.

Mutual funds/variable investments fees: All of the variable investments have investment management fees; some may have additional administrative fees. These fees are not presented in the financial statements. Mutual fund earnings are declared net of all expenses, both investment management and administrative, in accordance with the Securities and Exchange Commission and other regulatory authorities. Current reporting standards for mutual fund companies do not require costs to be made available in the detailed cost reports.

beneficiaries. The record keeper for the plan is Great-West Retirement Services (Great-West). Participants elect to defer a portion of their salary, within Internal Revenue Code limits. The deferred salary is not available to employees until separation from service, retirement, death, or upon an unforeseeable emergency while still employed, provided IRS-specified criteria are met.

A brief summary of eligibility and benefits is on the next page.

FINANCIAL SECTION

Deferred Compensation Plan Summary

Contribution

Voluntary, tax-deferred

Eligibility for benefit

Not available to participant until separation from service, retirement, death, or upon an unforeseeable emergency, while still employed, provided IRS-specified criteria are met.

Vesting

Participants are fully vested in their accounts immediately.

Benefit

Lump sum or periodic benefit payment, at the option of the participant. Based on individual account balances and plan provisions. IRS permitted rollovers are also possible.

At June 30, 2012 the Deferred Compensation Plan had 28 participating employers, an increase of five from fiscal year 2011. The participating employers consist of:

DEFERRED COMPENSATION EMPLOYERS		
<u>Employers</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>
State of Montana*	1	1
Counties	3	2
Colleges and Universities	5	5
School Districts	5	4
Cities	6	4
Other	<u>8</u>	<u>7</u>
Total	28	23

*The State of Montana includes 34 agencies; however, due to the nature of the reporting for the 457 plan we are unable to specifically determine which agencies have participating employees.

Contributions: The Deferred Compensation Plan is a voluntary, tax-deferred retirement plan designed to supplement retirement, Social Security and other retirement plans and savings. Participants designate the amount to contribute within IRC limitations.

Plan participants direct their deferred salary among the offered investment options. The

investment options offered are selected by the PERB in compliance with their Investment Policy Statement, the advice of an independent investment analyst, and the statutorily-created Employee Investment Advisory Council. Participants may invest in any or all of the offered options and transfer between options on a daily basis, if desired.

The offered investment options fall into two primary types: (1) the fixed investment option and (2) the variable investment options.

Variable investments: The variable investment options include a variety of Large, Mid and Small Cap mutual funds, as well as a fixed income bond fund and Target Date Retirement funds. All options range from aggressive to conservative. The mutual funds cover all standard asset classes and categories. The investment options as of June 30, 2012 are as follows.

Deferred Compensation (457) Plan
Investment Options

International Stock Funds

Artisan International
Mutual Global Discovery Z
Dodge & Cox International
American Funds New Perspective R4

Small Company Stock Funds

Neuberger Berman Genesis-Trust
Vanguard Small Cap Growth Index
Vanguard Small Cap Index Signal

Mid Cap Company Stock Funds

Munder Mid-Cap Core Growth A
Columbia Mid-Cap Value Fund Z

Large Cap Stock Funds

Davis NY Venture A
Fidelity Contrafund
Vanguard Institutional Index
Calvert Social Investment Fund Equity

Balanced Funds

Dodge & Cox Balanced

Bond Funds

Neuberger Berman High Income Inv
PIMCO Total Return

Target Date Funds

T. Rowe Price Retirement 2005 through 2055

Fixed Investment Options

Montana Fixed Fund

In addition to the investments listed, plan participants previously had the option to direct a portion of their deferrals to a term life insurance policy provided through Allianz Life Insurance. The ability to invest in life insurance is allowed under the IRC and was offered to plan participants prior to life insurance being offered as a standard component of health insurance benefit packages. This investment option has been discontinued; however, plan participants who had previously elected this option may continue.

Fixed investments: The fixed investments of the Deferred Compensation Plan are administered through outside vendors Pacific Investment Management Company (PIMCO) and custodial bank, State Street Bank Kansas City (SSKC), and a third-party insurer, Transamerica. When participants invest in the fixed investment options they are guaranteed a fixed rate of return. The fixed investment employs a synthetic stable value strategy where the investment manager, PIMCO, manages a diversified bond portfolio. Transamerica guarantees the participants principal investments. Transamerica calculates the rate of return each quarter, called the “crediting rate”, which is used to credit earnings to participant accounts. Transamerica sets a fixed quarterly rate of return based on the investment manager’s portfolio yield and duration.

PERB entered a Pooled Trust contract with Transamerica, PIMCO and SSKC for all monies invested in the Fixed Investments in the PERS-DCRP and Deferred Compensation Plan. The Pooled Trust qualifies as a group

FINANCIAL SECTION

trust under sections 401(a), including section 401(a)(24) and 501(a), of the IRC of 1986, as amended.

Administrative expenses and the revenues that fund them are accounted for within the plan. Expenses for the Deferred Compensation Plan can generally be classified as 1) administrative, including miscellaneous or 2) investment management. Following is a summary of all expenses.

Administrative funding: PERB's administrative fee is a basis point (or percent) fee based on account balances. On a quarterly basis, the record keeper, Great-West Retirement Services (Great-West), withholds the basis point fee from each plan participant's account and submits the remainder to the PERB after paying Great-West fees. They are recorded as *Miscellaneous Revenue* in the financial statements.

The PERB receives revenue sharing fees from certain mutual fund companies. These fees are normally charged by the mutual funds for the purpose of individual record keeping or marketing. Because the mutual fund companies involved in the Deferred Compensation Plan do not need to keep records of participants' accounts and do not market the plan, the fees are returned to the PERB. The PERB uses revenue sharing fees to pay administrative expenses associated with the Deferred Compensation Plan. These amounts are recorded as *Miscellaneous Revenue*.

Record keeping fees: The record keeper, Great-West, charges a set administrative fee to all plan participants. On a quarterly basis, the fees are withheld from each plan participant's account. These amounts are recorded as *Miscellaneous Expense* in the financial statements.

Fixed investment fees: The fixed investment crediting rate is declared net of expenses. Fees on the fixed investments are charged by each of the three providers, PIMCO, SSKC and Transamerica. The fees are defined under each contract for specific services. The fees charged by PIMCO and SSKC for the externally managed fixed investments are classified as *Investment Expense*. The fees charged by Transamerica are classified as *Miscellaneous Expense*.

Mutual fund/variable investments fee: All of the variable investments have investment management fees; some may have additional administrative fees. These fees are not presented on the financial statements. Mutual fund earnings are declared net of expenses, both investment management and administrative, in accordance with the Securities Exchange Commission and other regulatory authorities. Current reporting standards for mutual companies do not require costs to be made available in the detailed cost reports.

FY 2012 Schedule of Contribution Rates			
System	Member	Employer	State
PERS-DBRP	6.9% - hired prior to 7/01/11 [19-3-315(1)(a)(i), MCA] 7.9% - hired on or after 7/01/11 [19-3-315(1)(a)(ii), MCA]	7.17% State & University 7.07% Local Governments 6.8% School Districts (K-12) [19-3-316, MCA]	0.1% of local government payroll – paid from the General Fund 0.37% School Districts (K-12) payroll – paid from the General Fund [19-3-319, MCA]
PERS-DCRP	6.9% - hired prior to 7/01/11 [19-3-315(1)(a)(i), MCA] 7.9% - hired on or after 7/01/11 [19-3-315(1)(a)(ii), MCA]	7.17% State & University 7.07% Local Governments 6.8% School Districts (K-12) [19-3-316, MCA]	0.1% of local government payroll – paid from the General Fund 0.37% School Districts (K-12) payroll – paid from the General Fund [19-3-319, MCA]
JRS	7.0% [19-5-402, MCA]	25.81% [19-5-404, MCA]	
HPORS	9.0% - hired prior to 7/01/97 & not electing GABA 9.05% - hired after 6/30/97 & members electing GABA [19-6-402, MCA]	26.15% [19-6-404(1), MCA] 10.18% of salaries – paid from the General Fund [19-6-404(2), MCA]	
SRS	9.245% [19-7-403, MCA]	10.115% [19-7-404, MCA]	
GWPORS	10.56% [19-8-502, MCA]	9.0% [19-8-504, MCA]	
MPORS	7.0% - hired after 6/30/75 & prior to 7/1/79 & not electing GABA [19-9-710(b), MCA] 8.5% - hired after 6/30/79 and prior to 7/1/97 & not electing GABA [19-9-710(c), MCA] 9.0% - hired after 6/30/97 & members electing GABA [19-9-710(d), MCA & 19-9-710(2), MCA]	14.41% [19-9-703, MCA]	29.37% of salaries – paid from the General Fund [19-9-702, MCA]
FURS	9.5% - hired prior to 7/1/97 & not electing GABA [19-13-601(2)(a), MCA] 10.7% - hired after 06/30/97 & members electing GABA [19-13-601(2)(b), MCA]	14.36% [19-13-605, MCA]	32.61% of salaries – paid from the General Fund [19-13-604, MCA]
VFCA			5.0% of fire insurance premiums, paid from the General Fund [19-17-301, MCA]

FINANCIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Required Supplementary Information

Schedule of Funding Progress

(in thousands)

System	Actuarial Valuation Date	Actuarial Value of Assets ¹ (a)	Actuarial Liability (AAL) -Entry Age (b)	Actuarial Accrued Liability (AAL) (UAAL) (b-a)	Funded Ratio % (a/b)	Covered Payroll ² (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
PERS-DBRP	06/30/07	\$ 3,825,234	\$ 4,201,251	\$ 376,017	91.05	\$ 947,424	39.69
	06/30/08	4,065,307	4,504,743	439,436	90.25	995,113	44.16
	06/30/09	4,002,212	4,792,819	790,607	83.50	1,043,215	75.79
	06/30/10	3,889,890	5,241,819	1,351,929	74.21	1,083,780	124.74
	06/30/11	3,800,479	5,410,144	1,609,665	70.25	1,071,376	150.24
	06/30/12	3,816,920	5,661,281	1,844,361	67.42	1,081,288	170.57
JRS	06/30/07	57,778	36,863	(20,915)	156.74	4,841	-432.04
	06/30/08	62,040	39,435	(22,605)	157.32	5,096	-443.58
	06/30/09	61,929	41,848	(20,081)	147.98	5,110	-392.99
	06/30/10	61,277	42,513	(18,765)	144.13	5,687	-329.95
	06/30/11	61,274	43,414	(17,860)	141.13	5,645	-316.38
	06/30/12	63,195	46,190	(17,005)	136.81	6,193	-274.60
HPORS	06/30/07	95,758	128,306	32,548	74.63	9,858	330.17
	06/30/08	101,500	134,683	33,183	75.36	10,866	305.38
	06/30/09	99,652	137,815	38,163	72.31	11,425	334.03
	06/30/10	97,204	151,177	53,973	64.30	13,036	414.03
	06/30/11	95,274	155,742	60,468	61.17	12,472	484.83
	06/30/12	96,655	167,824	71,169	57.59	13,618	522.62
SRS	06/30/07	183,894	189,036	5,142	97.28	43,611	11.79
	06/30/08	199,453	204,549	5,096	97.51	47,196	10.80
	06/30/09	200,690	223,893	23,203	89.64	51,457	45.09
	06/30/10	200,739	246,734	45,995	81.36	54,681	84.11
	06/30/11	203,689	266,506	62,817	76.43	57,041	110.12
	06/30/12	211,535	284,559	73,024	74.34	59,583	122.56

Analysis of the dollar amounts of plan net assets, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing plan net assets as a percentage of the actuarial accrued liability provides one indication of the plan's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the plan is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan.

¹Refer to the "Notes to the Required Supplementary Information" for the Actuarial Asset Valuation Method (Page 88).

²Applicable only to the PERS-DBRP, the annual covered payroll has been corrected for FY2007 - FY2009 due to a database field that was not sufficient in length. This correction also impacts the UAAL as a percent of covered payroll.

FINANCIAL SECTION

System	Actuarial Valuation Date	Actuarial Value of Assets ¹ (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio % (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
GWPORS	06/30/07	\$ 68,755	\$ 72,992	\$ 4,237	94.20	\$ 28,799	14.71
	06/30/08	77,511	83,449	5,938	92.88	32,365	18.35
	06/30/09	81,177	92,155	10,978	88.09	36,023	30.48
	06/30/10	85,151	113,855	28,704	74.79	39,436	72.79
	06/30/11	90,437	119,881	29,444	75.44	38,306	76.87
	06/30/12	97,691	128,927	31,236	75.77	38,317	81.52
MPORS	06/30/07	198,310	310,423	112,113	63.88	29,547	379.44
	06/30/08	212,312	327,556	115,244	64.82	32,181	358.11
	06/30/09	214,345	345,261	130,916	62.08	34,687	377.42
	06/30/10	217,545	380,393	162,848	57.19	37,220	437.52
	06/30/11	221,669	401,381	179,712	55.23	39,470	455.30
	06/30/12	234,025	427,257	193,232	54.77	41,745	462.89
FURS	06/30/07	188,545	269,399	80,854	69.99	24,250	333.42
	06/30/08	206,127	287,218	81,091	71.77	29,158	278.11
	06/30/09	209,775	306,236	96,460	68.50	30,160	319.83
	06/30/10	213,755	335,463	121,708	63.72	33,339	365.06
	06/30/11	219,959	355,188	135,229	61.93	34,852	388.01
	06/30/12	233,121	377,211	144,090	61.80	36,177	398.30
VFCA	06/30/07	25,862	31,599	5,737	81.84	N/A	N/A
	06/30/08	27,544	32,735	5,191	84.14	N/A	N/A
	06/30/09	27,226	33,548	6,322	81.16	N/A	N/A
	06/30/10	26,576	34,512	7,936	77.01	N/A	N/A
	06/30/11	26,183	35,195	9,012	74.39	N/A	N/A
	06/30/12	26,531	36,146	9,615	73.40	N/A	N/A

Covered payroll is not applicable to VFCA because members are unpaid volunteers.

Trends in the unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the plan's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the plan.

FINANCIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Required Supplementary Information Schedule of Funding Progress for OPEB

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio % (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2007		\$ 1,047,666	\$ 1,047,666	0.00	\$1,326,012	79.03%
1/1/2009		\$ 686,393	\$ 686,393	0.00	\$1,438,749	47.71%
1/1/2011		\$ 463,762	\$ 463,762	0.00	\$1,644,229	28.21%

As of June 30, 2012, the most recent actuarial valuation available was completed by the State of Montana as of January 1, 2011 for the calendar year ending December 31, 2011. This actuarial valuation is completed every two years with the next valuation to be completed as of January 1, 2013 for the calendar year ending December 31, 2013. The State of Montana finances claims on a pay-as-you-go basis and does not advance fund the OPEB liability. Therefore, the funded ratio remains at 0% at June 30, 2012. This is the OPEB obligation for MPERA as a State of Montana employer and is determined by the State of Montana.

Public Employees' Retirement Board

A Component Unit of the State of Montana

Notes to Required Supplementary Information for OPEB

Valuation Date	January 1, 2011
Actuarial cost method	Projected unit credit funding method
Amortization method	Level percent of payroll, open
Remaining amortization period	30 years
Asset valuation method	Not applicable since no assets meeting the definition of plan assets under GASB 45

Actuarial assumptions:

Projected salary increases	2.50%
Participation	
Future retirees	55.0%
Future eligible spouses	60.0%
Interest/Discount Rate	4.25%

FINANCIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Required Supplementary Information

Schedule of Employer Contributions & Other Contributing Entities

System	Year Ended June 30	Annual Required Contributions	Actuarial Required Contribution Rate ¹	Percentage Contributed	Annual Required State Contribution ¹	Percentage Contributed
PERS-DBRP	2007 ²	\$ 62,908,960	6.64	105.75	\$ 445,798	100.00
	2008 ²	68,165,225	6.85	105.98	377,713	100.00
	2009 ²	99,314,044	9.52	76.35	357,260	100.00
	2010	132,004,388	12.18	60.46	536,881	100.00
	2011	144,957,239	13.53	54.56	545,643	100.00
	2012	148,104,042	13.70	53.68	535,506	100.00
JRS ³	2007					
	2008					
	2009					
	2010					
	2011	38,387	0.68	3,846.97		
	2012	137,479	2.22	1,162.61		
HPORS	2007	3,581,499	36.33	101.48	284,631	100.00
	2008	3,947,723	36.33	100.03	289,515	100.00
	2009	2,500,911	21.89	165.97	285,517	100.00
	2010	3,403,692	26.11	139.93	286,829	100.00
	2011	3,926,052	31.48	115.69	278,464	100.00
	2012	4,348,117	31.93	114.21	269,335	100.00
SRS	2007	4,175,763	9.58	105.04		
	2008	4,443,543	9.42	108.78		
	2009	6,506,675	12.65	79.81		
	2010	7,734,578	14.15	72.88		
	2011	8,747,310	15.34	68.75		
	2012	9,512,375	15.97	63.37		

Refer to the "Notes to the Required Supplementary Information" (Page 88).

This schedule was revised in FY2005 to reflect the actuarially calculated ARC rather than the statutory rate that was previously used.

¹ The Annual Required State Contribution for HPORS includes a statutory appropriation from the general fund. For MPORS and FURS it is based on covered payroll, which includes payroll adjustments.

² Applicable only to the PERS-DBRP, the annual covered payroll has been changed for FY2007 - FY2009 due to a database field that was not sufficient in length. This change impacts the the Annual Required Contributions and Percentage contributed.

³ The actuarial value of assets is greater than the actuarial accrued liabilities for FY2007-FY2010. The funding excess is large enough so that the sum of normal cost and the amortization of the funding excess is negative. Common actuarial practice is to set the ARC at zero. (No employer contribution would be required for these years.)

FINANCIAL SECTION

System	Year Ended June 30	Annual Required Contributions	Actuarial Required Contribution Rate ¹	Percentage Contributed	Annual Required State Contribution ¹	Percentage Contributed
GWPORS	2007	\$ 2,217,558	7.70	118.94		
	2008	2,540,673	7.85	117.23		
	2009	3,490,652	9.69	94.31		
	2010	4,917,654	12.47	73.45		
	2011	4,903,232	12.80	71.85		
	2012	4,843,235	12.64	71.65		
MPORS	2007	4,258,134	14.41	100.58	8,678,793	100.00
	2008	4,637,223	14.41	111.19	9,451,808	100.00
	2009	3,454,837	9.96	146.35	10,185,974	100.00
	2010	3,896,969	10.47	176.04	10,931,612	100.00
	2011	4,625,936	11.72	122.58	11,593,690	100.00
	2012	5,046,941	12.09	119.97	12,273,769	100.00
FURS	2007	3,482,288	14.36	101.09	7,907,898	100.63
	2008	4,187,118	14.36	106.68	9,568,388	100.63
	2009	117,622	0.39	3,852.37	9,831,417	100.00
	2010	850,134	2.55	603.27	10,871,717	100.00
	2011	1,341,808	3.85	373.29	11,365,441	100.00
	2012	1,512,185	4.18	349.25	11,797,130	100.00
VFCA	2007				1,660,695	100.00
	2008				1,562,019	100.00
	2009				1,579,887	100.00
	2010				1,574,589	100.00
	2011				1,596,436	100.00
	2012				1,635,400	100.00

FINANCIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Notes to the Required Supplementary Information

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

	PERS-DBRP	JRS	HPORS
Valuation date	June 30, 2012	June 30, 2012	June 30, 2012
Actuarial cost method	Entry Age	Entry Age	Entry Age
Amortization method	Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open
Remaining amortization period in years:			
Unfunded Liability	Does not amortize ¹		49.7 ¹
Unfunded Credit ²		0	
Asset valuation method	4-Year smoothed market	4-Year smoothed market	4-Year smoothed market
Actuarial assumptions:			
Investment rate of return compounded annually	7.75%	7.75%	7.75%
Projected salary increases			
General Wage Growth*	4.00%	4.00%	4.00%
Merit	0% - 6%	None	0% - 7.3%
*Includes inflation at	3.00%	3.00%	3.00%
Benefit Adjustments			
GABA	3% or 1.5% for new hires on or after July 1, 2007, after 1 year	3% after 1 yr	3% after 1 yr
Non-GABA	N/A	Biennial increase to salary of active member in like position	2% per yr service, not to exceed 5%, for probationary officer's base pay

¹The amortization period for the unfunded actuarial liability in the PERS, SRS, GWPORS and HPORS exceeds 30 years.

²Assets are larger than the past service liability – creating an unfunded credit; the credit is amortized over future costs and the amortization period may not exceed 30 years.

FINANCIAL SECTION

SRS	GWPORS	MPORS	FURS	VFCA
June 30, 2012	June 30, 2012	June 30, 2012	June 30, 2012	June 30, 2012
Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open	Level dollar amount, open
Does not amortize ¹	Does not amortize ¹	25.7	16.4	9.3 Based on Current Revenue
4-Year smoothed market	4-Year smoothed market	4-Year smoothed market	4-Year smoothed market	4-Year smoothed market
7.75%	7.75%	7.75%	7.75%	7.75%
4.00%	4.00%	4.00%	4.00%	N/A
0% - 7.3%	0% - 7.3%	0% - 7.3%	0% - 7.3%	N/A
3.00%	3.00%	3.00%	3.00%	
3% or 1.5% for new hires on or after July 1, 2007, after 1 year	3% or 1.5% for new hires on or after July 1, 2007, after 1 year	3% after 1 yr	3% after 1 yr	N/A
N/A	N/A	50% newly confirmed officer	50% newly confirmed officer	N/A

FINANCIAL SECTION

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Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Administrative Expenses

Year Ended June 30, 2012

	Defined Benefit Plans	PERS-DBRP Education Fund	Defined Contribution PERS-DCRP	Deferred Compensation (457) Plan
Personal Services				
Salaries	\$ 1,517,182	\$ 149,037	\$ 170,252	\$ 106,436
Board Members' Per Diem	8,610		1,050	840
Employee Benefits	<u>522,606</u>	<u>51,460</u>	<u>59,824</u>	<u>34,936</u>
Total Personal Services	2,048,398	200,497	231,126	142,212
Other Services				
Consulting & Professional Services	993,220	497	132,157	124,071
Legal Fees and Court Costs	15,523		362	120
Audit Fees	36,287		4,425	3,540
Medical Services	13,663			
Records Storage	16,531		1,880	389
Computer Processing	169,882	243	21,463	13,925
Printing and Photocopy Charges	48,838	3,975	2,527	5,045
Warrant Writing Services	19,278		2,351	1,881
Other	<u>112,093</u>	<u>1,324</u>	<u>13,781</u>	<u>10,707</u>
Total Other Services	1,425,315	6,039	178,946	159,678
Communications				
Recruitment Costs	93		1	1
Postage and Mailing	87,042	476	2,691	2,111
Telephone	<u>37,274</u>	<u>5,155</u>	<u>4,969</u>	<u>2,867</u>
Total Communications	124,409	5,631	7,661	4,979
Other Expenses				
Supplies and Materials	101,846	2,986	11,581	9,383
Travel	34,622	3,656	7,006	5,899
Rent	204,337	16,055	26,003	15,718
Repairs and Maintenance	2,501	192	319	192
Compensated Absences	40,979	6,479	5,573	4,818
OPEB Expenses	77,934	7,587	9,071	5,040
Miscellaneous	<u>175,945</u>	<u>8,265</u>	<u>15,379</u>	<u>9,825</u>
Total Other Expenses	638,164	45,220	74,932	50,875
Total Administrative Expenses	\$ 4,236,286	\$ 257,387	\$ 492,665	\$ 357,744

FINANCIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Investment Expenses

Year Ended June 30, 2012

<u>Plan</u>	<u>Investment Manager</u>	<u>Fees</u>
PERS-DBRP	Board of Investments	\$21,334,520
JRS	Board of Investments	347,590
HPORS	Board of Investments	537,199
SRS	Board of Investments	1,160,438
GWORS	Board of Investments	525,501
MPORS	Board of Investments	1,227,287
FURS	Board of Investments	1,221,448
VFCA	Board of Investments	142,070
DC - Stable Value	PIMCO	176,639
	State Street Bank	14,852
457 - Stable Value	PIMCO	505,142
	State Street Bank	33,718
		<hr/>
Total Investment Expense		\$27,226,404

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Professional/Consultant Fees

Year Ended June 30, 2012

<u>Individual or Firm</u>	<u>Nature of Service</u>	<u>Amount Paid</u>
Consultant Fees		
Amdec, LTD	Computer Programming Services	\$ 126,490
Beki Glyde Brandborg	Facilitator	2,800
CEM Benchmarking, Inc.	Benchmarking Information Services	20,000
Cheiron, Inc	Actuarial Consultant	93,344
Comserv, Inc.	Death Validation Services	1,400
Government Finance Officers Assoc	CAFR Review	1,095
Ice Miller	Tax Consultants	34,268
Informatix, Inc.	Imaging Services	48,658
Jason Slead	Presentation Equipment Services	75
Montana Board of Public Accountants	CPA Services	150
Montana Investigative Group, Inc.	Private Investigators	3,500
Provaliant Retirement, LLC	Project Management	309,831
Recall Secure Destruction Services	Secure Shredding Services	380
Sagitec Solutions, LLC	Pension Systems Design	401,019
Seisint, Inc.	Risk Data Management Services	624
Venterra Corporation	Data Cleansing Services	96,445
Westaff	Temporary Employment Services	7,033
Wilshire Associates Inc.	Mutual Funds Performance Review	102,833
Consultant Fees Subtotal		1,249,945
Other Professional Fees		
Dean Gregg, PHD	Medical Consultant	\$ 4,800
Department of Justice	Legal Services	12,130
Legislative Audit Division	Independent Auditors	44,258
Timothy D Schofield, MD PLLC	Medical Consultant	5,476
Other Professional Fees Subtotal		66,664
Total Professional/Consultant Fees		\$ 1,316,609

FINANCIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Detail of Fiduciary Net Assets (PERS-DBRP and PERS-DBEd)

as of June 30, 2012

	PERS-DBRP	PERS-DBEd	TOTAL
Assets			
Cash and Short-term Investments	\$ 37,366,719	\$ 2,414,218	\$ 39,780,937
Securities Lending Collateral	176,219,892	5,037	176,224,929
Receivables			
Interest	5,317,902	614	5,318,516
Accounts Receivable	4,465,062		4,465,062
Due from Other Funds	396,799	12,181	408,980
Notes Receivable	48,108		48,108
<i>Total Receivables</i>	10,227,871	12,795	10,240,666
Investments, at fair value			
Montana Domestic Equity Pool (MDEP)	1,455,188,392		1,455,188,392
Retirement Fund Bond Pool (RFBP)	974,139,458		974,139,458
Montana International Pool (MTIP)	621,886,728		621,886,728
Montana Private Equity Pool (MPEP)	512,314,695		512,314,695
Montana Real Estate Pool (MTRP)	315,092,832		315,092,832
Structured Investment Vehicles (SIV)	546,598	39,519	586,117
<i>Total Investments</i>	3,879,168,703	39,519	3,879,208,222
Capital Assets			
Property and Equipment, at cost, net of Accumulated Depreciation	11,307		11,307
Intangible Assets, at cost, net of Amortization Expense	35,120		35,120
<i>Total Capital Assets</i>	46,427		46,427
Total Assets	4,103,029,612	2,471,569	4,105,501,181
Liabilities			
Securities Lending Liability	176,219,892	5,037	176,224,929
Accounts Payable	810,714	9,356	820,070
Due to Other Funds	377,747	1,276	379,023
Deferred Revenue	3,261,548		3,261,548
Compensated Absences	216,242	19,872	236,114
OPEB Implicit Rate Subsidy LT	331,236	36,080	367,316
<i>Total Liabilities</i>	181,217,379	71,621	181,289,000
Net Assets Held in Trust for Pension Benefits	\$ 3,921,812,233	\$ 2,399,948	\$ 3,924,212,181

FINANCIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

**Detail of Changes in Fiduciary Net Assets (PERS-DBRP and PERS-DBEd)
for the Fiscal Year Ended June 30, 2012**

	PERS-DBRP	PERS-DBEd	TOTAL
Additions			
Contributions			
Employer	\$ 79,497,911	\$ 421,120	\$ 79,919,031
Plan Member	79,261,405		79,261,405
Membership Fees	10		10
Interest Reserve Buyback	70,955		70,955
Retirement Incentive Program	128,352		128,352
Miscellaneous Revenue	1,290		1,290
State Contributions	535,506		535,506
<i>Total Contributions</i>	159,495,429	421,120	159,916,549
Investment Income			
Net Appreciation (Depreciation) in Fair Value of Investments	(4,403,263)		(4,403,263)
Interest	99,009,287	6,512	99,015,799
Dividends	16,850,207		16,850,207
Investment Expense	(21,334,520)		(21,334,520)
<i>Net Investment Income</i>	90,121,711	6,512	90,128,223
Securities Lending Income			
Securities Lending Income	1,579,927	711	1,580,638
Securities Lending Rebate and Fees	(353,256)	(140)	(353,396)
<i>Net Securities Lending Income</i>	1,226,671	571	1,227,242
Total Net Investment Income	91,348,382	7,083	91,355,465
Total Additions	250,843,811	428,203	251,272,014
Deductions			
Benefits	252,762,398		252,762,398
Refunds/Distributions	11,990,973		11,990,973
Refunds to Other Plans	316,776		316,776
Transfers to DCRP	609,358		609,358
Transfers to ORP	122,882		122,882
OPEB Expenses	73,260	7,587	80,847
Administrative Expenses	3,058,174	249,800	3,307,974
Total Deductions	268,933,821	257,387	269,191,208
Net Increase (Decrease)	(18,090,010)	171,816	(17,919,194)
Net Assets Held in Trust for Pension Benefits			
Beginning of Year	3,939,878,622	2,229,132	3,942,107,754
Prior Period Adjustment	23,621		23,621
End of Year	\$ 3,921,812,233	\$ 2,399,948	\$ 3,924,212,181

FINANCIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Detail of Fiduciary Net Assets (PERS-DCRP, PERS-DCEd and PERS-DC Disability) as of June 30, 2012

	PERS-DCRP	PERS-DCEd	PERS-DC DISABILITY	TOTAL
Assets				
Cash and Short-term Investments	\$ 1,505,450	\$ 173,308	\$ 1,879,572	\$ 3,558,330
Securities Lending Collateral	2,971	353	3,934	7,258
Receivables				
Interest	367	44	477	888
Accounts Receivables	84,206			84,206
Due from Other Funds	355,995	1,276	9,571	366,842
<i>Total Receivables</i>	440,568	1,320	10,048	451,936
Investments, at fair value				
Defined Contributions Fixed Investments	9,500,087			9,500,087
Defined Contributions Variable Investments	73,768,774			73,768,774
Structured Investment Vehicles (SIV)	23,307	2,771	30,868	56,946
<i>Total Investments</i>	83,292,168	2,771	30,868	83,325,807
Property and Equipment, at cost, net of Accumulated Depreciation (Note A2)	2,579			2,579
Intangible Assets, at cost, net of Amortization Expense (Note A2)	1,226			1,226
Total Assets	85,244,962	177,752	1,924,422	87,347,136
Liabilities				
Securities Lending Liability	2,971	353	3,934	7,258
Accounts Payable	112,535	1,512		114,047
Compensated Absences	23,707	3,170		26,877
OPEB Implicit Rate Subsidy LT	38,493	3,510		42,003
Total Liabilities	177,706	8,545	3,934	190,185
Net Assets Held in Trust for Pension Benefits	\$ 85,067,256	\$ 169,207	\$ 1,920,488	\$ 87,156,951

FINANCIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Detail of Changes in Fiduciary Net Assets (PERS-DCRP, PERS-DCEd and PERS-DC Disability)
for the Fiscal Year Ended June 30, 2012

	PERS-DCRP	PERS-DCEd	PERS-DC DISABILITY	TOTAL
Additions				
Contributions				
Employer	\$ 3,820,015	\$ 43,949	\$ 272,882	\$ 4,136,846
Plan Member	6,317,882			6,317,882
Miscellaneous Revenue	201,852			201,852
Forfeiture of Nonvested Member	414,627			414,627
<i>Total Contributions</i>	10,754,376	43,949	272,882	11,071,207
Investment Income				
Net Appreciation (Depreciation) in Fair Value of Investments	719,662			719,662
Interest	1,817,188	476	4,944	1,822,608
Investment Expense	(191,491)			(191,491)
<i>Net Investment Income</i>	2,345,359	476	4,944	2,350,779
Securities Lending Income				
Securities Lending Income	452	52	540	1,044
Securities Lending Rebate and Fees	(89)	(10)	(107)	(206)
<i>Net Securities Lending Income</i>	363	42	433	838
Total Net Investment Income	2,345,722	518	5,377	2,351,617
Total Additions	13,100,098	44,467	278,259	13,422,824
Deductions				
Benefits			27,310	27,310
Distributions	3,973,069			3,973,069
OPEB Expensee	7,859	1,212		9,071
Administrative Expenses	442,891	40,703		483,594
Miscellaneous Expenses	313,278			313,278
Total Deductions	4,737,097	41,915	27,310	4,806,322
Net Increase (Decrease)	8,363,001	2,552	250,949	8,616,502
Net Assets Held in Trust for Pension Benefits				
Beginning of Year	76,951,472	166,655	1,669,539	78,787,666
Prior Period Adjustment	(247,217)			(247,217)
End of Year	\$ 85,067,256	\$ 169,207	\$ 1,920,488	\$ 87,156,951

FINANCIAL SECTION

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Alpine lakes are classified as a lake or reservoir at high altitude, starting around 5,000 feet (1,524 meters) in elevation above sea level. According to the Fish, Wildlife and Parks regional fisheries manager in Kalispell, Montana contains more than 1,000 mountain lakes that hold productive trout fisheries.

*Sources: fwp.mt.gov
and Wikipedia.org*



Iceberg Lake - Samuel Mason



Unnamed Lake, Beartooth Plateau - Bill Hallinan



Fairy Lake - Jenny Weigand



Crystal Lake - Ann Reber

MONTANA BOARD OF INVESTMENTS

Department of Commerce

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Helena, MT 59601

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PERS Annual Report Investment Letter For the fiscal year ended 6/30/12

The current fiscal year presented a more volatile period, both in terms of economic events and capital market returns, than we saw in the first two years of the post-recession recovery. During the summer of 2011 the economy began to show signs of slowing which was worsened by the late summer political standoff over the debt ceiling and a flare up in the European sovereign credit crisis. These events acted to undermine investor confidence and the stock market suffered a significant decline in the third calendar quarter. The negative impact on the overall plan return was so large that it took the rest of the fiscal year to dig out of the hole, with the fiscal year plan return ending at 2.41%. Despite this mediocre performance, the current fiscal year's plan return followed the prior two years of strong returns and helped to maintain positive momentum in the recovery of longer term returns following the 2008-2009 bear market.

The U.S. economy accelerated during the second half of 2011, following what has become a pattern of stronger fourth and first quarter growth which then weakens in the second and third quarters. We've seen a similar pattern so far in 2012, though perhaps of lesser magnitude and concern than during 2010 and 2011. In addition to recent reports of a slowdown in U.S. GDP this summer, the most recent growth concern also reflects the worsening recession in many European countries and a slowdown in China and other developing economies.

As noted above, the plan return for the fiscal year just ended was 2.41%. This compares to the 2011 and 2010 fiscal year returns of 21.79% and 12.87%, respectively. The combination of these three positive years resulted in a dramatic improvement in the trailing three year return to 12.08% from last year's 2.92%. The five year return remained weak, at only 1.22%, by virtue of the impact of the major stock market decline during this timeframe, while the ten year return at 5.98% continued to recover from last year's trailing ten year return of 4.93%. These results have been prepared by State Street, the custodian for the plan's assets, and are time-weighted returns computed in conformance with industry standards.

This fiscal year's weak return is attributable to the weakness in the global public stock market. Overall, stocks were down, posting a negative 3.25% return, comprised of a 3.0% positive return for domestic stocks which was offset by a dismal negative 15.5% return for international stocks. Stocks represent 50-55% of plan assets, the largest asset exposure represented in the portfolio,

INVESTMENT SECTION

therefore weakness here has a big impact on the overall plan return. Fortunately, other segments of the portfolio did much better and acted to pull up the total plan return into positive territory, demonstrating the benefit of diversification by asset class. Bonds, the second largest asset class held in the portfolio, had a return of 8.05% for the fiscal year. The return for bonds was bolstered by a general decline in interest rates which acted to increase prices. Alternative assets in the plan include private equity and real estate investments, both of which continued to post strong returns, though down from the prior fiscal year. Private equity investments were up 11.07% for the year, and real estate returned 11.49%. Both of these asset types have an inherent reporting lag, with valuations typically lagged by one quarter.

Transaction activity and market changes during the year caused the net allocation to public equity to decline slightly during the fiscal year. Rebalancing activities involved net sales of domestic stocks and purchases of international stocks. This and the general decline in stock market values had a net effect of decreasing the overall exposure to public stocks by 2%. The allocation to private equity increased slightly, by 0.8% to 13.1%, due to its stronger relative return, despite sales of the private equity pool as heavy cash distributions were received from the underlying fund interests. Overall, combining public and private equity, the total equity exposure declined slightly to end the fiscal year at 66.2%. The allocation to bonds was flat during the year, ending the period at 24.9%, despite net sales over the course of the year. There was an ongoing effort to increase the allocation to real estate. The allocation ended the fiscal year at 8.1%, reflecting the combination of additional purchases and the strong returns noted earlier.

As of this writing in early October, recent events have enabled stocks to stage a strong rally since the end of the fiscal year. Despite a weaker trend of economic growth in the last few months, market confidence has been bolstered by central bank actions in both Europe and the U.S. Specifically, during August there was talk of more aggressive efforts by the European Central Bank (ECB) to stem the sovereign debt crisis in the peripheral countries which is threatening the viability of the euro zone. In early September the ECB announced a new program to buy shorter term bonds of a country in distress but only on condition the country's fiscal budget meet austerity requirements established by outside authorities. The country currently in the market hot seat is Spain where economic conditions have worsened and investors have shunned Spain's bonds out of concern over a potential sovereign default. The ECB's announcement was shortly followed by a decision by the U.S. Federal Reserve to launch a new bond buying program focused on mortgage securities in an effort to indirectly stimulate the economy and help the struggling employment situation in the U.S. The positive market reaction to these central bank actions is at risk of being interrupted by the uncertainty in the U.S. of the so-called "fiscal cliff" at the end of the year, when absent Congressional action, large tax increases and spending reductions are scheduled to occur. This may be the year the pattern of a seasonal pickup in fourth quarter economic activity is broken as some negative impact seems inevitable as a more cautious attitude in the business sector sets in due to this fiscal uncertainty. However, the pick up in the housing market after years of decline and ongoing though slow growth in jobs provides some optimism.

So far there has been a positive reaction in the capital markets to recent events which has enabled returns to get off to a good start in the current fiscal year. Global stocks are up about 8%, which

INVESTMENT SECTION

has driven the plan return to approximately 5%. Still, the markets face a lot of uncertainty over the balance of the fiscal year so confidence is low that these strong returns will be sustained. If the fiscal authorities can make timely post-election decisions to minimize the potential negative impacts in the government sector of the economy, both households and businesses are currently in much better shape to continue to contribute to the economic expansion, at least in the U.S. Nervous investors would be happy to see any semblance of stability in the global economy, and if we got it, capital market volatility would likely subside and set a backdrop for continued gains over the balance of the fiscal year.

Respectfully submitted,

/s/ Clifford A. Sheets

Clifford A. Sheets, CFA
Chief Investment Officer
Montana Board of Investments

INVESTMENT SECTION

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Public Employees' Retirement Board

A Component Unit of the State of Montana

Report on Investment Activity

INTRODUCTION

The Montana Constitution and various Montana statutes govern the investment activity of the retirement funds administered by the Public Employees' Retirement Board (PERB). The "prudent expert principle," contained in the Montana Constitution and Montana statute, requires the fiduciaries of the funds, including the Montana Board of Investments (BOI), to discharge their duties in the same manner that a prudent expert acting in a fiduciary capacity with the same resources, familiar with like matters, and under the same circumstances, exercises in the conduct of an enterprise of a similar character with similar objectives.

The prudent expert principle permits diversification of the holdings of the fund to minimize the risk of loss and maximize the rate of return. The opportunity to diversify among various asset classes enables a fund to reduce volatility and increase returns.

The BOI prepares and provides information related to the defined benefit plan investments for the PERB. The Montana Public Employee Retirement Administration (MPERA), staff of the PERB, is responsible for the presentation of the report of investment activity.

INVESTMENT GOALS AND OBJECTIVES

The basic goal influencing the investment activity for the PERB is two-fold. The first is to realize compound rates of return sufficient to fund promised benefits. The second is to provide services at the lowest possible cost to employers and members.

The basic investment objective of the BOI is the achievement of a total rate of return greater than the assumed actuarial return over the long term. In addition, the BOI will seek to outperform the appropriate market benchmarks for each asset class over time and provide returns comparable to those attained by similar public fund peers.

To calculate the PERB's defined benefit plan investment returns, State Street Bank, BOI's custodial bank and an independent third party, uses the time-weighted total rate of return method.

RISK TOLERANCE

In view of the long time horizon of the pension plans, subject to the need for sufficient liquidity to pay benefits, all funds have an above-average ability to assume risk.

INVESTMENT MANAGEMENT AND RESULTS

The funds of each defined benefit system are invested by the BOI as part of the unified investment program. The portfolio is broadly diversified between the various asset classes including but not limited to stocks, bonds, real estate, and private equity. A complete list of portfolio information is available through the BOI. State Street Bank compiles the rates of return for the investments. The total rates of return for fiscal year 2012 are reported by the BOI for each defined benefit fund. The following tables are a summary of the information received from the BOI.

INVESTMENT SECTION

TOTAL RATES OF RETURN BY ASSET CLASS 12-Month Period ending June 30, 2012

<u>Asset Class</u>	<u>INDEX</u>	<u>PERS-DBRP</u>	<u>JRS</u>	<u>HPORS</u>	<u>SRS</u>
Cash Equivalents (STIP)		0.30%	0.30%	0.30%	0.31%
<i>Libor 1 Month</i>	<i>0.25%</i>				
Equities ¹		-3.25%	-3.25%	-3.25%	-3.24%
<i>S&P 1500 Comp Index</i>	<i>4.63%</i>				
<i>International Equities²</i>	<i>-14.70%</i>				
Fixed Income ³		8.05%	8.05%	8.05%	8.05%
<i>BC Aggregate Bond</i>	<i>7.47%</i>				
Private Equity ⁴		11.07%	11.07%	11.07%	11.07%
<i>S&P 1500 + 4% (1 qrt lag)</i>	<i>11.84%</i>				
Real Estate ⁵		11.49%	11.49%	11.49%	11.49%
<i>NFI-ODCE (1 qrt lag)⁶</i>	<i>13.59%</i>				
Total Plan		2.41%	2.40%	2.40%	2.40%
<i>Index Composite⁷</i>		3.51%	3.49%	3.51%	3.50%

<u>Asset Class</u>	<u>INDEX</u>	<u>GWPORS</u>	<u>MPORS</u>	<u>FURS</u>	<u>VFCA</u>
Cash Equivalents (STIP)		0.30%	0.30%	0.30%	0.30%
<i>Libor 1 Month</i>	<i>0.25%</i>				
Equities ¹		-3.24%	-3.26%	-3.25%	-3.25%
<i>S&P 1500 Comp Index</i>	<i>4.63%</i>				
<i>International Equities²</i>	<i>-14.70%</i>				
Fixed Income ³		8.05%	8.05%	8.05%	8.05%
<i>BC Aggregate Bond</i>	<i>7.47%</i>				
Private Equity ⁴		11.07%	11.07%	11.07%	11.07%
<i>S&P 1500 + 4% (1 qrt lag)</i>	<i>11.84%</i>				
Real Estate ⁵		11.49%	11.49%	11.49%	11.49%
<i>NFI-ODCE (1 qrt lag)⁶</i>	<i>13.59%</i>				
Total Plan		2.41%	2.38%	2.38%	2.42%
<i>Index Composite⁷</i>		3.51%	3.52%	3.65%	3.91%

¹ Return is a dollar weighted combination of Domestic and International Common Stock.

² Montana International Equity blended benchmark.

³ Includes Retirement Fund Bond Pool and Mortgages.

⁴ Includes Montana Private Equity Pool.

⁵ Includes Direct and Pooled Real Estate.

⁶ The NFI-ODCE (NCREIF Fund Index - Open-End Diversified Core Equity) is a fund-level capitalization weighted, time-weighted return index and includes property investments at ownership share, cash balances and leverage (1 quarter lag).

⁷ An Index Composite paralleling the Fund's Asset Allocation at market value (which is not impacted by management fees).

The rates of return are provided by State Street Bank, the BOI's custodial bank for the plans, and are reported net of all management fees and expenses.

INVESTMENT SECTION

TOTAL RATES OF ANNUALIZED RETURNS BY ASSET CLASS

Three-Year Period ending June 30, 2012

<u>Asset Class</u>	<u>INDEX</u>	<u>PERS- DBRP</u>	<u>JRS</u>	<u>HPORS</u>	<u>SRS</u>
Cash Equivalents (STIP)		0.31%	0.31%	0.31%	0.31%
<i>Libor 1 Month</i>	0.25%				
Equities ¹		13.14%	13.16%	13.15%	13.15%
<i>S&P 1500 Comp Index</i>	16.76%				
<i>International Equities²</i>	7.23%				
Fixed Income ³		9.58%	9.64%	9.64%	9.64%
<i>BC Aggregate Bond</i>	6.93%				
Private Equity ⁴		16.86%	16.85%	16.86%	16.86%
<i>S&P 1500 + 4% (1 qrt lag)</i>	28.03%				
Real Estate ⁵		2.76%	2.37%	2.37%	2.37%
<i>NFI-ODCE (1 qrt lag)⁶</i>	3.17%				
Total Plan		12.08%	12.04%	12.10%	12.01%
Index Composite⁷		13.27%	13.22%	13.29%	13.20%

<u>Asset Class</u>	<u>INDEX</u>	<u>GWPORS</u>	<u>MPORS</u>	<u>FURS</u>	<u>VFCA</u>
Cash Equivalents (STIP)		0.31%	0.31%	0.31%	0.31%
<i>Libor 1 Month</i>	0.25%				
Equities ¹		13.17%	13.12%	13.13%	13.12%
<i>S&P 1500 Comp Index</i>	16.76%				
<i>International Equities²</i>	7.23%				
Fixed Income ³		9.64%	9.64%	9.64%	9.64%
<i>BC Aggregate Bond</i>	6.93%				
Private Equity ⁴		16.85%	16.86%	16.86%	16.87%
<i>S&P 1500 + 4% (1 qrt lag)</i>	28.03%				
Real Estate ⁵		2.37%	2.37%	2.37%	2.37%
<i>NFI-ODCE (1 qrt lag)⁶</i>	3.17%				
Total Plan		11.99%	12.02%	12.00%	11.97%
Index Composite⁷		13.17%	13.20%	13.24%	13.28%

¹ Return is a dollar weighted combination of Domestic and International Common Stock.

² Montana International Equity blended benchmark.

³ Includes Retirement Fund Bond Pool and Mortgages.

⁴ Includes Montana Private Equity Pool.

⁵ Includes Direct and Pooled Real Estate.

⁶ The NFI-ODCE (NCREIF Fund Index - Open-End Diversified Core Equity) is a fund-level capitalization weighted, time-weighted return index and includes property investments at ownership share, cash balances and leverage (1 quarter lag).

⁷ An Index Composite paralleling the Fund's Asset Allocation at market value (which is not impacted by management fees).

The rates of return are provided by State Street Bank, the BOI's custodial bank for the plans, and are reported net of all management fees and expenses.

INVESTMENT SECTION

TOTAL RATES OF ANNUALIZED RETURNS BY ASSET CLASS

Five-Year Period ending June 30, 2012

<u>Asset Class</u>	<u>INDEX</u>	<u>PERS- DBRP</u>	<u>JRS</u>	<u>HPORS</u>	<u>SRS</u>
Cash Equivalents (STIP)		1.41%	1.36%	1.38%	1.36%
<i>Libor 1 Month</i>	1.23%				
Equities ¹		-2.14%	-2.12%	-2.13%	-2.13%
<i>S&P 1500 Comp Index</i>	0.46%				
<i>International Equities²</i>	-4.49%				
Fixed Income ³		7.52%	7.54%	7.54%	7.53%
<i>BC Aggregate Bond</i>	6.79%				
Private Equity ⁴		5.77%	5.77%	5.77%	5.77%
<i>S&P 1500 + 4% (1 qrt lag)</i>	6.29%				
Real Estate ⁵		-3.52%	-4.18%	-4.18%	-4.18%
<i>NFI-ODCE (1 qrt lag)⁶</i>	-1.33%				
Total Plan		1.22%	1.24%	1.22%	1.22%
Index Composite⁷		1.52%	1.56%	1.54%	1.56%

<u>Asset Class</u>	<u>INDEX</u>	<u>GWPORS</u>	<u>MPORS</u>	<u>FURS</u>	<u>VFCA</u>
Cash Equivalents (STIP)		1.34%	2.17%	1.42%	1.51%
<i>Libor 1 Month</i>	1.23%				
Equities ¹		-2.11%	-2.15%	-2.15%	-2.15%
<i>S&P 1500 Comp Index</i>	0.46%				
<i>International Equities²</i>	-4.49%				
Fixed Income ³		7.52%	7.53%	7.53%	7.54%
<i>BC Aggregate Bond</i>	6.79%				
Private Equity ⁴		5.77%	5.77%	5.77%	5.78%
<i>S&P 1500 + 4% (1 qrt lag)</i>	6.29%				
Real Estate ⁵		-4.18%	-4.18%	-4.18%	-4.18%
<i>NFI-ODCE (1 qrt lag)⁶</i>	-1.33%				
Total Plan		1.22%	1.15%	1.20%	1.20%
Index Composite⁷		1.55%	1.48%	1.54%	1.59%

¹ Return is a dollar weighted combination of Domestic and International Common Stock.

² Montana International Equity blended benchmark.

³ Includes Retirement Fund Bond Pool and Mortgages.

⁴ Includes Montana Private Equity Pool.

⁵ Includes Direct and Pooled Real Estate.

⁶ The NFI-ODCE (NCREIF Fund Index - Open-End Diversified Core Equity) is a fund-level capitalization weighted, time-weighted return index and includes property investments at ownership share, cash balances and leverage (1 quarter lag).

⁷ An Index Composite paralleling the Fund's Asset Allocation at market value (which is not impacted by management fees).

The rates of return are provided by State Street Bank, the BOI's custodial bank for the plans, and are reported net of all management fees and expenses.

INVESTMENT SECTION

TOTAL RATES OF ANNUALIZED RETURNS BY ASSET CLASS

Ten-Year Period ending June 30, 2012

<u>Asset Class</u>	<u>INDEX</u>	<u>PERS- DBRP</u>	<u>JRS</u>	<u>HPORS</u>	<u>SRS</u>
Cash Equivalents (STIP)		2.17%	2.14%	2.16%	2.14%
<i>Libor 1 Month</i>	<i>2.10%</i>				
Equities ¹		4.91%	4.90%	4.90%	4.90%
<i>S&P 1500 Comp Index</i>	<i>5.67%</i>				
<i>International Equities²</i>	<i>6.25%</i>				
Fixed Income ³		6.81%	6.91%	6.91%	6.91%
<i>BC Aggregate Bond</i>	<i>5.63%</i>				
Private Equity ⁴		11.62%	11.61%	11.62%	11.61%
<i>S&P 1500 + 4% (1 qrt lag)</i>	<i>8.54%</i>				
Real Estate ⁵		1.24%			
<i>NFI-ODCE (1 qrt lag)⁶</i>	<i>5.44%</i>				
Total Plan		5.98%	6.01%	6.00%	5.99%
<i>Index Composite⁷</i>		5.92%	5.90%	5.90%	5.89%

<u>Asset Class</u>	<u>INDEX</u>	<u>GWPORS</u>	<u>MPORS</u>	<u>FURS</u>	<u>VFCA</u>
Cash Equivalents (STIP)		2.13%	2.55%	2.18%	2.22%
<i>Libor 1 Month</i>	<i>2.10%</i>				
Equities ¹		4.93%	4.90%	4.90%	4.91%
<i>S&P 1500 Comp Index</i>	<i>5.67%</i>				
<i>International Equities²</i>	<i>6.25%</i>				
Fixed Income ³		6.90%	6.91%	6.91%	6.91%
<i>BC Aggregate Bond</i>	<i>5.63%</i>				
Private Equity ⁴		11.61%	11.62%	11.62%	11.62%
<i>S&P 1500 + 4% (1 qrt lag)</i>	<i>8.54%</i>				
Real Estate ⁵					
<i>NFI-ODCE (1 qrt lag)⁶</i>	<i>5.44%</i>				
Total Plan		5.94%	5.93%	5.96%	6.06%
<i>Index Composite⁷</i>		5.84%	5.82%	5.85%	5.99%

¹ Return is a dollar weighted combination of Domestic and International Common Stock.

² Montana International Equity blended benchmark.

³ Includes Retirement Fund Bond Pool and Mortgages.

⁴ Includes Montana Private Equity Pool.

⁵ Includes Direct and Pooled Real Estate.

⁶ The NFI-ODCE (NCREIF Fund Index - Open-End Diversified Core Equity) is a fund-level capitalization weighted, time-weighted return index and includes property investments at ownership share, cash balances and leverage (1 quarter lag).

⁷ An Index Composite paralleling the Fund's Asset Allocation at market value (which is not impacted by management fees).

The rates of return are provided by State Street Bank, the BOI's custodial bank for the plans, and are reported net of all management fees and expenses.

INVESTMENT SECTION

ASSET ALLOCATION

Correct asset allocation is the main determinant of the BOI's success in meeting long-term investment objectives. The asset mix with the highest probability of achieving

the basic investment objective and the actual asset mix for fiscal year 2012 is listed in the following table for the short term investment pool (STIP), fixed income investments, equity investments, and real estate investments.

FY2012 ASSET ALLOCATION					
	Investment Objective	Actual Investment		Investment Objective	Actual Investment
PERS-DBRP			GWPORS		
STIP	1% to 5%	0.9%	STIP	1% to 5%	1.5%
Fixed	22% to 32%	24.9%	Fixed	22% to 32%	24.7%
Equity	60% to 70%	66.2%	Equity	60% to 70%	65.7%
Real Estate	4% to 10%	8.0%	Real Estate	4% to 10%	8.1%
JRS			MPORS		
STIP	1% to 5%	1.3%	STIP	1% to 5%	0.7%
Fixed	22% to 32%	24.9%	Fixed	22% to 32%	25.0%
Equity	60% to 70%	65.8%	Equity	60% to 70%	66.2%
Real Estate	4% to 10%	8.0%	Real Estate	4% to 10%	8.1%
HPORS			FURS		
STIP	1% to 5%	0.9%	STIP	1% to 5%	0.7%
Fixed	22% to 32%	25.0%	Fixed	22% to 32%	25.0%
Equity	60% to 70%	66.2%	Equity	60% to 70%	66.2%
Real Estate	4% to 10%	8.0%	Real Estate	4% to 10%	8.1%
SRS			VFCA		
STIP	1% to 5%	1.3%	STIP	1% to 5%	6.3%
Fixed	22% to 32%	24.9%	Fixed	22% to 32%	23.6%
Equity	60% to 70%	65.9%	Equity	60% to 70%	62.6%
Real Estate	4% to 10%	8.0%	Real Estate	4% to 10%	7.6%

INVESTMENT SECTION

INVESTMENT FEES AND COMMISSIONS

Throughout the fiscal year, the investment expense for certain investments (pools, real estate) are netted against the investment earnings. At year end, investment earnings are

“grossed up” to report the investment expense for the external manager, custodial bank fees and the BOI administrative cost. This process was implemented July 1, 1995, in compliance with GASB Statement No. 25.

Fiscal 2012 Administrative Expense Reconciliation							
	<u>STIP</u>	<u>MDEP</u>	<u>MPEP</u>	<u>MTIP</u>	<u>MTRP</u>	<u>RFBP</u>	<u>Total</u>
PERS	16,323.08	5,303,013.86	8,359,580.02	2,167,624.91	4,307,661.39	1,180,316.45	21,334,519.71
MPORS	871.30	305,474.81	479,573.42	125,150.01	248,274.75	67,942.45	1,227,286.74
GWPORS	492.80	130,227.77	206,758.99	53,461.86	105,645.71	28,913.77	525,500.90
SRS	1,087.49	288,470.52	455,285.50	118,074.92	233,467.10	64,052.08	1,160,437.61
JRS	314.61	86,427.35	136,297.52	35,347.47	69,998.78	19,204.66	347,590.39
HPORS	404.03	133,575.93	210,617.75	54,632.30	108,245.43	29,723.31	537,198.75
VFCA	123.31	35,444.00	55,414.64	14,413.45	28,758.04	7,916.24	142,069.68
FURS	913.37	304,425.88	477,152.10	124,608.74	246,703.36	67,644.89	1,221,448.34
Totals	<u>20,529.99</u>	<u>6,587,060.12</u>	<u>10,380,679.94</u>	<u>2,693,313.66</u>	<u>5,348,754.56</u>	<u>1,465,713.85</u>	<u>26,496,052.12</u>

INVESTMENT SECTION

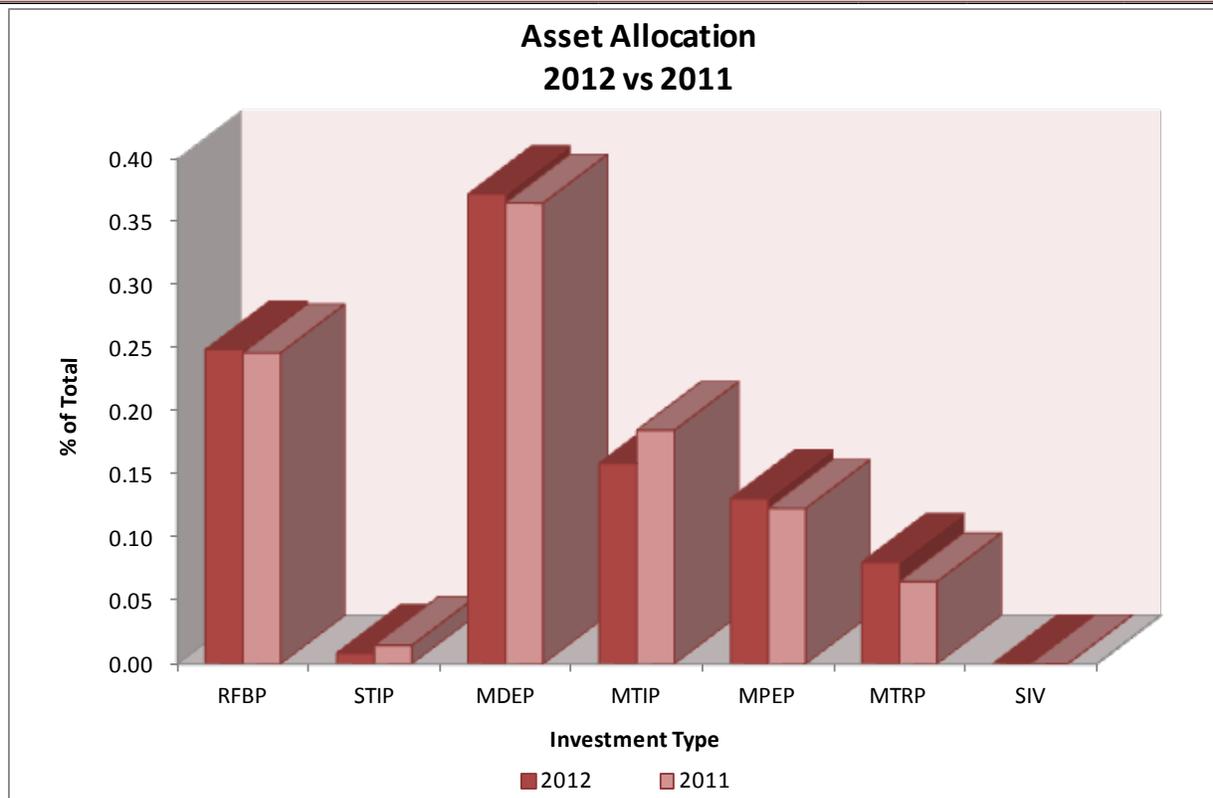
PERS-DBRP

Asset Mix (fair value)

as of June 30, 2012 and 2011

(in thousands)

Investment Type	2012 Fair Value	% of Total	2011 Fair Value	% of Total	Dollar Change	% Change
Fixed Income:						
Retirement Funds Bond Pool (RFBP)	\$ 974,139	24.89%	\$ 969,119	24.64%	\$ 5,020	0.52%
STIP ¹	33,708	0.86%	58,043	1.48%	(24,335)	-41.93%
Total Fixed Income	\$ 1,007,847	25.75%	\$ 1,027,162	26.12%	\$ (19,315)	-1.88%
Equities:						
Montana Domestic Equity Pool (MDEP)	\$ 1,455,188	37.20%	\$ 1,434,773	36.50%	\$ 20,415	1.42%
Montana International Pool (MTIP)	621,887	15.89%	727,765	18.51%	(105,878)	-14.55%
Montana Private Equity Pool (MPEP)	512,315	13.09%	484,324	12.32%	27,991	5.78%
Total Equities	\$ 2,589,390	66.18%	\$ 2,646,862	67.33%	\$ (57,472)	-2.17%
Alternative Investments:						
Montana Real Estate Pool (MTRP)	\$ 315,093	8.05%	\$ 256,368	6.52%	\$ 58,725	22.91%
Structured Investment Vehicles (SIV) ¹	547	0.02%	985	0.03%	(438)	-44.47%
Total Alternative Investments	\$ 315,640	8.07%	\$ 257,353	6.55%	\$ 58,287	22.65%
Total	\$ 3,912,877	100.00%	\$ 3,931,377	100.00%	\$ (18,500)	-0.47%



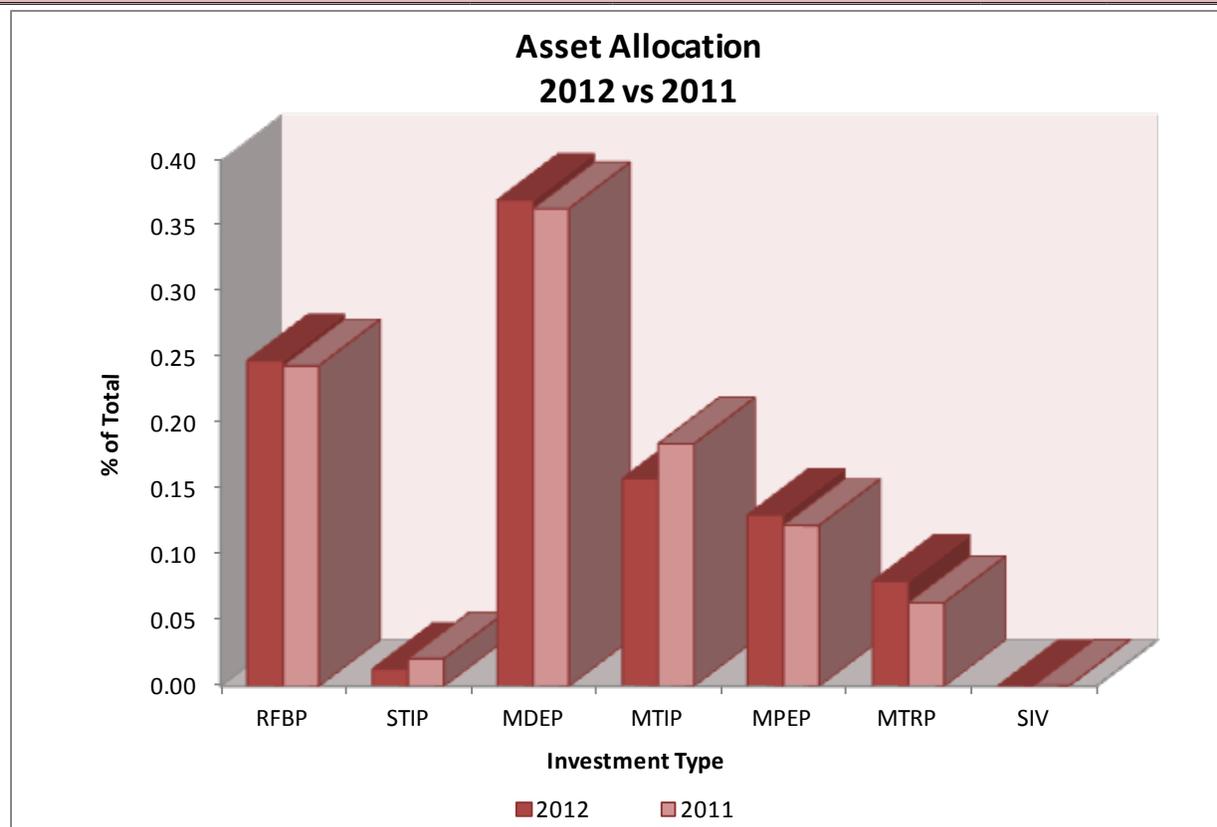
¹These figures only include those of the Defined Benefit Retirement Plan, whereas the financial statements include the Defined Benefit Retirement Plan and the Defined Benefit Education Program.

JRS

**Asset Mix (fair value)
as of June 30, 2012 and 2011**

(in thousands)

Investment Type	2012 Fair Value	% of Total	2011 Fair Value	% of Total	Dollar Change	% Change
Fixed Income:						
Retirement Funds Bond Pool (RFBP)	\$ 16,031	24.80%	\$ 15,497	24.40%	\$ 534	3.45%
STIP	848	1.31%	1,335	2.10%	(487)	-36.48%
Total Fixed Income	\$ 16,879	26.11%	\$ 16,832	26.50%	\$ 47	0.28%
Equities:						
Montana Domestic Equity Pool (MDEP)	\$ 23,933	37.02%	\$ 23,098	36.36%	\$ 835	3.62%
Montana International Pool (MTIP)	10,224	15.82%	11,733	18.47%	(1,509)	-12.86%
Montana Private Equity Pool (MPEP)	8,428	13.04%	7,788	12.26%	640	8.22%
Total Equities	\$ 42,585	65.88%	\$ 42,619	67.09%	\$ (34)	-0.08%
Alternative Investments:						
Montana Real Estate Pool (MTRP)	\$ 5,168	7.99%	\$ 4,046	6.37%	\$ 1,122	27.73%
Structured Investment Vehicles (SIV)	14	0.02%	23	0.04%	(9)	-39.13%
Total Alternative Investments	\$ 5,182	8.01%	\$ 4,069	6.41%	\$ 1,113	27.35%
Total	\$ 64,646	100.00%	\$ 63,520	100.00%	\$ 1,126	1.77%



INVESTMENT SECTION

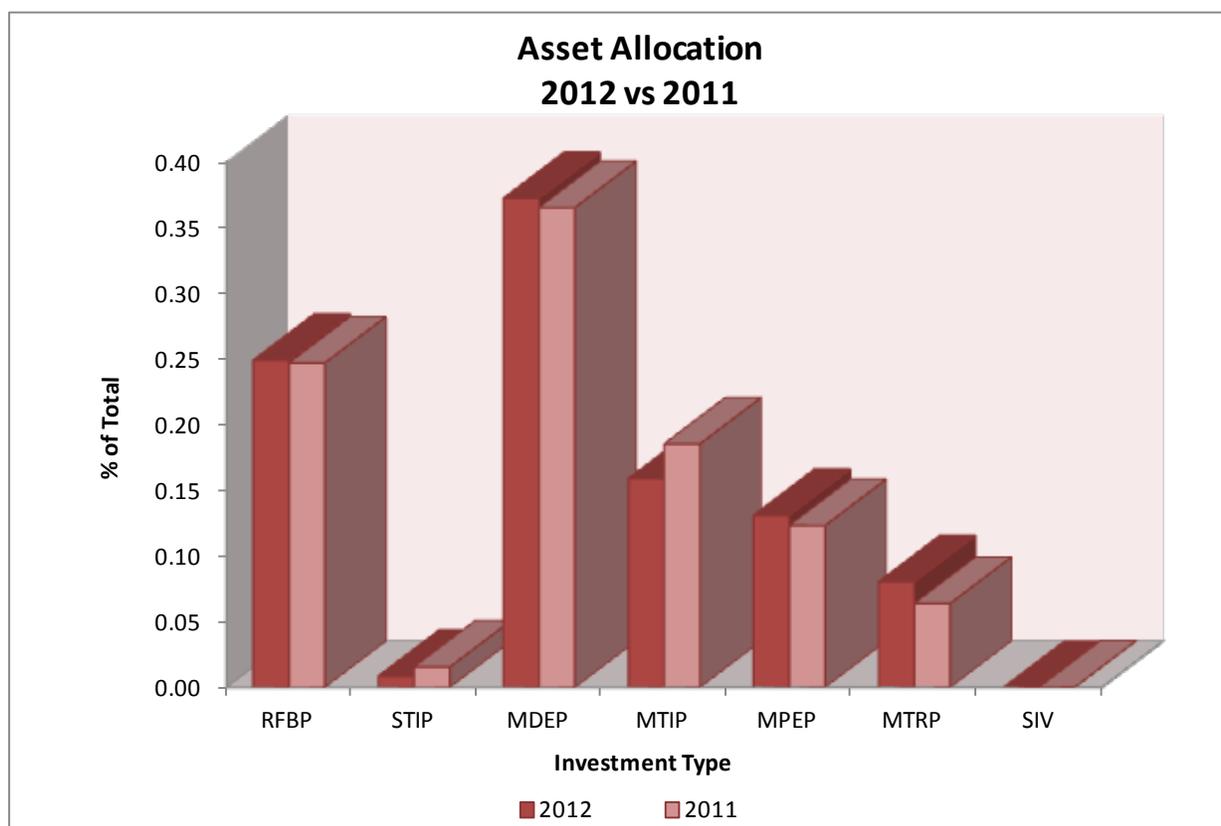
HPORS

Asset Mix (fair value)

as of June 30, 2012 and 2011

(in thousands)

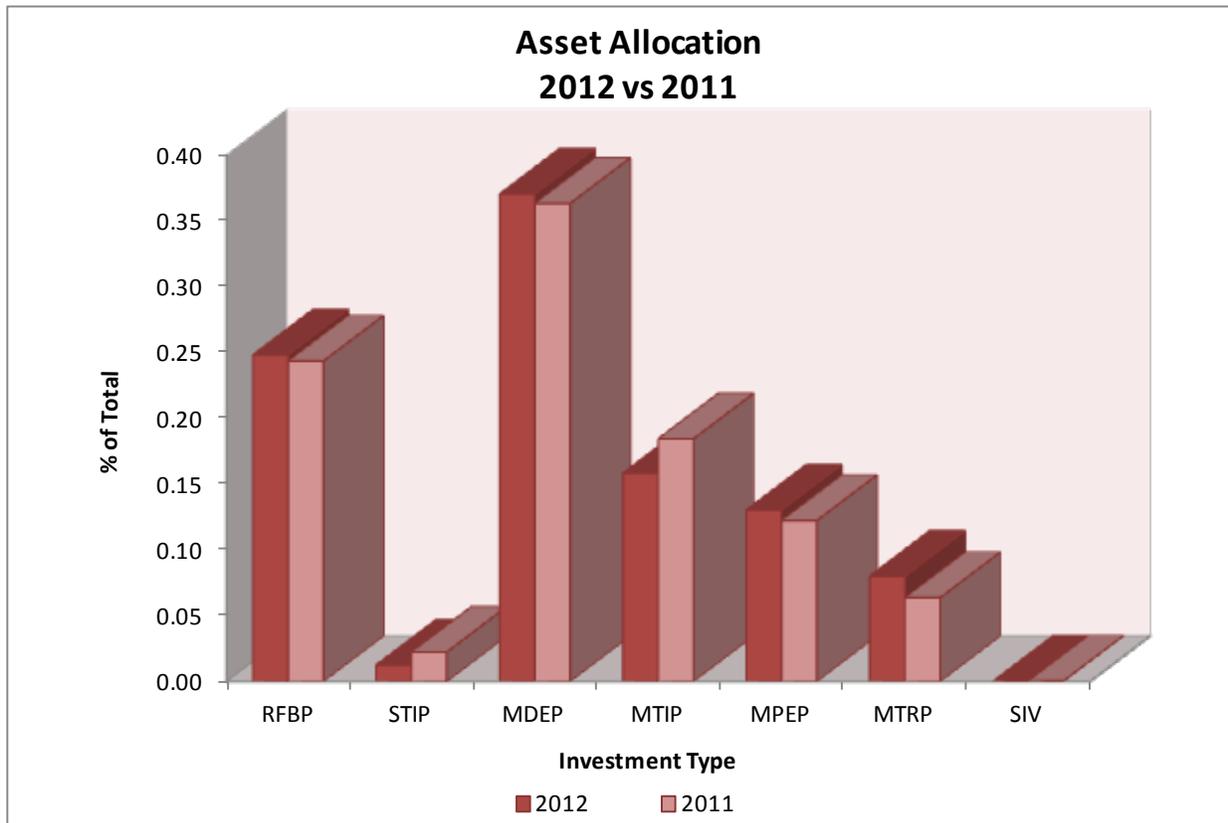
Investment Type	2012 Fair Value	% of Total	2011 Fair Value	% of Total	Dollar Change	% Change
Fixed Income:						
Retirement Funds Bond Pool (RFBP)	\$ 24,653	24.90%	\$ 24,318	24.68%	\$ 335	1.38%
STIP	847	0.86%	1,527	1.55%	(680)	-44.53%
Total Fixed Income	\$ 25,500	25.76%	\$ 25,845	26.23%	\$ (345)	-1.33%
Equities:						
Montana Domestic Equity Pool (MDEP)	\$ 36,840	37.22%	\$ 35,969	36.51%	\$ 871	2.42%
Montana International Pool (MTIP)	15,732	15.89%	18,258	18.53%	(2,526)	-13.84%
Montana Private Equity Pool (MPEP)	12,958	13.09%	12,136	12.31%	822	6.77%
Total Equities	\$ 65,530	66.20%	\$ 66,363	67.35%	\$ (833)	-1.26%
Alternative Investments:						
Montana Real Estate Pool (MTRP)	\$ 7,963	8.03%	\$ 6,313	6.39%	\$ 1,650	26.14%
Structured Investment Vehicles (SIV)	14	0.01%	26	0.03%	(12)	-46.15%
Total Real Estate	\$ 7,977	8.04%	\$ 6,339	6.42%	\$ 1,638	25.84%
Total	\$ 99,007	100.00%	\$ 98,547	100.00%	\$ 460	0.47%



SRS

**Asset Mix (fair value)
as of June 30, 2012 and 2011**
(in thousands)

Investment Type	2012 Fair Value	% of Total	2011 Fair Value	% of Total	Dollar Change	% Change
Fixed Income:						
Retirement Funds Bond Pool (RFBP)	\$ 53,636	24.81%	\$ 51,323	24.35%	\$ 2,313	4.51%
STIP	2,715	1.26%	4,719	2.24%	(2,004)	-42.47%
Total Fixed Income	\$ 56,351	26.07%	\$ 56,042	26.59%	\$ 309	0.55%
Equities:						
Montana Domestic Equity Pool (MDEP)	\$ 80,065	37.04%	\$ 76,580	36.33%	\$ 3,485	4.55%
Montana International Pool (MTIP)	34,234	15.84%	38,871	18.44%	(4,637)	-11.93%
Montana Private Equity Pool (MPEP)	28,179	13.02%	25,806	12.23%	2,373	9.20%
Total Equities	\$ 142,478	65.90%	\$ 141,257	67.00%	\$ 1,221	0.86%
Alternative Investments:						
Montana Real Estate Pool (MTRP)	\$ 17,308	8.01%	\$ 13,434	6.37%	\$ 3,874	28.84%
Structured Investment Vehicles (SIV)	44	0.02%	82	0.04%	(38)	-46.34%
Total Alternative Investments	\$ 17,352	8.03%	\$ 13,516	6.41%	\$ 3,836	28.38%
Total	\$ 216,181	100.00%	\$ 210,815	100.00%	\$ 5,366	2.55%



INVESTMENT SECTION

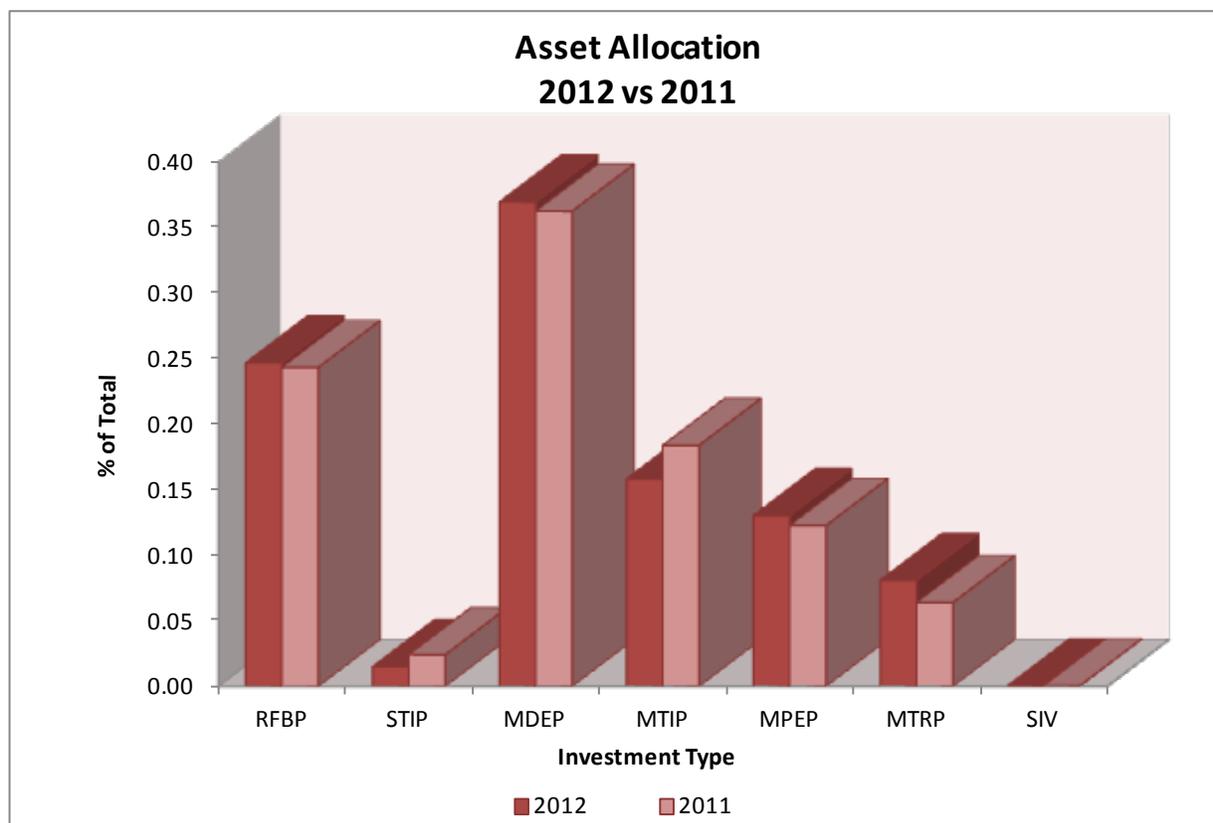
GWPORS

Asset Mix (fair value)

as of June 30, 2012 and 2011

(in thousands)

Investment Type	2012 Fair Value	% of Total	2011 Fair Value	% of Total	Dollar Change	% Change
Fixed Income:						
Retirement Funds Bond Pool (RFBP)	\$ 24,510	24.66%	\$ 22,834	24.31%	\$ 1,676	7.34%
STIP	1,476	1.50%	2,257	2.41%	(781)	-34.60%
Total Fixed Income	\$ 25,986	26.16%	\$ 25,091	26.72%	\$ 895	3.57%
Equities:						
Montana Domestic Equity Pool (MDEP)	\$ 36,685	36.92%	\$ 34,017	36.22%	\$ 2,668	7.84%
Montana International Pool (MTIP)	15,697	15.80%	17,252	18.37%	(1,555)	-9.01%
Montana Private Equity Pool (MPEP)	12,940	13.01%	11,524	12.26%	1,416	12.29%
Total Equities	\$ 65,322	65.73%	\$ 62,793	66.85%	\$ 2,529	4.03%
Alternative Investments:						
Montana Real Estate Pool (MTRP)	\$ 8,036	8.09%	\$ 6,003	6.39%	\$ 2,033	33.87%
Structured Investment Vehicles (SIV)	24	0.02%	39	0.04%	(15)	-38.46%
Total Alternative Investments	\$ 8,060	8.11%	\$ 6,042	6.43%	\$ 2,018	33.40%
Total	\$ 99,368	100.00%	\$ 93,926	100.00%	\$ 5,442	5.79%

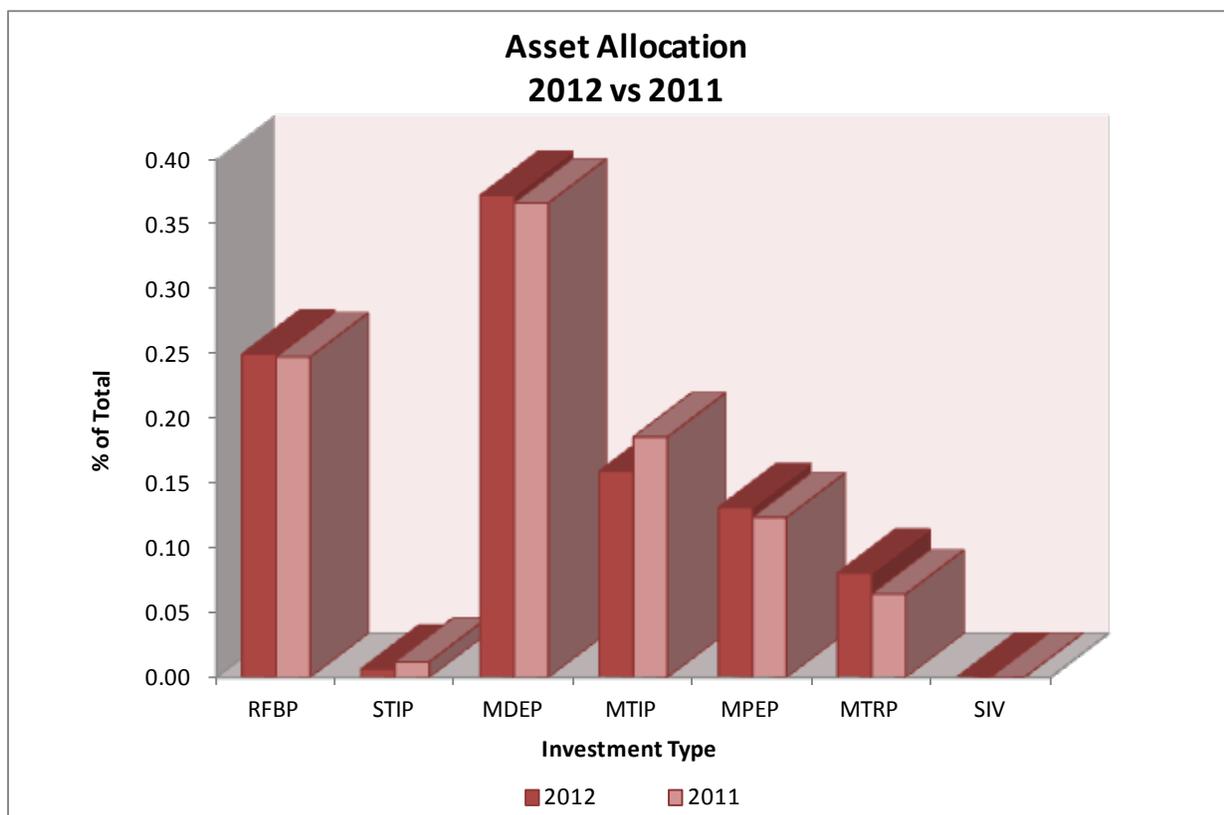


MPORS

Asset Mix (fair value) as of June 30, 2012 and 2011

(in thousands)

Investment Type	2012 Fair Value	% of Total	2011 Fair Value	% of Total	Dollar Change	% Change
Fixed Income:						
Retirement Funds Bond Pool (RFBP)	\$ 56,431	24.98%	\$ 53,729	24.75%	\$ 2,702	5.03%
STIP	1,472	0.65%	2,593	1.20%	(1,121)	-43.23%
<i>Total Fixed Income</i>	\$ 57,903	25.63%	\$ 56,322	25.95%	\$ 1,581	2.81%
Equities:						
Montana Domestic Equity Pool (MDEP)	\$ 84,109	37.23%	\$ 79,542	36.64%	\$ 4,567	5.74%
Montana International Pool (MTIP)	35,975	15.93%	40,334	18.58%	(4,359)	-10.81%
Montana Private Equity Pool (MPEP)	29,657	13.13%	26,844	12.37%	2,813	10.48%
<i>Total Equities</i>	\$ 149,741	66.29%	\$ 146,720	67.59%	\$ 3,021	2.06%
Alternative Investments:						
Montana Real Estate Pool (MTRP)	\$ 18,220	8.07%	\$ 13,981	6.44%	\$ 4,239	30.32%
Structured Investment Vehicles (SIV)	24	0.01%	45	0.02%	(21)	-46.67%
<i>Total Alternative Investments</i>	\$ 18,244	8.08%	\$ 14,026	6.46%	\$ 4,218	30.07%
Total	\$ 225,888	100.00%	\$ 217,068	100.00%	\$ 8,820	4.06%



INVESTMENT SECTION

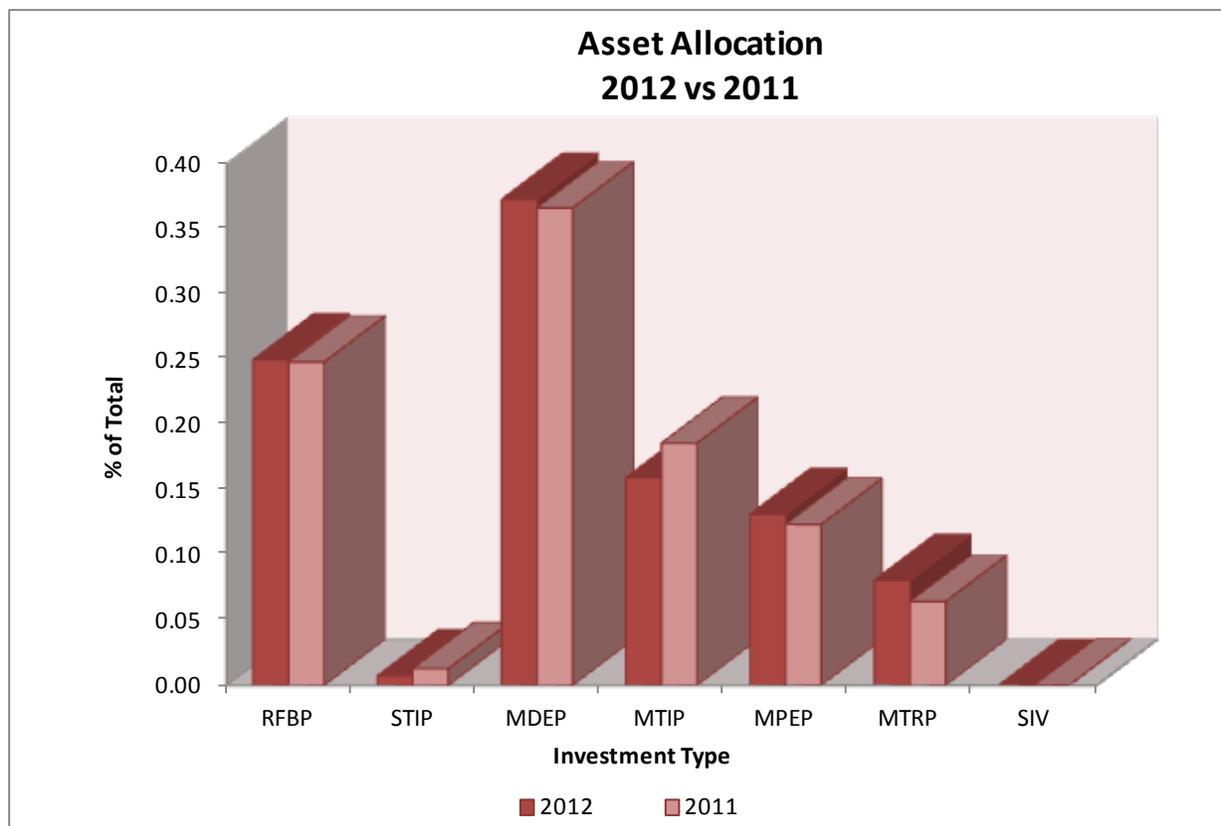
FURS

Asset Mix (fair value)

as of June 30, 2012 and 2011

(in thousands)

Investment Type	2012 Fair Value	% of Total	2011 Fair Value	% of Total	Dollar Change	% Change
Fixed Income:						
Retirement Funds Bond Pool (RFBP)	\$ 56,219	24.95%	\$ 53,467	24.78%	\$ 2,752	5.15%
STIP	1,632	0.72%	2,766	1.28%	(1,134)	-41.00%
Total Fixed Income	\$ 57,851	25.67%	\$ 56,233	26.06%	\$ 1,618	2.88%
Equities:						
Montana Domestic Equity Pool (MDEP)	\$ 83,940	37.24%	\$ 78,947	36.59%	\$ 4,993	6.32%
Montana International Pool (MTIP)	35,869	15.91%	40,044	18.56%	(4,175)	-10.43%
Montana Private Equity Pool (MPEP)	29,561	13.11%	26,635	12.34%	2,926	10.99%
Total Equities	\$ 149,370	66.26%	\$ 145,626	67.49%	\$ 3,744	2.57%
Alternative Investments:						
Montana Real Estate Pool (MTRP)	\$ 18,175	8.06%	\$ 13,869	6.43%	\$ 4,306	31.05%
Structured Investment Vehicles (SIV)	26	0.01%	48	0.02%	(22)	-45.83%
Total Alternative Investments	\$ 18,201	8.07%	\$ 13,917	6.45%	\$ 4,284	30.78%
Total	\$ 225,422	100.00%	\$ 215,776	100.00%	\$ 9,646	4.47%

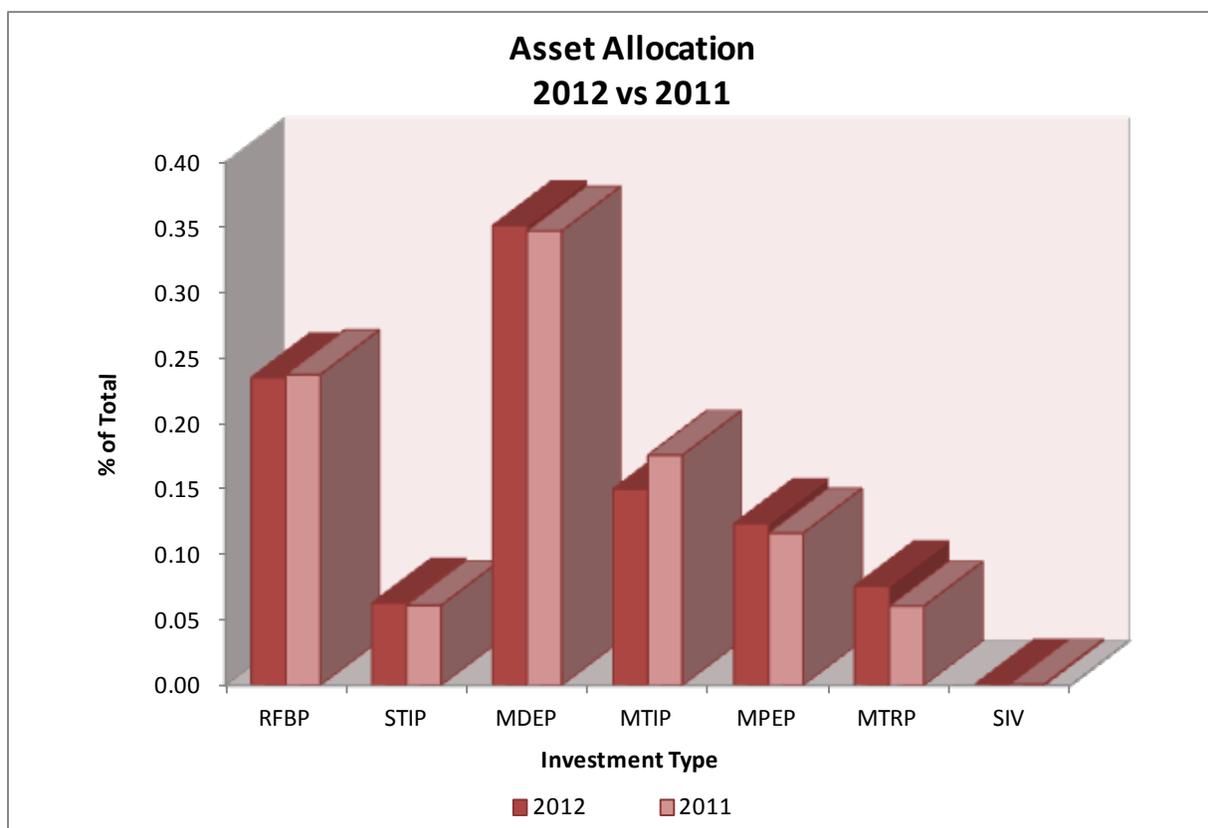


VFCA

**Asset Mix (fair value)
as of June 30, 2012 and 2011**

(in thousands)

Investment Type	2012 Fair Value	% of Total	2011 Fair Value	% of Total	Dollar Change	% Change
Fixed Income:						
Retirement Funds Bond Pool (RFBP)	\$ 6,373	23.52%	\$ 6,415	23.75%	\$ (42)	-0.65%
STIP	1,704	6.28%	1,655	6.12%	49	2.96%
<i>Total Fixed Income</i>	<i>\$ 8,077</i>	<i>29.80%</i>	<i>\$ 8,070</i>	<i>29.87%</i>	<i>\$ 7</i>	<i>0.09%</i>
Equities:						
Montana Domestic Equity Pool (MDEP)	\$ 9,516	35.13%	\$ 9,376	34.72%	\$ 140	1.49%
Montana International Pool (MTIP)	4,066	15.01%	4,753	17.60%	(687)	-14.45%
Montana Private Equity Pool (MPEP)	3,348	12.36%	3,145	11.64%	203	6.45%
<i>Total Equities</i>	<i>\$ 16,930</i>	<i>62.50%</i>	<i>\$ 17,274</i>	<i>63.96%</i>	<i>\$ (344)</i>	<i>-1.99%</i>
Alternative Investments:						
Montana Real Estate Pool (MTRP)	\$ 2,057	7.60%	\$ 1,637	6.06%	\$ 420	25.66%
Structured Investment Vehicles (SIV)	28	0.10%	29	0.11%	(1)	-3.45%
<i>Total Alternative Investments</i>	<i>\$ 2,085</i>	<i>7.70%</i>	<i>\$ 1,666</i>	<i>6.17%</i>	<i>\$ 419</i>	<i>25.15%</i>
Total	\$ 27,092	100.00%	\$ 27,010	100.00%	\$ 82	0.30%



INVESTMENT SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Largest Holdings (by portfolio fair value) as of June 30, 2012

A complete list of the portfolio holdings can be obtained by contacting the Montana Board of Investments. The information below is PERB's presentation of the largest holdings.

Shares/Par	MDEP Portfolio By Manager	Fair Value
3,985,946	Blackrock Equity Index Fund	\$ 1,726,636,906
7,251,674	T Rowe Price	248,321,845
11,519,311	JP Morgan Investments	243,200,400
6,057,130	TimesSquare	108,260,813
7,263,066	Artisan	107,480,211
3,574,742	Blackrock Midcap Equity Ind FD	97,260,284
2,544,778	Intech	83,690,695
3,786,228	Analytics Investments	83,042,563
52,280	Dimensional Fund Advisors Inc	70,779,549
4,553,749	Vaughan Nelson	70,061,388

PERS' 9,297,813 shares represent 50.37% of the total MDEP portfolio at market.

JRS' 152,917 shares represent 0.83% of the total MDEP portfolio at market.

HPORS' 235,384 shares represent 1.28% of the total MDEP portfolio at market.

SRS' 511,571 shares represent 2.77% of the total MDEP portfolio at market.

GWPORS' 234,399 shares represent 1.27% of the total MDEP portfolio at market.

MPORS' 537,409 shares represent 2.91% of the total MDEP portfolio at market.

FURS' 536,325 shares represent 2.91% of the total MDEP portfolio at market.

VFCA's 60,802 shares represent 0.33% of the total MDEP portfolio at market.

Shares/Par	RFBP Portfolio By Manager	Fair Value
1,288,707,835	Core Internal Bond Portfolio	\$ 1,355,739,999
246,859,848	Reams Asset Management	252,670,016
152,766,441	Artio Global Management	118,557,089
106,837,595	Neuberger Berman	108,331,397
56,398,113	Post Advisory Group	56,051,870
19,604,041	Montana Residential Mortgages	19,408,746
127,401,113	Short Term Investment Pool	12,740,113

PERS' 859,337,229 shares represent 50.36% of the total RFBP portfolio at market.

JRS' 14,141,394 shares represent 0.83% of the total RFBP portfolio at market.

HPORS' 21,747,275 shares represent 1.27% of the total RFBP portfolio at market.

SRS' 47,315,089 shares represent 2.77% of the total RFBP portfolio at market.

GWPORS' 21,621,909 shares represent 1.27% of the total RFBP portfolio at market.

MPORS' 49,780,609 shares represent 2.92% of the total RFBP portfolio at market.

FURS' 49,594,004 shares represent 2.91% of the total RFBP portfolio at market.

VFCA's 562,152 shares represent 0.33% of the total RFBP portfolio at market.

Public Employees' Retirement Board

A Component Unit of the State of Montana

**Largest Holdings (by portfolio fair value)
as of June 30, 2012**

Shares/Par	MTIP Portfolio By Manager	Fair Value
31,189,544	Blackrock ACW1EX US Superfund	\$ 558,368,947
15,449,038	Batterymarch	103,667,950
4,994,699	Blackrock GL Ex US Alpha Tilt	97,908,656
10,230,948	Martin Currie	92,985,595
17,058,706	Hansberger	92,051,604
10,804,042	Bernstein	88,683,463
29,708,297	Acadian	80,923,488
4,090,653	DFA Intl Small Co Portfolio	57,923,641
635,598	Blackrock MSCI EM Mkt Fr FD B	24,573,312
2,534,559	Blackrock ACWI EX US Small Cap	20,221,306

PERS' 4,718,117 shares represent 50.37% of the total MTIP portfolio at market.

JRS' 77,564 shares represent 0.83% of the total MTIP portfolio at market.

HPORS' 119,356 shares represent 1.27% of the total MTIP portfolio at market.

SRS' 259,727 shares represent 2.77% of the total MTIP portfolio at market.

GWPORS' 119,091 shares represent 1.27% of the total MTIP portfolio at market.

MPORS' 272,937 shares represent 2.91% of the total MTIP portfolio at market.

FURS' 272,129 shares represent 2.91% of the total MTIP portfolio at market.

VFCA's 30,850 shares represent 0.32% of the total MTIP portfolio at market.

Shares/Par	MPEP Portfolio By Manager	Fair Value
161,727,368	Adams Street	\$ 160,544,945
59,771,936	Lexington	73,749,366
47,671,204	Portfolio Advisors	58,337,373
36,118,953	Carlyle	52,921,430
40,544,572	Welsh Carson	44,337,726
40,493,541	First Reserve	43,625,198
31,718,794	Harbour Vest	39,619,882
38,997,917	Madison Dearborn	39,511,981
31,907,702	Oak Hill	36,819,086
9,657,828	Oak Tree	32,377,239

PERS' 2,346,886 shares represent 50.36% of the total MPEP portfolio at market.

JRS' 38,610 shares represent 0.83% of the total MPEP portfolio at market.

HPORS' 59,358 shares represent 1.27% of the total MPEP portfolio at market.

SRS' 129,086 shares represent 2.77% of the total MPEP portfolio at market.

GWPORS' 59,276 shares represent 1.27% of the total MPEP portfolio at market.

MPORS' 135,858 shares represent 2.92% of the total MPEP portfolio at market.

FURS' 135,416 shares represent 2.91% of the total MPEP portfolio at market.

VFCA's 15,336 shares represent 0.33% of the total MPEP portfolio at market.

INVESTMENT SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Largest Holdings (by portfolio fair value) as of June 30, 2012

Shares/Par	MTRP Portfolio By Manager	Fair Value
60,445	JP Morgan	\$ 103,958,041
7,373	UBS Realty Investors LLC	60,445,894
41,350,000	Molpus Woodlands Group	40,998,070
42,127,823	Angelo Gordon	39,421,657
309	Invesco Real Estate	36,186,316
38,932,004	TA Associates Realty	34,132,336
36,005	Clarion Lion Properties	34,034,219
29,491,000	DRA Advisors	29,865,523
20,212,386	CIM Fund	25,372,244
23,618,168	ABR Chesapeake	23,887,385

PERS' 3,982,110 shares represent 50.39% of the total MTRP portfolio at market.

JRS' 65,310 shares represent 0.83% of the total MTRP portfolio at market.

HPORS' 100,638 shares represent 1.27% of the total MTRP portfolio at market.

SRS' 218,737 shares represent 2.77% of the total MTRP portfolio at market.

GWPORS' 101,562 shares represent 1.29% of the total MTRP portfolio at market.

MPORS' 230,263 shares represent 2.91% of the total MTRP portfolio at market.

FURS' 229,695 shares represent 2.91% of the total MTRP portfolio at market.

VFCA's 25,995 shares represent 0.33% of the total MTRP portfolio at market.

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INVESTMENT SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Investment Summary

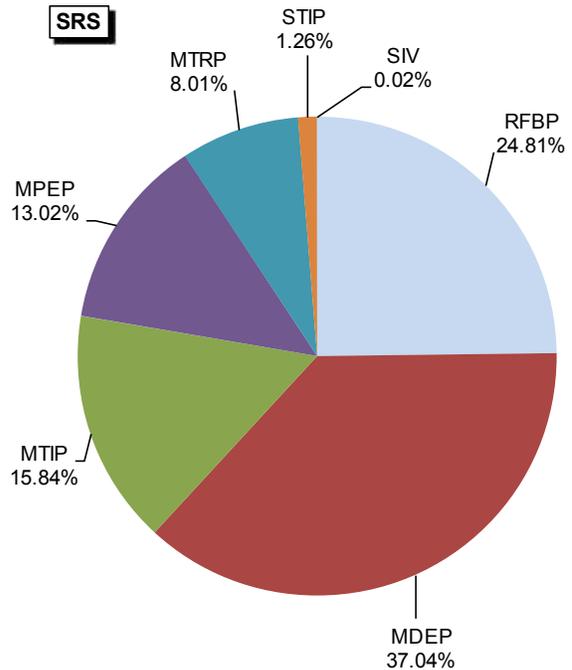
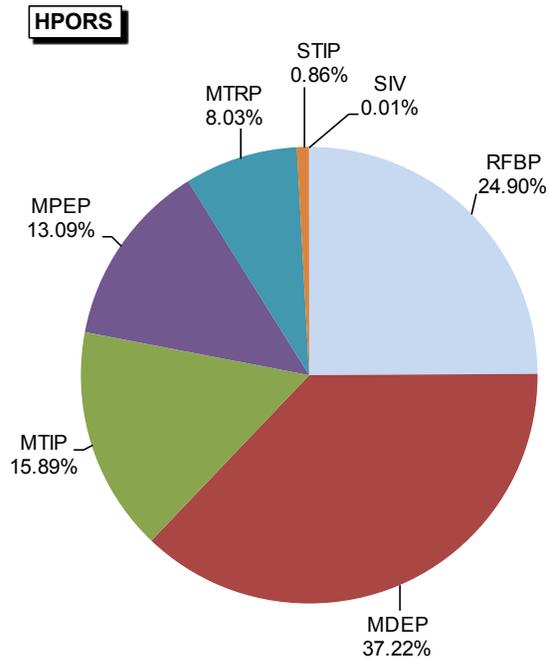
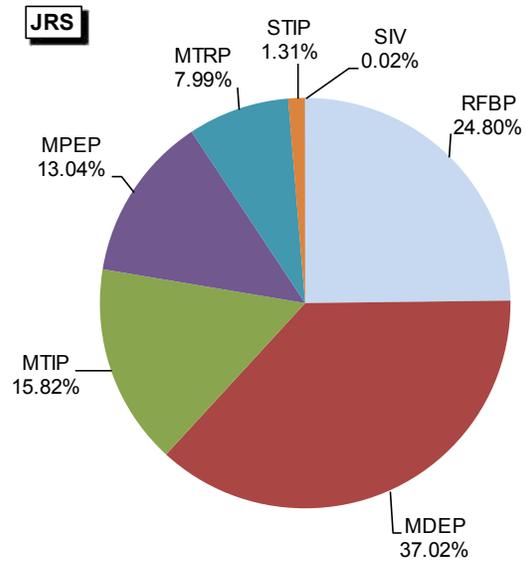
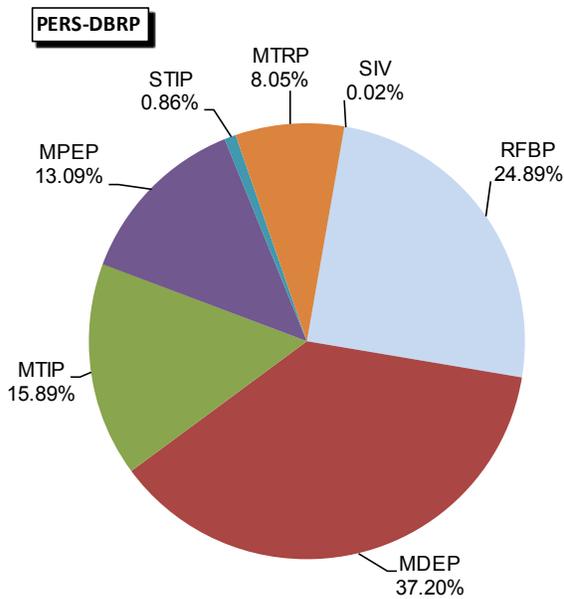
as of June 30, 2012

(in thousands)

Type of Investment	PERS-DBRP		JRS		HPORS		SRS	
	% of Total		% of Total		% of Total		% of Total	
	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
<i>Fixed Income</i>								
Retirement Funds Bond Pool	\$ 974,139	24.89%	\$ 16,031	24.80%	\$ 24,653	24.90%	\$ 53,636	24.81%
<i>Equities</i>								
Montana Domestic Equity Pool	1,455,188	37.20%	23,933	37.02%	36,840	37.22%	80,065	37.04%
Montana International Pool	621,887	15.89%	10,224	15.82%	15,732	15.89%	34,234	15.84%
Montana Private Equity Pool	512,315	13.09%	8,428	13.04%	12,958	13.09%	28,179	13.02%
<i>Alternative Investments</i>								
Montana Real Estate Pool	315,093	8.05%	5,168	7.99%	7,963	8.03%	17,308	8.01%
Structured Investment Vehicles ¹	547	0.02%	14	0.02%	14	0.01%	44	0.02%
<i>Short Term Investments</i>								
Short Term Investment Pool ¹	33,708	0.86%	848	1.31%	847	0.86%	2,715	1.26%
Total	\$ 3,912,877	100.00%	\$ 64,646	100.00%	\$ 99,007	100.00%	\$ 216,181	100.00%

¹ These figures only include those of the Defined Benefit Retirement Plan, whereas the financial statements include the total in the Defined Benefit Retirement Plan and the Defined Benefit Education Program.

INVESTMENT SECTION



Retirement Funds Bond Pool - RFBP	Montana Real Estate Pool - MTRP
Montana Domestic Equity Pool - MDEP	Short Term Investment Pool - STIP
Montana International Pool - MTIP	Structured Investment Vehicles - SIV
Montana Private Equity Pool - MPEP	

INVESTMENT SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Investment Summary

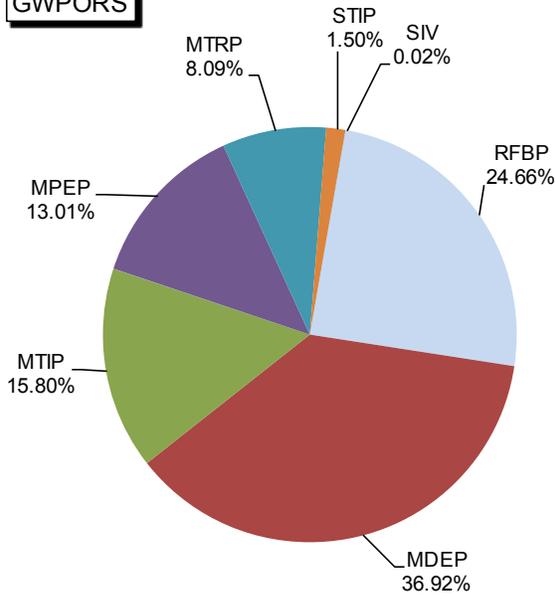
as of June 30, 2012

(in thousands)

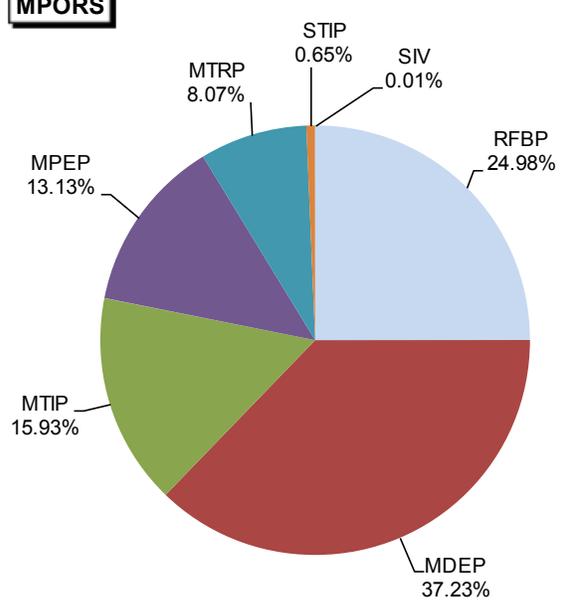
Type of Investment	GWPORS		MPORS		FURS		VFCA	
	% of Total		% of Total		% of Total		% of Total	
	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
<i>Fixed Income</i>								
Retirement Funds Bond Pool	\$ 24,510	24.66%	\$ 56,431	24.98%	\$ 56,219	24.95%	\$ 6,373	23.52%
<i>Equities</i>								
Montana Domestic Equity Pool	36,685	36.92%	84,109	37.23%	83,940	37.24%	9,516	35.13%
Montana International Pool	15,697	15.80%	35,975	15.93%	35,869	15.91%	4,066	15.01%
Montana Private Equity Pool	12,940	13.01%	29,657	13.13%	29,561	13.11%	3,348	12.36%
<i>Alternative Investments</i>								
Montana Real Estate Pool	8,036	8.09%	18,220	8.07%	18,175	8.06%	2,057	7.60%
Structured Investment Vehicles	24	0.02%	24	0.01%	26	0.01%	28	0.10%
<i>Short Term Investments</i>								
Short Term Investment Pool	1,476	1.50%	1,472	0.65%	1,632	0.72%	1,704	6.28%
Total	\$ 99,368	100.00%	\$ 225,888	100.00%	\$ 225,422	100.00%	\$ 27,092	100.00%

INVESTMENT SECTION

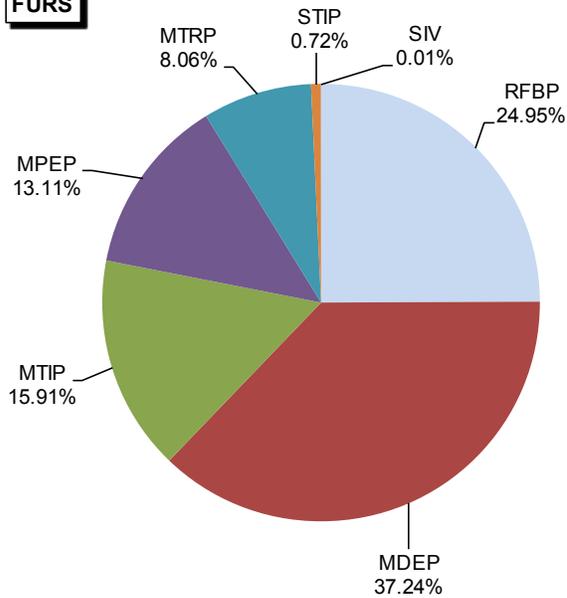
GWPORS



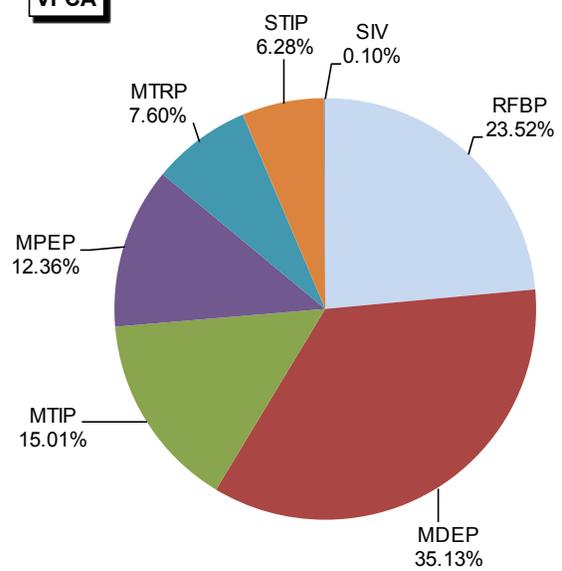
MPORS



FURS



VFCA



Retirement Funds Bond Pool - RFBP
 Montana Domestic Equity Pool - MDEP
 Montana International Pool - MTIP
 Montana Private Equity Pool - MPEP

Montana Real Estate Pool - MTRP
 Short Term Investment Pool - STIP
 Structured Investment Vehicles - SIV

INVESTMENT SECTION

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Grasshopper Creek - Ann Reber



*Little Beaver Creek -
Marjorie Rowley*

In Montana, there are multiple creeks with the same name. For example: there are 45 streams with the name Willow Creek. Creeks are important as conduits in the water cycle, instruments in groundwater exchange and corridors for fish and wildlife migration.

Source: Wikipedia.org



Fish Creek - Joel Thompson



Crow Creek - Samuel Mason



Upper Spring Creek - Aaron Millis



November 30, 2012

VIA ELECTRONIC MAIL

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

Dear Members of the Board:

At your request, we have conducted the June 30, 2012 annual actuarial valuation for each of the eight funded pension programs administered by the Public Employees’ Retirement Board.

Valuation Results

The funding objective for each System is to pay the Normal Cost plus an amount that would amortize the Unfunded Actuarial Liability over a period of not more than 30 years. The member, employer, and state contributions are set forth in statute. Our findings indicate the projected income stream from the expected contributions will be sufficient to pay the Normal Costs and amortize the Unfunded Actuarial Liability as a level percentage of future payroll for the following three Systems. The amortization periods are shown below.

- Highway Patrol Officers’ Retirement System (HPORS) 49.7 years
- Municipal Police Officers’ Retirement System (MPORS) 25.7 years
- Firefighters’ Unified Retirement System (FURS) 16.4 years

The amortization periods above are based upon the Actuarial Value of Assets which recognizes investment gains and losses over a four-year period. If the Market Value of Assets had been used, the amortization periods above would have been 45.1, 24.7, and 15.7 years respectively.

For three of the Systems, our findings indicate the projected income stream from the expected contributions will be sufficient to pay the Normal Costs, but will not be sufficient to amortize the Unfunded Actuarial Liability.

- Public Employees’ Retirement System (PERS)
- Sheriffs’ Retirement System (SRS)
- Game Wardens’ and Peace Officers’ Retirement System (GWPORS)

Based on the assumed level of future revenue, the Unfunded Actuarial Liability for the Volunteer Firefighters’ Compensation Act (VFCA) is expected to be amortized over 9.3 years using the Actuarial Value of Assets and over 8.6 years using Market Value of Assets. The Judges’ Retirement System (JRS) had an Actuarial Surplus as of June 30, 2012.



ACTUARIAL SECTION

Public Employees' Retirement Board

November 30, 2012

Page 2

The changes in funded status for each System are shown below based on the Actuarial Value of Assets:

	<u>2011</u>	<u>2012</u>
PERS	70%	67%
JRS	141%	137%
HPORS	61%	58%
SRS	76%	74%
GWPORS	75%	76%
MPORS	55%	55%
FURS	62%	62%
VFCA	74%	73%

Due to investment gains from the years ending June 30, 2010 and June 30, 2011, which are being recognized over four years, the Actuarial Value of Assets was less than the Market Value of Assets by 2% to 3% for each of the Systems. If the Market Value of Assets had been used to determine the funded status, the funded status of each of the Systems would have been higher than using the Actuarial Value of Assets.

Assumptions and Methods

These valuations are the fourth valuations performed for the Board by Cheiron. The current actuarial assumptions were adopted by the Board for the June 30, 2010 valuations following an actuarial experience study.

We believe that all the costs, liabilities, rates of interest, and other factors for the Systems have been determined on the basis of actuarial assumptions and methods which are reasonable in the aggregate. Nevertheless, the emerging costs will vary from those presented in this letter to the extent that actual experience differs from that projected by the actuarial assumptions.

The calculations in the following exhibits have been made on a basis consistent with our understanding of the Systems' funding requirements and goals, and of GASB Statement No. 25. Determinations for purposes other than meeting these requirements may be significantly different from the results in this letter. Accordingly, additional determinations may be needed for other purposes.

Reliance on Others

In preparing the 2012 valuations, we relied upon the financial and membership data furnished by the Public Employees' Retirement Administration. We have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete.



Public Employees' Retirement Board
November 30, 2012
Page 3

We performed a limited review of the data used directly in our analysis for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23 and have not found material defects in the data. If there were material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable. Such a review was beyond the scope of our assignment.

Supporting Schedules

Information presented in this Actuarial Section as of June 30, 2012, and in various parts of the Financial and Statistical Sections is based on information found in our actuarial valuation reports. Numbers reported for years prior to the fiscal year ending June 30, 2009 were developed by the prior actuary and are reported per their valuation reports.

Certification

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 letter was prepared exclusively for the Public Employees' Retirement System for the purpose described herein. This letter is not intended to benefit any third party, and Cheiron assumes no duty or liability to any such party.

Sincerely,
Cheiron

/s/ Stephen T. McElhaney

Stephen T. McElhaney, FSA, FCA
Principal Consulting Actuary

/s/ Margaret Tempkin

Margaret Tempkin, FSA
Principal Consulting Actuary

Attachments



ACTUARIAL SECTION

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Public Employees' Retirement Board*A Component Unit of the State of Montana***SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS****BACKGROUND**

An actuarial valuation of the plans was completed for fiscal year 2012 by the PERB's actuary, Cheiron. An experience study was performed during fiscal year 2010 examining the plans' experience during the six year period July 1, 2003 to June 30, 2009. The experience study investigated the actual experience of each plan administered by the PERB. The methods, assumptions, and factors adopted by the PERB were based on Cheiron's recommendations. The actuarial assumptions were approved by the PERB in May 2010 and were used in the fiscal year 2012 actuarial valuation. The recommendations were formed on the basis of recent experience of the plans and on the current expectations of future economic conditions. The actuarial methods, assumptions, factors, and any changes in the actuarial assumptions are described in this section.

Cheiron studied the Plans' experience with respect to both demographic and economic assumptions. Demographic assumptions are based on expected membership behavior. These include the retirement rates, termination rates, disability rates, mortality rates, and miscellaneous assumptions including marital status. Economic assumptions are based on common system elements such as investment returns, inflation, and administrative expenses. Salary increases can be considered either demographic (membership oriented) or economic (given the inflation component). For this study Cheiron included salary experience under the economic portion of the study.

The assumptions are intended to estimate the future experience of the plans and the members of the plans in areas which affect the projected benefit flow and anticipated investment earnings. Any variations in future experience from that expected based on these assumptions will result in corresponding changes in the estimated cost of the plans' benefits.

RECORDS AND DATA

The data used in the valuation consists of financial information and records of age, service and income of contributing members, former contributing members and their survivors. All data supplied to the actuary by MPERA was accepted for valuation purposes without audit.

ACTUARIAL FUNDING AND METHOD

A fundamental principle in financing the liabilities of a retirement program is to relate the cost of benefits to when they are earned, rather than when they are paid. There are a number of methods in use for making that determination. The funding method used to determine costs in these valuations is the Entry Age Actuarial Cost Method. Under this funding method, a normal cost rate is determined by taking the value of each member's projected future benefits as of entry age into the plan.

The actuarial accrued liability is that portion of the present value of projected benefits that will not be paid by future normal cost. The difference between this liability and funds

ACTUARIAL SECTION

accumulated as of the same date is referred to as the unfunded actuarial liability.

The portion of the actuarial accrued 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.

ACTUARIAL VALUE OF ASSETS

Asset values were supplied by MPERA and were accepted without audit by the actuary. 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. The asset adjustment method dampens the volatility in asset values that could occur because of fluctuations in market conditions. 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.

INVESTMENT RETURNS

The future investment earnings of the assets of the plans are assumed to accrue at an annual rate of 7.75%, net of all administrative and investment-related expenses.

AMORTIZATION METHODS

The unfunded actuarial accrued liability is amortized as a level percentage of future payroll, except for VFCA which is amortized as level dollar amounts.

INTEREST ON MEMBER CONTRIBUTIONS

Interest on member contributions at the time

of the valuation was assumed to accrue at a net annual rate of 3.50%, with the exception of VFCA.

CAPITAL PRESERVATION PREMIUM ON MPORS DROP ACCOUNTS

Effective July 1, 2009, the interest earned on MPORS DROP accounts changed from the actual trust fund earnings with a floor of zero to the actuarial assumed rate of return.

FUTURE SALARIES

Estimates of future salaries are based on two types of assumptions. Rates of increase in the general wage level of the membership are directly related to inflation, while individual salary changes due to promotion and longevity, referred to as the merit scale, occur even in the absence of inflation. The assumed increase in future salaries due to general wage growth is 4.00% per year for all plans. The merit scale is based on years of service and is in addition to the wage growth. The merit scale is calculated independently for each plan based on the factors applicable to the plan. VFCA is excluded from this calculation because members are unpaid volunteers.

MARRIAGE

The probability of marriage assumption is 100% of all non-retired members. Male spouses are assumed to be three years older than female spouses for all systems except JRS where the male spouses are assumed to be four years older than female spouses.

MORTALITY

The mortality assumption among contributing members, terminated vested members, service retired members, and beneficiaries are based

on RP-2000 Combined Healthy Male and Female Mortality Tables projected to 2015 with scale AA. The sample mortality rates for healthy retirees, beneficiaries and non-retired members for all plans is presented in the following table.

Healthy Retirees, Beneficiaries and Non-Retired Members Sample Mortality Rates		
<u>Age</u>	<u>Male</u>	<u>Female</u>
50	0.163%	0.130%
55	0.241%	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%

The mortality assumptions among Disabled Retirees are based on the RP-2000 Combined Healthy Male and Female Mortality Tables with no projections. No future mortality improvement is assumed. The sample mortality rates for the disabled retirees for all plans is presented in the following table.

Disabled Retirees Sample Mortality Rates		
<u>Age</u>	<u>Male</u>	<u>Female</u>
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%

SERVICE RETIREMENT

The assumed rates of service retirement used in the valuations are dependent upon age and years of service and differ between plans. The rates are based on the actual experience of the individual plans. Under all plans, vested terminated members are assumed to retire when first eligible for an unreduced benefit.

DISABLEMENT

The assumed rates of disablement are dependent upon ages and differ between plans. It is further assumed that 75% of all disabilities are duty-related for HPORS, SRS, and GWPORS. For JRS it is assumed that 10% of all disabilities are duty-related. For PERS and VFCA all disabilities are assumed to be non-duty related. For MPORS and FURS there is no distinction between duty and non-duty disabilities. It is assumed that all disabilities are permanent and that no disabled member will recover and return to work.

OTHER TERMINATIONS OF MEMBERSHIP

The assumed rates of termination, other than for retirement, death, or disability, are calculated individually for each plan. The JRS does not assume termination for any reason other than retirement, death, or disability.

TERMINATING MEMBERS ELECTING A REFUND

It is assumed that all terminating members that are non-vested will receive an immediate withdrawal of their member accumulated contributions. The probability of a terminating, vested member electing a refund of the member account balance is based on age and is different for each plan as described in the actuarial valuation. These assumptions do not apply to the JRS or VFCA.

ACTUARIAL SECTION

ACTUARIAL FACTORS

Retirement actuarial factors are used in determining joint, survivor and period certain annuities.

ACTUARIAL AUDIT

In preparation for the fiscal year 2009 actuarial valuation, their first valuation, Cheiron reproduced the results of the prior valuation at June 30, 2008 performed by PERB's actuary at that time, Milliman. In this reproduction of results, Cheiron obtained an actuarial accrued liability well within established norms for all plans administered by the PERB.

This is the fourth valuation performed by Cheiron. All results shown for valuations prior to June 30, 2009 were derived from reports prepared by the prior actuary, Milliman.

CALCULATIONS BASED ON THE MARKET VALUE OF ASSETS

Section 19-2-407, MCA, as amended by the 2007 Legislature, requires the actuarial report to show how market performance is affecting the actuarial funding of the retirement systems. In the following paragraphs the effect on each one of the defined benefit retirement systems is explained using the market value of assets.

At June 30, 2012, the market value of assets for **PERS-DBRP** was \$105 million greater than the actuarial value of assets. If the market value of assets was used rather than the actuarial value of assets, the funded ratio on the valuation date would be 69% and the statutory contribution rates would not be sufficient to amortize the unfunded actuarial liability within a 30 year amortization period. Using the actuarial value of assets in the valuation, the funded ratio at June 30, 2012

is 67% and the amortization period for the unfunded actuarial liability is infinite.

The valuation also includes calculations related to the Plan Choice Rate (PCR). The PCR is the percent of the employer contribution allocated to the PERS-DBRP for members who choose the PERS-DCRP or the Optional Retirement Plan (ORP). The calculations show that the amortization of the PCR unfunded actuarial liability is 4.6 years, which is within the acceptable range.

At June 30, 2012, the market value of assets for **JRS** was \$1.6 million greater than the actuarial value of assets. If the market value of assets was used rather than the actuarial value of assets, the funded ratio on the valuation date would be 140% and the amortization period for the unfunded actuarial liability would be zero years since the plan is overfunded. Using the actuarial value of assets in the valuation, the funded ratio at June 30, 2012 is 137% and the amortization period for the unfunded actuarial liability is still zero years since the plan is overfunded.

At June 30, 2012, the market value of assets for **HPORS** was \$2.6 million greater than the actuarial value of assets. If the market value of assets was used rather than the actuarial value of assets, the funded ratio on the valuation date would be 59% and the amortization period for the unfunded actuarial liability would be 45.1 years. Using the actuarial value of assets in the valuation, the funded ratio at June 30, 2012 is 58% and the amortization period for the unfunded actuarial liability is 49.7 years.

At June 30, 2012, the market value of assets for **SRS** was \$5.1 million greater than the actuarial value of assets. If the market value of assets was used rather than the actuarial value of assets, the funded ratio on the valuation date

ACTUARIAL SECTION

would be 76% and the statutory contribution rates are not sufficient to amortize the unfunded actuarial liability within a 30 year amortization period. Using the actuarial value of assets in the valuation, the funded ratio at June 30, 2012 is 74% and the amortization period for the unfunded actuarial liability is infinite.

At June 30, 2012, the market value of assets for **GWPORS** was \$1.9 million greater than the actuarial value of assets. If the market value of assets was used rather than the actuarial value of assets, the funded ratio on the valuation date would be 77%, a decrease from last year's funded ratio of 79%. The statutory contribution rates are not sufficient to amortize the unfunded actuarial liability within a 30 year amortization period. Using the actuarial value of assets in the valuation, the funded ratio at June 30, 2012 is 76% and the amortization period is infinite.

At June 30, 2012, the market value of assets for **MPORS** was \$4.6 million greater than the actuarial value of assets. If the market value of assets was used rather than the actuarial value of assets, the funded ratio on the valuation date would be 56% and the amortization period for the unfunded actuarial liability would be 24.7 years. Using the actuarial value of assets in the valuation, the funded ratio at June 30, 2012 is 55% and the amortization period is 25.7 years.

At June 30, 2012, the market value of assets for **FURS** was \$4.5 million greater than the actuarial value of assets. If the market value of assets was used rather than the actuarial value of assets, the funded ratio on the valuation date would be 63% and the amortization period for the unfunded actuarial liability would be 15.7 years. Using the actuarial value of assets in the valuation, the funded ratio at June 30,

2012 is 61.8% and the amortization period for the unfunded actuarial liability is 16.4 years.

At June 30, 2012, the market value of assets for **VFCA** retirement system was \$0.5 million greater than the actuarial value of assets. If the market value of assets was used rather than the actuarial value of assets, the funded ratio on the valuation date would be 75% and the amortization period for the unfunded actuarial liability would be 8.6 years with the annual required contribution being \$1.1 million. Using the actuarial value of assets in the valuation, the funded ratio at June 30, 2012 is 73% and the amortization period for the unfunded actuarial liability is 9.3 years. The total required contribution is \$1.1 million.

ACTUARIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Active Member Valuation Data

System	Valuation Date	Number Members (a)	Nbr ERs (b)	Covered Payroll ¹ (c)	Average Annual Pay ² (c/a)	% Pay Increase
PERS-DBRP	June 30, 2007	27,977	528	\$ 947,424,089	\$ 33,864	5.13%
	June 30, 2008	28,293	528	995,112,779	35,172	3.86%
	June 30, 2009	28,983	529	1,043,214,752	35,994	2.34%
	June 30, 2010	28,834	533	1,083,779,866	37,587	4.43%
	June 30, 2011	28,659	533	1,071,376,488	37,384	-0.54%
	June 30, 2012	28,548	538	1,081,288,177	37,876	1.32%
JRS	June 30, 2007	51	1	4,840,867	94,919	-0.33%
	June 30, 2008	51	1	5,095,771	99,917	5.27%
	June 30, 2009	51	1	5,109,726	100,191	0.27%
	June 30, 2010	51	1	5,686,874	111,507	11.30%
	June 30, 2011	54	1	5,645,110	104,539	-6.25%
	June 30, 2012	54	1	6,192,732	114,680	9.70%
HPORS	June 30, 2007	204	1	9,858,242	48,325	20.84%
	June 30, 2008	212	1	10,866,291	51,256	6.07%
	June 30, 2009	222	1	11,424,902	51,464	0.40%
	June 30, 2010	230	1	13,035,971	56,678	10.13%
	June 30, 2011	214	1	12,471,575	58,278	2.82%
	June 30, 2012	218	1	13,617,653	62,466	7.19%
SRS	June 30, 2007	1,076	57	43,611,101	40,531	19.08%
	June 30, 2008	1,109	57	47,196,418	42,558	5.00%
	June 30, 2009	1,185	57	51,456,506	43,423	2.03%
	June 30, 2010	1,181	57	54,680,650	46,300	6.63%
	June 30, 2011	1,230	57	57,041,471	46,375	0.16%
	June 30, 2012	1,241	57	59,582,678	48,012	3.53%

¹Applicable only to the the PERS-DBRP, the annual covered payroll has been changed for FY2007 - FY2009 due to a database field that was not sufficient in length. This also impacts the Average Annual Pay and % Pay increase.

²Average Annual Pay is based on Covered Payroll. The actuary valuation is based on Annual Payroll which is different than Covered Payroll.

The last actuarial valuation was performed as of June 30, 2012.

ACTUARIAL SECTION

System	Valuation Date	Number Members (a)	Nbr ERs (b)	Covered Payroll (c)	Average Annual Pay ² (c/a)	% Pay Increase
GWPORS	June 30, 2007	821	7	\$ 28,799,459	\$ 35,079	7.63%
	June 30, 2008	885	7	32,365,266	36,571	4.25%
	June 30, 2009	950	7	36,023,244	37,919	3.69%
	June 30, 2010	966	7	39,435,882	40,824	7.66%
	June 30, 2011	951	7	38,306,496	40,280	-1.33%
	June 30, 2012	972	7	38,316,733	39,421	-2.13%
MPORS³	June 30, 2007	640	23	29,546,856	46,167	3.04%
	June 30, 2008	644	27	32,180,590	49,970	8.24%
	June 30, 2009	663	29	34,687,120	52,318	4.70%
	June 30, 2010	695	30	37,220,334	53,554	2.36%
	June 30, 2011	702	31	39,470,441	56,226	4.99%
	June 30, 2012	701	31	41,744,760	59,550	5.91%
FURS	June 30, 2007	480	17	24,249,918	50,521	2.95%
	June 30, 2008	525	19	29,158,206	55,539	9.93%
	June 30, 2009	558	21	30,159,570	54,049	-2.68%
	June 30, 2010	570	23	33,338,599	58,489	8.21%
	June 30, 2011	579	24	34,852,160	60,194	2.91%
	June 30, 2012	590	24	36,176,675	61,316	1.87%
VFCA	June 30, 2007	2,207				
	June 30, 2008	2,301				
	June 30, 2009	2,253				
	June 30, 2010	2,315				
	June 30, 2011	2,105				
	June 30, 2012	2,106				

Covered payroll is not applicable. Members are unpaid volunteers and do not contribute to the fund.

³The number of members for MPORS does not include DROP members.

ACTUARIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Active Member Composition

as of June 30, 2012

	PERS-DBRP	JRS	HPORS	SRS	GWPORS	MPORS ¹	FURS	VFCA ²	PERS-DCRP
Average Age	48.9	60.2	41.7	40.6	41.9	38.8	39.4	44.7	45.4
Average Service	9.9	12.4	11.2	7.2	7.1	9.0	10.6	9.4	6.1
Average Salary	\$ 38,446	\$ 114,673	\$ 62,860	\$ 48,186	\$ 40,421	\$ 56,700	\$ 61,780	N/A	\$ 42,693
Under Age 25									
Number Members	516		1	72	57	16	9	142	11
Average Salary	\$ 26,453		\$ 55,013	\$ 37,115	\$ 30,715	\$ 45,226	\$ 43,941	N/A	\$ 30,902
Ages 25-29									
Number Members	1,413		15	152	98	101	82	175	123
Average Salary	\$ 32,526		\$ 59,745	\$ 42,266	\$ 35,709	\$ 50,631	\$ 51,296	N/A	\$ 38,357
Ages 30-34									
Number Members	1,956		32	173	130	129	109	210	238
Average Salary	\$ 36,224		\$ 57,192	\$ 45,784	\$ 37,831	\$ 53,069	\$ 54,947	N/A	\$ 46,254
Ages 35-39									
Number Members	2,771		40	223	141	124	116	227	293
Average Salary	\$ 36,859		\$ 61,906	\$ 48,906	\$ 40,505	\$ 53,524	\$ 61,384	N/A	\$ 45,469
Ages 40-44									
Number Members	2,800		46	178	143	149	106	257	294
Average Salary	\$ 39,169		\$ 64,366	\$ 51,967	\$ 42,885	\$ 61,347	\$ 65,023	N/A	\$ 47,304
Ages 45-49									
Number Members	3,492	3	43	152	131	105	65	285	311
Average Salary	\$ 39,682	\$ 116,176	\$ 65,557	\$ 51,040	\$ 42,812	\$ 60,707	\$ 66,139	N/A	\$ 42,954
Ages 50-54									
Number Members	4,965	12	28	131	126	53	66	300	318
Average Salary	\$ 40,083	\$ 114,303	\$ 65,146	\$ 51,045	\$ 43,329	\$ 63,119	\$ 72,114	N/A	\$ 43,400
Ages 55-59									
Number Members	5,340	8	10	93	85	19	28	212	234
Average Salary	\$ 40,626	\$ 114,615	\$ 64,374	\$ 49,481	\$ 43,406	\$ 69,173	\$ 74,372	N/A	\$ 39,051
Ages 60-64									
Number Members	3,796	13	3	53	51	5	7	162	144
Average Salary	\$ 39,645	\$ 114,254	\$ 66,105	\$ 55,875	\$ 41,497	\$ 50,366	\$ 77,884	N/A	\$ 34,767
Ages 65-69									
Number Members	1,093	12		9	7		2	94	55
Average Salary	\$ 35,632	\$ 115,655		\$ 41,217	\$ 41,476		\$ 80,012	N/A	\$ 34,917
Age 70 & Over									
Number Members	406	6		5	3			42	11
Average Salary	\$ 27,895	\$ 113,678		\$ 49,146	\$ 37,687			N/A	\$ 21,046

¹The number of members for MPORS does not include the 35 DROP members.

²Average Salary is not applicable to VFCA, members are unpaid volunteers.

The information in this schedule is provided by the PERB's actuary, Cheiron.

The last actuarial valuation was performed as of June 30, 2012.

ACTUARIAL SECTION

Public Employees' Retirement Board
A Component Unit of the State of Montana
Schedule of Retiree Member Composition
as of June 30, 2012

	PERS-DBRP	JRS	HPORS	SRS	GWPORS	MPORS	FURS	VFCA
Total Count	18,148	54	280	415	153	634	543	1,242
Average Age	71.9	75.7	69.7	64.2	68.2	66.7	68.1	70.2
Average Age at Retirement	59.3	61.6	49.3	52.9	55.8	47.5	50.6	59.4
Average Service at Retirement	19.8	15.7	24.2	20.0	21.2	19.7	24.3	18.6
Average Annual Benefit	\$ 13,914	\$ 42,113	\$ 27,406	\$ 23,478	\$ 21,204	\$ 26,023	\$ 30,199	\$ 1,671
Under Age 45								
Number Members	38		3	5		6	1	
Average Annual Benefit	\$ 5,340		\$ 24,579	\$ 31,295		\$ 20,182	\$ 29,560	
Ages 45-49								
Number Members	33		10	7		17	10	
Average Annual Benefit	\$ 12,079		\$ 32,817	\$ 29,734		\$ 30,045	\$ 36,701	
Ages 50-54								
Number Members	269		16	41	8	61	37	
Average Annual Benefit	\$ 18,795		\$ 26,286	\$ 24,356	\$ 29,452	\$ 24,971	\$ 26,426	
Ages 55-59								
Number Members	1,010	1	19	75	23	91	79	122
Average Annual Benefit	\$ 20,856	\$ 78,154	\$ 32,727	\$ 27,552	\$ 25,833	\$ 25,962	\$ 34,468	\$ 2,122
Ages 60-64								
Number Members	2,864	9	40	106	34	136	97	253
Average Annual Benefit	\$ 17,910	\$ 32,456	\$ 32,010	\$ 24,805	\$ 16,440	\$ 29,265	\$ 37,633	\$ 1,783
Ages 65-69								
Number Members	3,931	11	45	80	31	97	93	256
Average Annual Benefit	\$ 15,703	\$ 47,045	\$ 30,298	\$ 22,752	\$ 20,577	\$ 28,625	\$ 34,669	\$ 1,608
Ages 70-74								
Number Members	3,314	4	56	46	18	60	77	246
Average Annual Benefit	\$ 13,153	\$ 42,554	\$ 28,764	\$ 23,288	\$ 17,606	\$ 23,032	\$ 27,767	\$ 1,587
Ages 75-79								
Number Members	2,516	5	40	25	17	62	63	173
Average Annual Benefit	\$ 11,561	\$ 57,375	\$ 22,195	\$ 16,776	\$ 26,948	\$ 23,161	\$ 23,607	\$ 1,548
Ages 80 & Over								
Number Members	4,173	24	51	30	22	104	86	192
Average Annual Benefit	\$ 9,609	\$ 38,719	\$ 21,260	\$ 12,456	\$ 20,119	\$ 23,023	\$ 20,941	\$ 1,537

The information in this schedule is provided by the PERB's actuary, Cheiron.
The last actuarial valuation was performed as of June 30, 2012.

ACTUARIAL SECTION

Public Employees' Retirement Board
A Component Unit of the State of Montana
Schedule of Beneficiary Member Composition
as of June 30, 2012

	PERS-DBRP	JRS	HPORS	SRS	GWPORS	MPORS	FURS	VFCA ¹
Total Count	390	2	16	21	8	29	21	
Average Age	64	80	48	57	54	63	69	
Average Service at Retirement	19	9	12	16	11	12	16	
Average Annual Benefit	\$ 10,293	\$ 26,352	\$ 14,854	\$ 17,035	\$ 7,280	\$ 22,240	\$ 22,380	
Under Age 45								
Number Members	48		8	5	2	2	3	
Average Annual Benefit	\$ 6,440		\$ 10,259	\$ 9,315	\$ 8,763	\$ 19,993	\$ 24,230	
Ages 45-49								
Number Members	14				1	2		
Average Annual Benefit	\$ 8,506				\$ 3,026	\$ 24,801		
Ages 50-54								
Number Members	27		2	2		4	2	
Average Annual Benefit	\$ 6,634		\$ 13,302	\$ 40,037		\$ 21,191	\$ 18,538	
Ages 55-59								
Number Members	31			3		3	1	
Average Annual Benefit	\$ 10,992			\$ 25,502		\$ 23,485	\$ 22,625	
Ages 60-64								
Number Members	60		2	3	2	5	2	
Average Annual Benefit	\$ 10,607		\$ 9,914	\$ 9,965	\$ 6,151	\$ 23,236	\$ 25,111	
Ages 65-69								
Number Members	58		2	3	2	4	2	
Average Annual Benefit	\$ 11,356		\$ 35,605	\$ 28,259	\$ 7,272	\$ 23,345	\$ 30,138	
Ages 70-74								
Number Members	57			1		1	1	
Average Annual Benefit	\$ 9,906			\$ 7,243		\$ 33,683	\$ 18,220	
Ages 75-79								
Number Members	38	1				5	4	
Average Annual Benefit	\$ 13,446	\$ 22,901				\$ 20,485	\$ 19,846	
Ages 80 & Over								
Number Members	57	1	2	4	1	3	6	
Average Annual Benefit	\$ 12,202	\$ 29,803	\$ 21,277	\$ 8,163	\$ 10,839	\$ 18,158	\$ 21,581	

¹Benefits for beneficiaries of VFCA retirees terminate when benefits have been paid for a total of 40 months, including any pension or disability benefits paid to retiree before death.

The information in this schedule was provided by the PERB's actuary, Cheiron.

The last actuarial valuation was performed as of June 30, 2012.

Public Employees' Retirement Board
A Component Unit of the State of Montana
Schedule of Disabled Member Composition
as of June 30, 2012

	PERS-DBRP	JRS	HPORS	SRS	GWPORS	MPORS	FURS	VFCA ¹
Total Count	200		9	33	2	20	7	
Average Age	55.1		44.0	52.4	45.5	44.5	43.6	
Average Age at Disablement	47.0		36.1	43.7	45.0	38.7	39.0	
Average Service at Retirement	14.7		8.3	9.2	8.0	9.1	8.8	
Average Annual Benefit	\$ 9,673		\$ 20,688	\$ 21,491	\$ 7,006	\$ 23,701	\$ 28,291	
Under Age 45								
Number Members	8		4	5	1	10	3	
Average Annual Benefit	\$ 7,467		\$ 24,836	\$ 25,184	\$ 4,761	\$ 25,041	\$ 27,555	
Ages 45-49								
Number Members	14		4	4	1	8	3	
Average Annual Benefit	\$ 10,496		\$ 20,117	\$ 22,519	\$ 9,251	\$ 24,511	\$ 28,343	
Ages 50-54								
Number Members	43		1	8		2	1	
Average Annual Benefit	\$ 9,969		\$ 6,387	\$ 19,587		\$ 12,418	\$ 30,341	
Ages 55-59								
Number Members	115			14				
Average Annual Benefit	\$ 9,717			\$ 21,131				
Ages 60-64								
Number Members	19			2				
Average Annual Benefit	\$ 8,775			\$ 20,344				
Ages 65-69								
Number Members	1							
Average Annual Benefit	\$ 15,000							
Ages 70-74								
Number Members								
Average Annual Benefit								
Ages 75-79								
Number Members								
Average Annual Benefit								
Ages 80 & Over								
Number Members								
Average Annual Benefit								

¹Disability is applicable to the VFCA if disability occurs in the line of duty and member is listed at the time of the injury on roster for current fiscal year. The information in this schedule is provided by the PERB's actuary, Cheiron. The last actuarial valuation was performed as of June 30, 2012.

ACTUARIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Retirees and Beneficiaries

Added to and Removed from Rolls

Year Ended	Added		Removed		End of Year	Benefits ²	Average Annual Benefit ³	% Benefit Increase
	No.	Annual Benefits ¹	No.	Annual Benefits ¹				
PERS-DBRP								
June 30, 2007	962	\$ 9,242,368	479	\$ 1,740,623	16,137	\$ 166,187,966	\$ 10,598	4.19%
June 30, 2008	1,009	10,833,593	519	1,912,403	16,627	180,815,238	11,231	5.97%
June 30, 2009	953	11,308,027	505	2,147,526	17,075	196,401,589	11,884	5.81%
June 30, 2010	905	11,510,903	468	2,803,801	17,512	212,186,085	12,575	5.81%
June 30, 2011	1,169	15,407,952	558	3,428,851	18,123	231,222,603	13,625	8.35%
June 30, 2012	1,220	16,262,411	605	4,117,597	18,738	252,762,398	13,177	-3.29%
JRS								
June 30, 2007	2	29,277	2	28,021	51	1,772,203	34,731	-1.43%
June 30, 2008	0		1	9,691	50	1,828,680	36,590	5.35%
June 30, 2009	6	159,326	1	17,466	55	1,971,931	37,027	1.19%
June 30, 2010	1	129,486	1	4,668	55	2,118,121	39,269	6.06%
June 30, 2011	5	127,602	2	4,668	58	2,239,603	41,259	5.07%
June 30, 2012		94,034	2	36,651	56	2,344,170	42,733	3.57%
HPORS								
June 30, 2007	5	234,141	3	8,922	284	6,460,218	22,122	4.38%
June 30, 2008	9	251,808	3	22,172	290	6,813,578	23,019	4.05%
June 30, 2009	6	220,859	5	37,537	291	7,127,383	24,057	4.51%
June 30, 2010	8	264,156	4	102,241	295	7,556,735	24,765	2.95%
June 30, 2011	12	294,280	5	75,122	302	7,865,745	26,611	7.45%
June 30, 2012	5	197,432	2	18,356	305	8,223,433	26,349	-0.98%
SRS								
June 30, 2007	35	439,999	12	87,687	384	6,769,508	18,152	3.93%
June 30, 2008	16	312,489	6	48,025	394	7,242,828	19,375	6.74%
June 30, 2009	14	330,201	2	27,745	406	7,858,026	19,487	0.58%
June 30, 2010	17	379,084	8	82,426	415	8,276,901	21,033	7.93%
June 30, 2011	30	701,530	4	50,832	441	9,237,286	23,001	9.36%
June 30, 2012	32	599,749	4	20,148	469	10,379,424	21,628	-5.97%

¹ These amounts are based on annual benefit totals.

² Includes death benefit payments for active members.

³ Based on June monthly benefit totals.

⁴ End of Year for MPORS does not include DROP.

The last actuarial valuation was performed as of June 30, 2012.

ACTUARIAL SECTION

Year Ended	Added		Removed		End of Year ⁴	Benefits ²	Average Annual Benefit ³	% Benefit Increase
	No.	Annual Benefits ¹	No.	Annual Benefits ¹				
GWPORS								
June 30, 2007	6	\$ 140,228	1	\$ 7,224	111	\$ 2,085,050	\$ 19,247	5.77%
June 30, 2008	10	128,947	1	7,618	120	2,270,902	19,312	0.34%
June 30, 2009	9	157,614	2	13,612	127	2,520,735	19,799	2.52%
June 30, 2010	10	112,042	1	10,583	136	2,621,834	20,044	1.24%
June 30, 2011	12	146,846	3	16,761	145	2,863,434	20,967	4.61%
June 30, 2012	19	235,722	1	22,860	163	3,202,597	18,652	-11.04%
MPORS								
June 30, 2007	24	449,961	12	118,666	592	12,691,520	22,177	4.74%
June 30, 2008	51	727,211	7	56,531	636	13,706,635	22,711	2.41%
June 30, 2009	17	456,299	7	44,723	646	15,008,432	23,597	3.90%
June 30, 2010	34	559,746	10	77,537	670	15,727,576	24,260	2.81%
June 30, 2011	22	539,164	16	145,734	676	17,013,369	25,797	6.34%
June 30, 2012	17	515,137	10	98,603	683	17,354,933	25,533	-1.02%
FURS								
June 30, 2007	20	602,497	10	72,609	519	11,850,904	23,636	6.31%
June 30, 2008	24	664,186	8	64,052	535	13,353,419	25,026	5.88%
June 30, 2009	16	510,583	9	97,630	542	13,986,547	26,221	4.77%
June 30, 2010	17	501,398	13	111,575	546	14,597,875	27,314	4.17%
June 30, 2011	19	624,623	13	172,927	552	15,605,138	29,546	8.17%
June 30, 2012	21	696,096	2	9,065	571	16,519,146	28,563	-3.33%
VFCA								
June 30, 2007	74	80,123	37	22,028	1,038	1,636,980	1,587	0.57%
June 30, 2008	74	75,645	30	26,220	1,082	1,716,773	1,608	1.30%
June 30, 2009	61	67,748	40	29,115	1,103	1,779,708	1,621	0.82%
June 30, 2010	82	89,933	36	33,825	1,149	1,856,833	1,627	0.38%
June 30, 2011	76	84,810	42	32,985	1,183	1,938,060	1,652	1.52%
June 30, 2012	87	104,535	28	19,440	1,242	2,046,233	1,574	-4.75%

ACTUARIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Solvency Test

(in thousands)

System	Valuation Date	Aggregate Accrued Liabilities for			Actuarial Value of Assets	Portion of Accrued Liabilities Covered by Reported Asset		
		1	2	3		1	2	3
		Active Member Accounts ¹	Retirees and Beneficiaries	Active Members (ER Financed Portion)				
PERS-DBRP	06/30/07	\$ 749,000	\$ 2,051,107	\$ 1,401,143	\$ 3,825,234	100	100	73
	06/30/08	783,801	2,232,148	1,488,794	4,065,307	100	100	70
	06/30/09	828,390	2,272,582	1,691,847	4,002,212	100	100	53
	06/30/10	848,756	2,481,534	1,911,529	3,889,890	100	100	29
	06/30/11	840,762	2,728,687	1,840,696	3,800,479	100	100	13
	06/30/12	837,663	2,958,076	1,865,543	3,816,920	100	100	1
JRS	06/30/07	3,863	20,446	12,554	57,778	100	100	267
	06/30/08	4,431	20,682	14,323	62,040	100	100	258
	06/30/09	4,790	21,625	15,433	61,929	100	100	230
	06/30/10	5,207	22,279	15,027	61,277	100	100	225
	06/30/11	5,115	24,692	13,607	61,274	100	100	231
	06/30/12	5,575	24,631	15,985	63,195	100	100	206
HPORS	06/30/07	8,049	93,187	27,070	95,758	100	94	0
	06/30/08	8,796	96,395	29,492	101,500	100	96	0
	06/30/09	9,571	97,087	31,157	99,652	100	93	0
	06/30/10	10,369	102,450	38,359	97,204	100	85	0
	06/30/11	10,795	107,035	37,911	95,274	100	79	0
	06/30/12	11,455	110,876	455,493	96,655	100	77	0
SRS	06/30/07	27,651	97,660	63,725	183,894	100	100	92
	06/30/08	31,220	102,967	70,362	199,453	100	100	93
	06/30/09	36,225	106,352	81,316	200,690	100	100	71
	06/30/10	39,841	117,422	89,470	200,739	100	100	49
	06/30/11	40,737	135,189	90,579	203,689	100	100	31
	06/30/12	41,694	149,254	93,612	211,535	100	100	22

¹ Active Member Accounts include Regular and Additional Contributions with interest, and excludes all accounts of inactive members.

The last actuarial valuation was performed as of June 30, 2012.

ACTUARIAL SECTION

System	Valuation Date	Aggregate Accrued Liabilities for				Actuarial Value of Assets	Portion of Accrued Liabilities Covered by Reported Asset		
		1	2	3	1		2	3	
		Active Member Accounts	Retirees and Beneficiaries	Active Members (ER Financed Portion)					
GWPORS	06/30/07	\$ 17,813	\$ 27,070	\$ 28,109	\$ 68,755	100	100	85	
	06/30/08	20,574	29,647	33,228	77,511	100	100	82	
	06/30/09	23,800	29,536	38,820	81,177	100	100	72	
	06/30/10	26,592	32,383	54,880	85,151	100	100	48	
	06/30/11	28,468	35,166	56,247	90,437	100	100	48	
	06/30/12	29,975	39,856	59,095	97,691	100	100	47	
MPORS	06/30/07	27,256	185,707	97,460	198,310	100	92	0	
	06/30/08	27,165	207,233	93,158	212,312	100	89	0	
	06/30/09	28,693	212,169	104,399	214,345	100	88	0	
	06/30/10	30,986	229,057	120,350	217,545	100	81	0	
	06/30/11	32,906	239,176	129,298	221,669	100	79	0	
	06/30/12	34,687	248,260	144,310	234,025	100	80	0	
FURS	06/30/07	23,896	171,777	73,726	188,545	100	96	0	
	06/30/08	25,482	187,999	73,737	206,127	100	96	0	
	06/30/09	28,561	194,949	82,725	209,775	100	93	0	
	06/30/10	31,422	207,715	96,326	213,755	100	88	0	
	06/30/11	33,089	219,842	102,257	219,959	100	85	0	
	06/30/12	34,790	235,553	106,868	233,121	100	84	0	
VFCA	06/30/07		19,579	12,019	25,862	N/A	100	52	
	06/30/08		20,129	12,606	27,544	N/A	100	59	
	06/30/09		14,498	19,050	27,239	N/A	100	67	
	06/30/10		15,846	18,665	26,575	N/A	100	57	
	06/30/11		16,483	18,712	26,183	N/A	100	52	
	06/30/12		17,465	18,681	26,531	N/A	100	49	

Active member accounts are not applicable. Members are unpaid volunteers.

ACTUARIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Summary of Actuarial (Gain)/Loss by Source

(in thousands)

	<u>PERS DBRP</u>	<u>JRS</u>	<u>HPORS</u>	<u>SRS</u>
Investment (Gain) or Loss	\$ 167,747	\$ 2,517	\$ 4,179	\$ 8,014
Liability (Gain) or Losses:				
Salary (Gain) or Loss	(41,013)	522	3,654	(3,483)
New Participant (Gain) or Loss	9,723		122	527
Other (Gain) or Loss	<u>712</u>	<u>(66)</u>	<u>1,827</u>	<u>1,134</u>
Total Actuarial (Gain) or Loss	\$ 137,169	\$ 2,973	\$ 9,782	\$ 6,192
Plan Changes				
Total (Gain) or Loss				
Including Assumptions	<u>\$ 137,169</u>	<u>\$ 2,973</u>	<u>\$ 9,782</u>	<u>\$ 6,192</u>
	<u>GWPORS</u>	<u>MPORS</u>	<u>FURS</u>	<u>VFCA</u>
Investment (Gain) or Loss	\$ 3,049	\$ 9,033	\$ 8,621	\$ 1,242
Liability (Gain) or Losses:				
Salary (Gain) or Loss	(2,438)	3,587	151	
New Participant (Gain) or Loss	352	386	225	610
Rural Fire Districts (Gain) or Loss				
Other (Gain) or Loss	<u>(1,184)</u>	<u>(1,029)</u>	<u>1,671</u>	<u>(466)</u>
Total Actuarial (Gain) or Loss	\$ (221)	\$ 11,977	\$ 10,668	\$ 1,386
Plan Changes				
Total (Gain) or Loss				
Including Assumptions	<u>\$ (221)</u>	<u>\$ 11,977</u>	<u>\$ 10,668</u>	<u>\$ 1,386</u>

The last actuarial valuation was performed as of June 30, 2012.

Public Employees' Retirement Board

A Component Unit of the State of Montana

Summary of Defined Benefit Retirement Plans Provisions as of June 30, 2012

Public Employees' Retirement System-DBRP

MEMBERSHIP

The Plan is a multiple-employer cost sharing plan that covers employees of the State, local governments, and certain employees of the university system and school districts, who are not covered by a separate retirement system governed by Title 19 of Montana Code Annotated.

CONTRIBUTIONS

For members hired prior to July 1, 2011, members contribute 6.9% of their compensation. Interest is credited at rates determined by the Board.

For members hired on or after July 1, 2011, members contribute 7.9% 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 6.9% of each member's compensation, which was increased to 7.035% on July 1, 2007 and 7.17% on July 1, 2009. This is offset by a 0.1% of compensation from the State for local governments and school districts. For school districts this offset was increased to 0.235% on July 1, 2007 and 0.37% on July 1, 2009. These increased contributions and offsets as of 2007 and 2009 will terminate if an actuarial valuation shows that the period required to amortize the system's unfunded liabilities is less than 25 years, and that the termination of those increases would not cause the amortization to increase beyond 25 years.

SERVICE CREDIT

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

MEMBERSHIP SERVICE

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

ACTUARIAL SECTION

PERS-DBRP (continued)

HIGHEST AVERAGE COMPENSATION (HAC)

For members hired prior to July 1, 2011: 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 members hired on or after July 1, 2011: Highest Average Compensation is the average of the highest 60 consecutive months (or shorter period of total service) of compensation paid to the member.

Compensation generally means all remuneration paid, excluding certain allowances, benefits and lump sum payments. Compensation is specifically defined by law.

SERVICE RETIREMENT

Eligibility: **For members hired prior to July 1, 2011:**

- (i) age 60 with 5 years of membership service; or
- (ii) age 65 regardless of service; or
- (iii) any age with 30 years of membership service.

For members hired on or after July 1, 2011:

- (i) age 65 with 5 years of membership service; or
- (ii) age 70 regardless of service.

Benefit: **For members hired prior to July 1, 2011:**

- (i) If less than 25 years of membership service, the greater of:
 - (a) $1/56$ of HAC multiplied by years of service credit; or
 - (b) the actuarial equivalent of double the member's regular contributions plus interest plus the actuarial equivalent of any additional contributions plus interest.
- (ii) If 25 years of membership service or more:
 - (a) 2% of HAC multiplied by years of service credit; or
 - (b) calculation in (i)(b) above.

For members hired on or after July 1, 2011:

- (i) If less than 10 years of membership service, the greater of:
 - (a) 1.5% of highest average compensation multiplied by years of service credit; or

- (b) the actuarial equivalent of double the member's regular contributions plus interest plus the actuarial equivalent of any additional contributions plus interest.
- (ii) If between 10 and 30 years of membership service, the greater of:
 - (a) 1/56 of highest average compensation multiplied by years of service credit; or
 - (b) calculation in (i)(b) above.
- (iii) If 30 years of membership service or more, the greater of:
 - (a) 2% of highest average compensation multiplied by years of service credit; or
 - (b) calculation in (i)(b) above.

EARLY RETIREMENT

Eligibility: **For members hired prior to July 1, 2011:**
(i) age 50 with 5 years of membership service; or
(ii) any age with 25 years of membership service.

For members hired on or after July 1, 2011:
(i) age 55 with 5 years of membership service.

Benefit: **For members retired prior to October 1, 2011:**
The actuarial equivalent of the accrued portion of the service retirement benefit that would have been payable to the member commencing at age 60 or upon completion of 30 years of membership service with the exception that the benefit must be reduced by a factor resulting from multiplying 0.5% (for first five years from service retirement eligibility) or 0.3% (for six to 10 years from service retirement eligibility) by the number of months by which the retirement date precedes the date at which the member would have attained age 60 or completed 30 years of membership service.

For members hired prior to July 1, 2011: (effective October 1, 2011)
The actuarial equivalent of the accrued portion of the service retirement benefit that would have been payable to the member commencing at age 60 or upon completion of 30 years of membership service with the exception that the benefit must be reduced using actuarially equivalent factors based on the most recent valuation.

For members hired on or after July 1, 2011:
The actuarial equivalent of the accrued portion of the service retirement benefit that would have been payable to the member commencing at age 65 with the exception that the benefit must be reduced using actuarially equivalent factors based on the most recent valuation.

ACTUARIAL SECTION

PERS-DBRP (continued)

DISABILITY BENEFIT

Eligibility: Five years of membership service.

Benefit: If hired on or before February 24, 1991, the greater of (a) or (b):

- (a) Less than 25 years of membership service: 90% of $1/56$ of HAC multiplied by service credit.
At least 25 years of membership service: 90% of 2% of HAC multiplied by service credit, or
- (b) 25% of HAC.

If hired after February 24, 1991 and prior to July 1, 2011:
90% is replaced by 100% in the above formulas, but there is no 25% minimum benefit.

If hired on or after July 1, 2011:

- (a) If less than 10 years of membership service: 1.5% of HAC multiplied by years of service credit.
- (b) If between 10 and 30 years of membership service: $1/56$ of HAC multiplied by years of service credit.
- (c) If 30 years of membership service or more: 2% of HAC multiplied by years of service credit.

SURVIVOR'S BENEFIT

Eligibility: Members status at the time of death:

- (i) active,
- (ii) receiving disability benefit for less than six months,
- (iii) continuously disabled without receiving a disability benefit, or
- (iv) inactive

Benefit: The sum of (i) accumulated contributions plus (ii) monthly compensation multiplied by the lesser of years of service credit or six, plus (iii) interest. However, the survivor of an inactive member who was inactive for more than six months will receive only accumulated contributions.

For the survivor of an active member who had completed five years of membership service, the benefit will be the actuarial equivalent of the accrued retirement benefit at the time of death subject to the minimum in the above paragraph.

A beneficiary may elect to receive the payment as an annuity that is the actuarial equivalent of the amount of benefit the member would have received.

ACTUARIAL SECTION

For retired members receiving the normal form of annuity, a payment will be made equal to the accumulated contributions reduced by any retirement benefits already paid.

VESTING

Eligibility: Five years of membership service.

Benefit: Accrued normal retirement benefit, payable at age 60 (or 65 if hired on or after July 1, 2011). 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 is forfeited.

WITHDRAWAL OF EMPLOYEE CONTRIBUTIONS

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

Benefit: Accumulated employee contributions. Upon receipt of a refund of contributions a member's vested right to a monthly benefit is forfeited.

FORM OF PAYMENT

The normal form of payment is a life annuity with a refund of any remaining account balance to a designated beneficiary. (Option 1)

Optional benefits: (i) Option 2, a life annuity and joint 100% survivor benefit,
(ii) Option 3, a life annuity and joint 50% survivor benefit, and
(iii) Option 4, a life annuity with a period certain.

If a retiring member selects Option 2 or 3 and the designated beneficiary predeceases the member, the benefit may revert to the higher Option 1 benefit available at retirement or select a different beneficiary and/or a different option if the retiree provides notification within 18 months.

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 equal to:

- (i) 3% for members hired before July 1, 2007, and
- (ii) 1.5% for members hired on or after July 1, 2007.

CHANGES SINCE LAST VALUATION

None

ACTUARIAL SECTION

Judges' Retirement System

MEMBERSHIP

The Plan is a single-employer defined benefit plan that covers judges of district courts, justices of the supreme court, and the chief water judge. Effective July 1, 2011, the associate water judge has been added to the membership of the JRS.

CONTRIBUTIONS

Members contribute 7% 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.

The employer contributes 25.81% of each member’s compensation.

SERVICE CREDIT

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

MEMBERSHIP SERVICE

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

CURRENT SALARY OR HIGHEST AVERAGE COMPENSATION (HAC)

For members hired prior to July 1, 1997, and those who have not elected GABA, benefits are calculated using current salary, which means the current compensation of the office from which the member retired.

For members hired on or after July 1, 1997, and those who elected GABA, benefits are calculated using HAC, which is the average of the highest 36 consecutive months (or shorter period of total service) of compensation paid to the member. Compensation is specifically defined in law for JRS.

SERVICE RETIREMENT

Eligibility: Age 60 with 5 years of membership service.

Benefit: 3⅓% per year of current salary or HAC for the first 15 years of service credit and 1.785% per year of current salary or HAC for service credit over 15 years.

DISABILITY BENEFIT

Eligibility: Five years of membership service for non-duty disability; any service for duty-related disability.

Benefit: For duty-related disability, 50% of current salary or HAC.

For regular disability, the actuarial equivalent of the normal retirement benefit available at the time of disability.

SURVIVOR'S BENEFIT

Eligibility: Active or retired member.

Benefit: For duty-related deaths, the member's service retirement benefit on the date of death.

For non-duty-related active deaths, a refund of the member's accumulated contributions or actuarial equivalent of involuntary retirement benefit.

A beneficiary may elect to receive the payment as an annuity that is the actuarial equivalent of the amount of benefit.

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.

VESTING

Eligibility: Five years of membership service.

Benefit: Accrued normal retirement benefit, payable when eligible for retirement. 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.

ACTUARIAL SECTION

Judges' Retirement System (continued)

WITHDRAWAL OF EMPLOYEE CONTRIBUTIONS

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

Benefit: Accumulated employee contributions. Upon receipt of a refund of contributions a member's vested right to a monthly benefit is forfeited.

FORM OF PAYMENT

The normal form of payment is a life annuity with a refund of any remaining account balance to a designated beneficiary. (Option 1)

Optional Benefits: (i) Option 2, a life annuity and joint 100% survivor benefit,
(ii) Option 3, a life annuity and joint 50% survivor benefit, and
(iii) Option 4, a life annuity with a period certain.

If a retiring member selects Option 2 or 3 and the designated beneficiary predeceases the member, the benefit may revert to the higher Option 1 benefit available at retirement or select a different beneficiary and/or a different option if the retiree provides notification within 18 months.

POST RETIREMENT BENEFIT INCREASES

For retired members who became active members on and after July 1, 1997 and those who elected to be covered under this provision, and who have been retired at least 12 months, a Guaranteed Annual Benefit Adjustment (GABA) will be made each year equal to 3%.

For retired members who were hired prior to July 1, 1997 and who did not elect GABA, the current salary of an active member in the same position is used to recalculate the monthly benefit.

CHANGES SINCE LAST VALUATION

None.

Highway Patrol Officers' Retirement System

MEMBERSHIP

The Plan is a single-employer defined benefit plan that covers all members of the Montana highway patrol including the supervisor and assistant supervisor.

CONTRIBUTIONS

For members not covered by GABA, members contribute 9% of their compensation. For members covered by GABA, members contribute 9.05% 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.

The employer contributes 36.33% of each member's compensation.

SERVICE CREDIT

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

MEMBERSHIP SERVICE

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

HIGHEST AVERAGE COMPENSATION (HAC)

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. Compensation is specifically defined in law for HPORS.

SERVICE RETIREMENT

Eligibility: 20 years of membership service.

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

ACTUARIAL SECTION

Highway Patrol Officers' Retirement System (continued)

Early Retirement

Eligibility: Any age with five years of membership service; if discontinued from service other than for cause.

Benefit: Normal retirement benefit calculated using HAC and service credit at early retirement, and reduced to the actuarial equivalent based on a retirement age of 60.

DISABILITY BENEFIT

Eligibility: Any active member.

Benefit: (i) For duty-related disability:
(a) If less than 20 years of membership service: 50% of HAC, or
(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 normal retirement benefit based on retirement age of 60.

SURVIVOR'S BENEFIT

Eligibility: Active or retired member.

Benefit: For duty-related deaths, a monthly survivor benefit to the surviving spouse or dependent child equal to 50% of HAC of the member.

For non-duty-related deaths, the member's spouse will receive (or, if there is no surviving spouse or after the surviving spouse dies, each dependent child for as long as they remain dependent children will equally receive) a benefit that is the actuarial equivalent of the early retirement benefit.

A beneficiary may elect to receive the payment as an annuity that is the actuarial equivalent of the amount of benefit.

For retired members without a surviving spouse or dependent child, the member's designated beneficiary will receive a payment equal to the retired member's accumulated contributions reduced by any retirement benefits already paid.

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.

WITHDRAWAL OF EMPLOYEE CONTRIBUTIONS

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

Benefit: Accumulated employee contributions. Upon receipt of a refund of contributions a member's vested right to a monthly benefit is forfeited.

FORM OF PAYMENT

The retirement benefit is paid for the retired member's life. Upon the death of the retired member, the benefit is paid to the surviving spouse. If there is no surviving spouse, or after the death of a surviving spouse, benefits are paid to the dependent children, if any, for as long as they remain dependent children.

POST RETIREMENT BENEFIT INCREASES

For retired members who became active members on or after July 1, 1997, and those who elected to be covered under this provision, and who have been retired at least 12 months, a Guaranteed Annual Benefit Adjustment (GABA) will be paid each year in January equal to 3%.

For retired members who were hired prior to July 1, 1997 and who did not elect GABA, the minimum monthly benefit provided is equal to 2% times service credit multiplied by the current base compensation of a probationary highway patrol officer. Such benefit may not exceed 60% of the current base compensation of a probationary highway patrol officer and the annual increase may not exceed 5% of the current benefit.

For non-GABA members who retired prior to July 1, 1991 and meet eligibility requirements, a lump sum payment will be made each year based on the increase in the Consumer Price Index.

CHANGES SINCE LAST VALUATION

None.

ACTUARIAL SECTION

Sheriffs' Retirement System

MEMBERSHIP

The Plan is a multiple-employer cost sharing plan that covers persons employed as sheriffs, investigators (effective July 1, 1993), and detention officers (effective July 1, 2005).

CONTRIBUTIONS

Members contribute 9.245% 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 contributed 9.535% of each member’s compensation, the rate increased to 9.825% on July 1, 2007 and 10.115% on July 1, 2009. These increased contributions as of 2009 of 0.58% will terminate if an actuarial valuation shows that the period required to amortize the system’s unfunded liabilities is less than 25 years, and that the termination of those increases would not cause the amortization to increase beyond 25 years.

SERVICE CREDIT

Service credit is 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.

MEMBERSHIP SERVICE

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

Additionally, eligible active and inactive members may purchase some types of service that will count as membership service.

HIGHEST AVERAGE COMPENSATION (HAC)

For members hired prior to July 1, 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.

ACTUARIAL SECTION

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 by law for SRS.

SERVICE RETIREMENT

Eligibility: 20 years of membership service.

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

EARLY RETIREMENT

Eligibility: Age 50 with five years of membership service.

Benefit: Normal retirement benefit calculated using HAC and service credit at early retirement, and reduced to the actuarial equivalent commencing at the earliest of age 60 or the attainment of 20 years of service credit.

DISABILITY RETIREMENT

Eligibility: Five years of membership service for non-duty disability; any service for duty-related disability.

Benefit:

- (i) For duty-related disability:
 - (a) If less than 20 years of membership service: 50% of HAC, or
 - (b) If 20 years or more of membership service: 2.5% of HAC multiplied by years of service credit.
- (ii) For non-duty-related disability, the actuarial equivalent of the accrued normal retirement benefit available at the time of disability.

SURVIVOR'S BENEFIT

Eligibility: Active or retired member.

Benefit: For duty-related deaths, a monthly survivor benefit to the designated beneficiary equal to:

- (i) 50% of HAC.

ACTUARIAL SECTION

Sheriffs' Retirement System (continued)

Benefit (continued): For non-duty-related deaths before retirement:
(i) lump-sum payment of the member's accumulated contributions, or
(ii) 2.5% of HAC for each year of service credit actuarially reduced from age 65.

A beneficiary may elect to receive the payment as an annuity that is the actuarial equivalent of the amount of benefit.

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

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.

WITHDRAWAL OF EMPLOYEE CONTRIBUTIONS

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

Benefit: Accumulated employee contributions. Upon receipt of a refund of contributions a member's vested right to a monthly benefit is forfeited.

FORM OF PAYMENT

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

Optional benefits: (i) Option 2, a life annuity and joint 100% survivor benefit,
(ii) Option 3, a life annuity and joint 50% survivor benefit, and
(iii) Option 4, a life annuity with a period certain.

If a retiring member selects Option 2 or 3 and the designated beneficiary predeceases the member, the benefit may revert to the higher Option 1 benefit available at retirement or select a different beneficiary and/or a different option if the retiree provides notification within 18 months.

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 equal to:

- (i) 3% for members hired before July 1, 2007, and
- (ii) 1.5% for members hired on or after July 1, 2007.

CHANGES SINCE LAST VALUATION

None.

ACTUARIAL SECTION

Game Wardens and Peace Officers' Retirement System

MEMBERSHIP

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

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.

SERVICE CREDIT

Service credit is 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.

MEMBERSHIP SERVICE

Membership service is 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.

HIGHEST AVERAGE COMPENSATION (HAC)

For members hired prior to July 1, 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.

SERVICE RETIREMENT

Eligibility: Age 50 with 20 years of membership service.

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

EARLY RETIREMENT

Eligibility: Age 55 with 5 years of membership service.

Benefit: A reduced normal retirement benefit calculated using HAC and service credit at early retirement.

DISABILITY RETIREMENT

Eligibility: Five years of membership service.

Benefit: (i) For duty-related disability:
(a) If less than 20 years of membership service: 50% of HAC, or
(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 at the time of the disability.

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 25 years or less of membership service: 50% of HAC, or
(ii) If more than 25 years of membership service: 2% of HAC multiplied by years of service credit.

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

A beneficiary may elect to receive the payment as an annuity that is the actuarial equivalent of the amount of the benefit based on the member's service.

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.

ACTUARIAL SECTION

Game Wardens' and Peace Officers' Retirement System (continued)

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.

WITHDRAWAL OF EMPLOYEE CONTRIBUTIONS

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

Benefit: Accumulated employee contributions. Upon receipt of a refund of contributions a member's vested right to a monthly benefit is forfeited.

FORM OF PAYMENT

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

Optional benefits: (i) Option 2, a life annuity and joint 100% survivor benefit,
(ii) Option 3, a life annuity and joint 50% survivor benefit, or
(iii) Option 4, a life annuity with a period certain.

If a retiring member selects Option 2 or 3 and the designated beneficiary predeceases the member, the benefit may revert to the higher Option 1 benefit available at retirement or select a different beneficiary and/or a different option, if the retiree provides notification within 18 months.

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.

CHANGES SINCE LAST VALUATION

None.

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ACTUARIAL SECTION

Municipal Police Officers' Retirement System

MEMBERSHIP

The Plan is a multiple-employer cost sharing plan that covers police officers of first- and second-class cities and others that adopt the plan within the state, other than those cities which maintain a separate local police fund.

CONTRIBUTIONS

Members' contributions depend upon date of hire and whether the member has elected to be covered by a Guaranteed Annual Benefit Adjustment (GABA). For members who have not elected GABA the rates of contribution are as follows:

- (i) Hired after June 30, 1975 but on or before June 30, 1979: 7.0%
- (ii) Hired after June 30, 1979 but before July 1, 1997: 8.5%
- (iii) Hired on or after July 1, 1997: 9%

For all members who have elected GABA, the rate is 9.0% of 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 14.41% of each member's compensation.

The State contributes 29.37% of each member's compensation.

SERVICE CREDIT

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

MEMBERSHIP SERVICE

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

FINAL AVERAGE COMPENSATION (FAC)

Final Average Compensation (FAC) is the average over the last 36 months (or shorter period of total service) of compensation paid to the member. Compensation is specifically defined by law for MPORS.

SERVICE RETIREMENT

Eligibility: (i) Age 50 with 5 years of membership service; or
(ii) Any age with 20 years of membership service.

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

DISABILITY BENEFIT

Eligibility Any active member.

Benefit: (i) Before completing 20 years of membership service: 50% of FAC.
(ii) After completing 20 years or more of membership service: 2.5% of FAC for each year of service credit.

SURVIVOR'S BENEFIT

Eligibility: Any active member.

Benefit: (i) Before completing 20 years of membership service: 50% of member's FAC.
(ii) After completing 20 years of membership service: 2.5% of member's FAC for each year of service credit.

Benefits are paid to the surviving spouse (or equally to dependent children if there is no surviving spouse or after a surviving spouse dies, for as long as they remain dependent children). In the absence of a spouse or child, the accumulated contributions minus any benefits already paid will be paid to the member's designated beneficiary.

VESTING

Eligibility: Five years of membership service.

Benefit: Accrued normal retirement benefit, payable at age 50. 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.

ACTUARIAL SECTION

Municipal Police Officers' Retirement System (continued)

WITHDRAWAL OF EMPLOYEE CONTRIBUTIONS

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

Benefit: Accumulated employee contributions. Upon receipt of a refund of contributions a member's vested right to a monthly benefit is forfeited.

FORM OF PAYMENT

The normal form of payment is a life annuity, with 100% continuation after death to a surviving spouse. If there is no surviving spouse, or after the death of a surviving spouse, benefits are paid to the dependent children, if any, for as long as they remain dependent children.

POST RETIREMENT BENEFIT INCREASES

For retired members who became active members on or after July 1, 1997, or those who elected to be covered under the Guaranteed Annual Benefit Adjustment (GABA) and who have been retired at least 12 months, a GABA will be made each year in January equal to 3%.

For retired members who were hired prior to July 1, 1997 and who did not elect GABA, the minimum monthly benefit provided is equal to 50% of the current base compensation of a newly confirmed police officer of the employer that last employed the member as a police officer.

CHANGES SINCE LAST VALUATION

None.

MPORS Deferred Retirement Option Plan (DROP)

Eligibility:	20 years of membership service.
Period:	Maximum of five years. Member may not receive service credit during the DROP period.
Contributions:	State, employer and member contributions continue during the DROP period and are made to the retirement system.
Disability:	If a member becomes disabled during the DROP period, the member will not be eligible for MPORS disability benefits. If the member must terminate their service, their service retirement benefit will be paid to them rather than to their monthly DROP account. The member will also be eligible to receive their DROP account.
Survivor Benefit:	<p>If a member dies before the end of their DROP period, the surviving spouse or dependent children are entitled to receive a lump-sum payment equal to the member's DROP benefit and the member's accumulated contributions minus any benefits paid from the member's DROP account, including monthly DROP accruals.</p> <p>If the member does not have a surviving spouse or dependent children, then the member's designated beneficiary is entitled to receive a lump-sum payment equal to the member's DROP benefit.</p> <p>The benefit paid must include interest credited to the participant's account as follows:</p> <p>(a) through June 30, 2009, interest must be credited every fiscal year end at a rate reflecting the retirement system's annual investment earnings for the applicable fiscal year.</p> <p>(b) after June 30, 2009, interest must be credited every fiscal year end at the actuarially assumed rate of return. Proportionate interest must be credited for distributions taking place at other than a fiscal year end.</p>
Benefit:	Member receives DROP accruals equal to the retirement benefit calculated at DROP commencement and added each month during the DROP period plus interest reflecting the retirement system's assumed annual investment earnings. Effective July 1, 2009, the interest rate credited to DROP accounts was changed to the actuarial assumed rate of 8%. As a result of the experience study performed during fiscal year 2010, the interest rate credited to DROP accounts was changed to the actuarial assumed rate of 7.75%.

CHANGES SINCE LAST VALUATION

None.

ACTUARIAL SECTION

Firefighters' Unified Retirement System

MEMBERSHIP

The Plan is a multiple-employer cost sharing plan that covers firefighters in cities of the first and second class, other cities and rural fire district departments that adopt the plan. The plan also covers firefighters hired by the Montana Air National Guard on or after October 1, 2001.

CONTRIBUTIONS

For members not electing GABA, members contribute 9.5% of their compensation. For members electing GABA, members contribute 10.7% 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.

The employer contributes 14.36% of each member’s compensation.

The State contributes 32.61% of each member’s compensation.

SERVICE CREDIT

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

MEMBERSHIP SERVICE

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

HIGHEST AVERAGE COMPENSATION (HAC)

Highest Average Compensation is the average of the highest 36 consecutive months (or shorter period of total service) of compensation paid to the member. Compensation is specifically defined by law for FURS. For a part-time firefighter, compensation is calculated as 15% of the regular compensation of a newly confirmed full-time firefighter.

SERVICE RETIREMENT

Eligibility: 20 years of membership service.

Benefit: (i) For a member hired on or after July 1, 1981, or a member who has elected to be covered by the Guaranteed Annual Benefit Adjustment (GABA): 2.5% of HAC multiplied by years of service credit.

(ii) For a member hired prior to July 1, 1981, and who had not elected to be covered by GABA, the greater of (i), or:

(a) If membership service is less than 20 years: 2% highest monthly compensation (HMC) multiplied by years of service credit, and

(b) If membership service is greater or equal to 20 years: 50% of HMC plus 2% of HMC multiplied by years of service credit in excess of 20.

EARLY RETIREMENT

Eligibility: Age 50 with 5 years of membership service.

Benefit: Normal retirement benefit calculated using HAC and service credit at early retirement.

DISABILITY RETIREMENT

Eligibility: Any active or inactive member.

Benefit: The greater of:

(a) 50% of HAC, or

(b) 2.5% of HAC multiplied by years of service credit.

SURVIVOR'S BENEFIT

Eligibility: Active or retired member.

Benefit: For deaths of active members with less than 20 years of membership service, a monthly survivor benefit to the surviving spouse (or equally to dependent children if there is no surviving spouse or after a surviving spouse dies, for as long as they remain dependent children) equal to 50% of HAC. For active or inactive members with more than 20 years of membership service, a benefit equal to the accrued retirement benefit.

ACTUARIAL SECTION

Firefighters' Unified Retirement System (continued)

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 application for a refund of contributions a member's vested right to a monthly benefit shall be forfeited.

WITHDRAWAL OF EMPLOYEE CONTRIBUTIONS

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

Benefit: Accumulated employee contributions. Upon receipt of a refund of contributions a member's vested right to a monthly benefit is forfeited.

FORM OF PAYMENT

The retirement benefit is paid for the retired member's life. Upon the death of the retired member, the benefit is paid to the surviving spouse. If there is no surviving spouse, or after the death of a surviving spouse, benefits are paid to the dependent children, if any, for as long as they remain dependent children.

POST RETIREMENT BENEFIT INCREASES

For retired members who became active members on and after July 1, 1997, and those who elected to be covered under the Guaranteed Annual Benefit Adjustment (GABA) and who have been retired at least 12 months, a GABA will be paid each year in January equal to 3%.

For retired members who were hired prior to July 1, 1997, and who did not elect GABA, the minimum monthly benefit is provided equal to 50% of the current base compensation of a newly confirmed active firefighter of the employer that last employed the member as a firefighter.

CHANGES SINCE LAST VALUATION

None.

Volunteer Firefighters' Compensation Act

MEMBERSHIP

The Plan is a state-wide retirement and disability plan. The plan covers volunteer firefighters serving with qualified volunteer fire companies in unincorporated areas throughout the state. All members are unpaid volunteers and the State of Montana is the only contributor to the plan.

CONTRIBUTIONS

There are no member contributions.

The State contributes 5% of certain fire insurance premium taxes collected.

CREDIT FOR SERVICE

To receive a year of credit for service, a volunteer firefighter must serve with a fire company for an entire fiscal year and receive a minimum of 30 hours of training. Fractional years are not credited.

NORMAL RETIREMENT

Eligibility: (i) Age 55 with 20 years of credit for service, or
(ii) Age 60 with 10 years of credit for service.

Benefit: \$7.50 per month for each year of credit for service.

For VFCA members retiring prior to July 1, 2011, maximum service is 30 years.

VFCA members retiring on or after July 1, 2011, will receive \$7.50 per month for each additional year of credited service after 30 years. *Only VFCA members retiring on or after July 1, 2011, qualify for this benefit.*

Restriction: A retiree's benefit will be capped at, or reduced to, \$255 a month (30 years of credited service) if at any time the amortization period becomes greater than 20 years.

DISABILITY RETIREMENT

Eligibility: Any current member on the fire companies roster.

Benefit: The greater of:
(i) \$75 per month, or
(ii) \$7.50 per month per year of service (up to 30 years of service).

ACTUARIAL SECTION

Volunteer Firefighters' Compensation Act (continued)

SURVIVOR'S BENEFIT

Eligibility: 10 years of credit for service or a retired member.

Benefit: A monthly survivor benefit to the surviving spouse (or equally to dependent children if there is no surviving spouse or after a surviving spouse dies, for as long as they remain dependent children) equal to the full benefit otherwise payable to the member. Survivor benefits terminate when benefits have been paid for a total of 40 months, including any benefits paid to the retired member prior to death.

CHANGES SINCE LAST VALUATION

None.



Missouri River - Roxanne Minnehan



Yellowstone River - Tasha McCourt



Crystal Lake, Beartooth Plateau - Bill Hallinan

The source of almost all fresh water in Montana is precipitation from the atmosphere in the form of mist, rain and snow. Out of all the water on Earth, only 2.5 - 2.75% is fresh water.

Source: Wikipedia.org



Unnamed Lake in the Pintler Wilderness - Chad Miller

SUMMARY OF STATISTICAL DATA

Pronouncement “GASB Statement No. 44, Economic Conditioning Reporting: The Statistical Section” established and modified requirements related to the supplementary information presented in this section of the report.

The pension funds are accounted for under the accrual basis of accounting. Information is provided for the last ten years ending June 30, 2012 for the following five objectives: financial trends, revenue capacity, debt capacity, demographic and economic trends, and operations.

Financial trends are presented on pages 176 to 187. The schedules contain trend information to help the reader understand how the plans’ financial performance and well-being have changed over time. Net assets and liabilities are presented on pages 176 to 183. The change in net assets is presented in chart format and includes graphs for the PERS-DBRP that highlight areas of interest. Actuarial funding liabilities are presented on pages 185 to 187 in graph format for all of the defined benefit retirement plans. The existence of unfunded actuarial liabilities is not necessarily an indication of financial problems but the fluctuations are important and must be monitored and controlled.

Revenue capacity is presented on pages 188 to 197. These schedules contain information to help the reader assess the plans’ revenue sources, fair values by investment type, and the contribution rate history since inception.

The schedules showing the History of Membership in the Retirement Plans are presented on pages 198 to 201.

Debt capacity is presented on pages 202 to 206. These schedules present information to help the reader assess the plans’ current levels of outstanding debt and the plans’ ability to issue additional debt in the future. Debt capacity is represented with benefit expenses and distributions and is followed by schedules of retired members showing the number of retirees based on the type of benefit received.

Demographic and Economic information is presented on pages 208 to 227. These schedules offer demographic and economic indicators to help the reader understand the environment within which the plans’ financial activities take place. A map, on page 214, depicts the location of benefit recipients. The map shows that the majority (88 percent) of benefit recipients remain in Montana. Beginning on page 226, the average monthly benefit is provided.

Operating information is presented on pages 228 to 241. These schedules contain pension plan data to help the reader understand how the information in the financial report relates to the pension plans the PERB administers. This section includes a schedule of employers participating in each of the plans.

STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Changes in Net Assets, Last Ten Fiscal Years

(In thousands)

Fiscal Year	2003	2004	2005	2006	2007	2008
PERS-DBRP						
Additions						
Member Contributions ¹	\$ 62,628	\$ 62,664	\$ 66,986	\$ 66,145	\$ 69,150	\$ 72,874
Employer Contributions ²	57,597	58,231	60,454	88,573	67,195	72,270
State Contributions	389	403	421	443	446	378
Investment Income ³	167,331	360,266	244,976	293,679	629,559	(197,030)
Other						
Total Additions to Plan Net Assets	287,945	481,564	372,837	448,840	766,350	(51,508)
Deductions						
Benefits	122,204	132,683	142,789	153,886	166,188	180,815
Refunds	10,218	10,913	13,236	12,754	12,868	12,123
Administrative Expenses	2,254	2,825	2,569	2,886	2,681	2,832
Other ⁴	22,175	1,882	1,516	1,816	2,108	1,987
Total Deductions to Plan Net Assets	156,851	148,303	160,110	171,342	183,845	197,757
Change in Net Assets	\$ 131,094	\$ 333,261	\$ 212,727	\$ 277,498	\$ 582,505	\$ (249,265)
JRS						
Additions						
Member Contributions ¹	\$ 285	\$ 443	\$ 412	\$ 333	\$ 339	\$ 385
Employer Contributions	1,052	1,136	1,162	1,229	1,249	1,315
Investment Income ³	2,661	5,248	3,640	4,344	9,435	(2,991)
Total Additions to Plan Net Assets	3,998	6,827	5,214	5,906	11,023	(1,291)
Deductions						
Benefits	1,552	1,670	1,624	1,743	1,772	1,829
Refunds						
Administrative Expenses	3	14	9	12	8	9
Other ⁴						
Total Deductions to Plan Net Assets	1,555	1,684	1,633	1,755	1,780	1,838
Change in Net Assets	\$ 2,443	\$ 5,143	\$ 3,581	\$ 4,151	\$ 9,243	\$ (3,129)
HPORS						
Additions						
Member Contributions ¹	\$ 805	\$ 743	\$ 862	\$ 851	\$ 1,005	\$ 1,082
Employer Contributions	2,866	2,859	3,324	2,905	3,634	3,949
State Contributions	354	348	669	277	285	290
Investment Income ³	4,611	9,322	6,353	7,453	15,875	(4,929)
Total Additions to Plan Net Assets	8,636	13,272	11,208	11,486	20,799	392
Deductions						
Benefits	5,160	5,493	5,790	6,365	6,460	6,814
Refunds	60	144	181	89	139	61
Administrative Expenses	15	31	29	31	28	27
Other ⁴	48	152	49	1	139	14
Total Deductions to Plan Net Assets	5,283	5,820	6,049	6,486	6,766	6,916
Change in Net Assets	\$ 3,353	\$ 7,452	\$ 5,159	\$ 5,000	\$ 14,033	\$ (6,524)

Contributions were made in accordance with statutory requirements.

¹Includes Interest Reserve Buybacks.

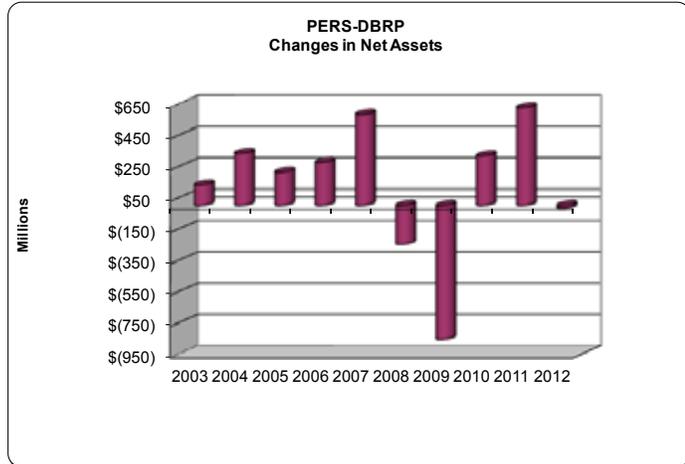
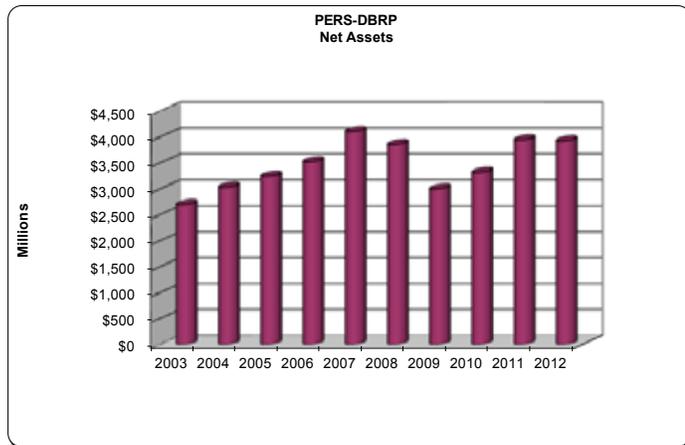
²Includes Membership Fees, Retirement Incentive, Miscellaneous Revenue and Education Contributions.

³Includes Common Stock Dividends.

⁴Includes Transfers to the DC, ORP, Prior Year Adjustments and Refunds to Other Plans.

STATISTICAL SECTION

	2009	2010	2011	2012
\$	76,003	\$ 78,671	\$ 77,875	\$ 79,332
	75,949	80,326	79,173	80,049
	357	537	546	536
	(796,242)	387,861	715,398	91,355
	(643,933)	547,395	872,992	251,272
	196,402	212,186	231,223	252,762
	10,821	10,967	11,539	11,991
	2,948	3,257	3,327	3,386
	1,713	3,438	794	1,028
	211,884	229,848	246,883	269,167
\$	(855,817)	\$ 317,547	\$ 626,109	\$ (17,895)
\$	584	\$ 595	\$ 504	\$ 447
	1,347	1,468	1,477	1,598
	(12,103)	6,013	11,392	1,517
	(10,172)	8,076	13,373	3,562
	1,972	2,118	2,240	2,344
	17	10	39	118
		24		
	1,989	2,152	2,279	2,462
\$	(12,161)	\$ 5,924	\$ 11,094	\$ 1,100
\$	1,035	\$ 1,262	\$ 1,270	\$ 1,299
	4,151	4,763	4,543	4,966
	285	287	278	269
	(19,978)	9,714	17,912	2,321
	(14,507)	16,026	24,003	8,855
	7,127	7,557	7,866	8,223
	26	56	121	65
	49	35	56	122
	17	37		3
	7,219	7,685	8,043	8,413
\$	(21,726)	\$ 8,341	\$ 15,960	\$ 442



STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Changes in Net Assets, Last Ten Fiscal Years

(In thousands)

Fiscal Year	2003	2004	2005	2006	2007	2008
SRS						
Additions						
Member Contributions ¹	\$ 2,669	\$ 2,685	\$ 2,988	\$ 3,721	\$ 4,921	\$ 4,815
Employer Contributions ²	2,508	2,684	2,813	3,524	4,386	4,834
Investment Income ³	8,164	16,404	11,381	13,566	29,732	(9,598)
Total Additions to Plan Net Assets	13,341	21,773	17,182	20,811	39,039	51
Deductions						
Benefits	4,307	4,903	5,527	6,152	6,769	7,243
Refunds	457	306	611	365	934	722
Administrative Expenses	32	55	57	78	77	80
Other ⁵	18	12	22	17	82	11
Total Deductions to Plan Net Assets	4,814	5,276	6,217	6,612	7,862	8,056
Change in Net Assets	\$ 8,527	\$ 16,497	\$ 10,965	\$ 14,199	\$ 31,177	\$ (8,005)
GWPORS						
Additions						
Member Contributions ¹	\$ 2,293	\$ 2,714	\$ 3,023	\$ 3,027	\$ 3,199	\$ 3,613
Employer Contributions	1,835	2,021	2,054	2,391	2,638	2,979
Investment Income ³	2,541	5,073	3,696	4,594	10,838	(3,653)
Total Additions to Plan Net Assets	6,669	9,808	8,773	10,012	16,675	2,939
Deductions						
Benefits	1,316	1,460	1,539	1,835	2,085	2,271
Refunds	355	500	607	477	702	643
Administrative Expenses	25	42	42	49	47	52
Other ⁵		4	6	13		30
Total Deductions to Plan Net Assets	1,696	2,006	2,194	2,374	2,834	2,996
Change in Net Assets	\$ 4,973	\$ 7,802	\$ 6,579	\$ 7,638	\$ 13,841	\$ (57)
MPORS						
Additions						
Member Contributions ¹	\$ 2,254	\$ 2,313	\$ 2,425	\$ 2,549	\$ 2,709	\$ 2,974
Employer Contributions	3,502	3,612	3,791	4,035	4,283	5,156
State Contributions ⁴	6,798	7,208	7,705	8,182	8,677	9,452
Investment Income ³	8,530	16,392	11,707	14,091	31,080	(10,262)
Total Additions to Plan Net Assets	21,084	29,525	25,628	28,857	46,749	7,320
Deductions						
Benefits	10,426	10,885	11,363	12,032	12,691	13,707
Refunds	326	337	786	551	688	4,290
Administrative Expenses	40	70	65	68	70	78
Other ⁵	47	52	12	48	29	4
Total Deductions to Plan Net Assets	10,839	11,344	12,226	12,699	13,478	18,079
Change in Net Assets	\$ 10,245	\$ 18,181	\$ 13,402	\$ 16,158	\$ 33,271	\$ (10,759)

Contributions were made in accordance with statutory requirements.

¹ Includes Interest Reserve Buybacks.

² Includes Retirement Incentive and Miscellaneous Revenue.

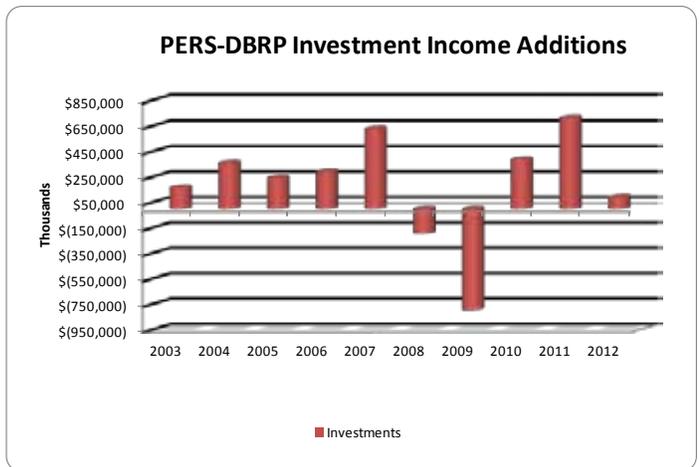
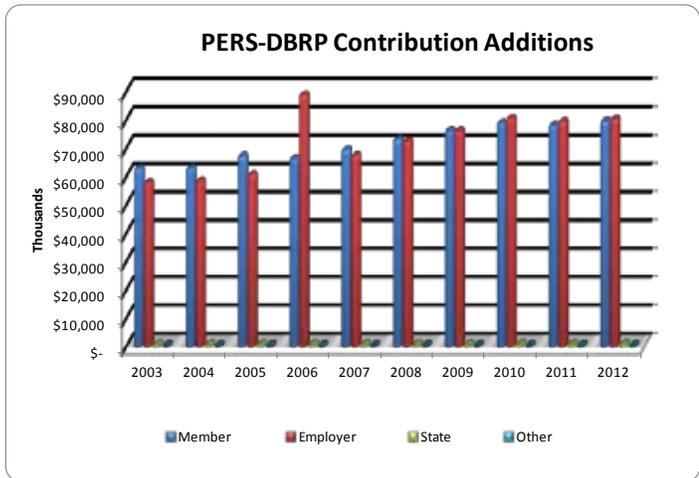
³ Includes Common Stock Dividends.

⁴ Includes Percent of Salary.

⁵ Includes Refunds to Other Plans and Prior Year Adjustments.

STATISTICAL SECTION

	2009	2010	2011	2012
\$	5,207	\$ 5,336	\$ 5,831	\$ 5,694
	5,193	5,637	6,014	6,028
	(38,824)	19,470	37,539	5,109
	(28,424)	30,443	49,384	16,831
	7,858	8,277	9,237	10,379
	968	766	968	1,248
	115	97	121	207
	29	116		23
	8,970	9,256	10,326	11,857
\$	(37,394)	\$ 21,187	\$ 39,058	\$ 4,974
\$	3,912	\$ 4,340	\$ 4,198	\$ 4,148
	3,292	3,612	3,523	3,470
	(15,133)	7,924	16,335	2,388
	(7,929)	15,876	24,056	10,006
	2,521	2,622	2,863	3,203
	840	879	993	1,227
	79	61	88	173
		59		15
	3,440	3,621	3,944	4,618
\$	(11,369)	\$ 12,255	\$ 20,112	\$ 5,388
\$	3,186	\$ 4,141	\$ 3,580	\$ 6,055
	5,056	6,860	5,670	3,791
	10,186	10,932	11,594	12,274
	(40,908)	19,972	39,175	5,717
	(22,480)	41,905	60,019	27,837
	15,008	15,728	17,013	17,355
	794	849	1,000	707
	98	80	106	178
	62	149		3
	15,962	16,806	18,119	18,243
\$	(38,442)	\$ 25,099	\$ 41,900	\$ 9,594



STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Changes in Net Assets, Last Ten Fiscal Years

(In thousands)

Fiscal Year	2003	2004	2005	2006	2007	2008
FURS						
Additions						
Member Contributions ¹	\$ 2,141	\$ 2,213	\$ 2,330	\$ 2,472	\$ 2,619	\$ 3,152
Employer Contributions	2,802	2,796	2,959	3,328	3,520	4,467
State Contributions ²	6,006	6,533	6,719	7,533	7,957	9,568
Investment Income ³	8,066	15,692	11,140	13,409	29,577	(9,733)
<i>Total Additions to Plan Net Assets</i>	19,015	27,234	23,148	26,742	43,673	7,454
Deductions						
Benefits	9,081	9,674	10,386	11,040	11,851	13,353
Refunds	83	77	101	45	241	116
Administrative Expenses	30	53	53	58	56	57
Other ⁴		2				
<i>Total Deductions to Plan Net Assets</i>	9,194	9,806	10,540	11,143	12,148	13,526
<i>Change in Net Assets</i>	\$ 9,821	\$ 17,428	\$ 12,608	\$ 15,599	\$ 31,525	\$ (6,072)
VFCA						
Additions						
State Contributions	\$ 1,310	\$ 1,434	\$ 1,527	\$ 1,611	\$ 1,661	\$ 1,562
Investment Income ³	1,259	2,271	1,550	1,853	4,103	(1,275)
<i>Total Additions to Plan Net Assets</i>	2,569	3,705	3,077	3,464	5,764	287
Deductions						
Benefits	1,412	1,479	1,517	1,564	1,637	1,717
Insurance Payments	12	12	11	11	13	14
Administrative Expenses	30	40	47	48	50	46
Other ⁴						
<i>Total Deductions to Plan Net Assets</i>	1,454	1,531	1,575	1,623	1,700	1,777
<i>Change in Net Assets</i>	\$ 1,115	\$ 2,174	\$ 1,502	\$ 1,841	\$ 4,064	\$ (1,490)

Contributions were made in accordance with statutory requirements.

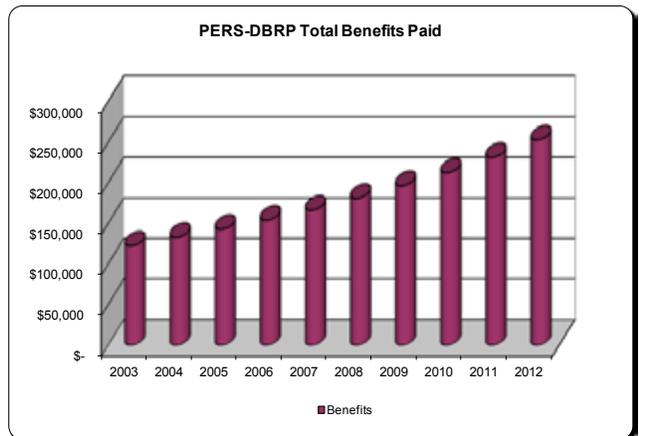
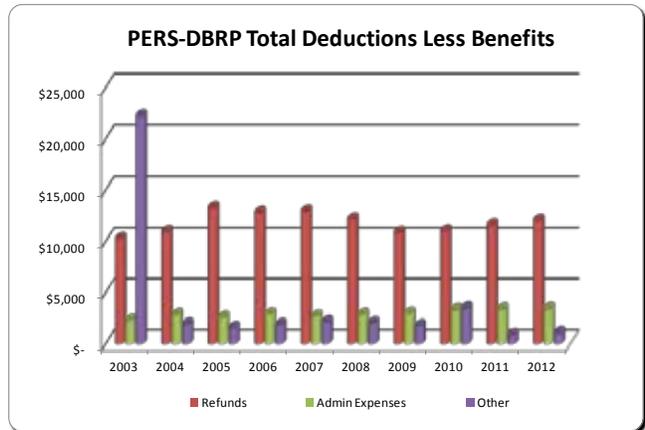
¹ Includes Interest Reserve Buybacks.

² Includes Percent of Salary.

³ Includes Common Stock Dividends.

⁴ Includes Refunds to Other Plans and Prior Year Adjustments.

2009	2010	2011	2012
\$ 3,701	\$ 4,419	\$ 3,748	\$ 4,123
4,531	5,129	5,009	5,281
9,832	10,872	11,365	11,797
(39,421)	19,606	38,751	5,726
(21,357)	40,026	58,873	26,927
13,987	14,598	15,605	16,519
69	86	128	119
98	72	92	163
	85		
14,154	14,841	15,825	16,801
\$ (35,511)	\$ 25,185	\$ 43,048	\$ 10,126
\$ 1,580	\$ 1,575	\$ 1,596	\$ 1,635
(5,304)	2,566	4,793	592
(3,724)	4,141	6,389	2,227
1,780	1,857	1,938	2,046
17	17	15	13
59	58	81	144
	9		
1,856	1,941	2,034	2,203
\$ (5,580)	\$ 2,200	\$ 4,355	\$ 24



STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Changes in Net Assets, Last Ten Fiscal Years

(In thousands)

Fiscal Year	2003	2004	2005	2006	2007	2008
PERS-DCRP						
Additions						
Member Contributions	\$ 10,389	\$ 2,661	\$ 3,184	\$ 3,699	\$ 4,394	\$ 5,118
Employer Contributions	6,130	1,781	1,856	2,319	2,857	3,255
Investment Income	551	2,381	1,768	2,098	5,415	(2,987)
Other ¹	63	262	371	487	1,893	554
<i>Total Additions to Plan Net Assets</i>	<i>17,133</i>	<i>7,085</i>	<i>7,179</i>	<i>8,603</i>	<i>14,559</i>	<i>5,940</i>
Deductions						
Refunds	629	2,240	1,873	1,570	2,632	2,519
Administrative Expenses	552	214	231	227	253	246
Other ²	14	214	256	295	282	223
<i>Total Deductions to Plan Net Assets</i>	<i>1,195</i>	<i>2,668</i>	<i>2,360</i>	<i>2,092</i>	<i>3,167</i>	<i>2,988</i>
<i>Change in Net Assets</i>	<i>\$ 15,938</i>	<i>\$ 4,417</i>	<i>\$ 4,819</i>	<i>\$ 6,511</i>	<i>\$ 11,392</i>	<i>\$ 2,952</i>
DEFERRED COMPENSATION PLAN						
Additions						
Member Contributions	\$ 14,725	\$ 14,623	\$ 15,501	\$ 16,990	\$ 17,712	\$ 19,107
Employer Contributions	44	40	55	52	74	70
Investment Income	8,542	16,152	15,267	3,618	37,102	3,287
Other ³	256	267	167	209	277	416
<i>Total Additions to Plan Net Assets</i>	<i>23,567</i>	<i>31,082</i>	<i>30,990</i>	<i>20,869</i>	<i>55,165</i>	<i>22,880</i>
Deductions						
Refunds	10,648	14,446	15,592	11,443	14,693	13,302
Administrative Expenses	218	170	289	204	225	241
Other ⁴	780	800	698	737	781	817
<i>Total Deductions to Plan Net Assets</i>	<i>11,646</i>	<i>15,416</i>	<i>16,579</i>	<i>12,384</i>	<i>15,699</i>	<i>14,360</i>
<i>Change in Net Assets</i>	<i>\$ 11,921</i>	<i>\$ 15,666</i>	<i>\$ 14,411</i>	<i>\$ 8,485</i>	<i>\$ 39,466</i>	<i>\$ 8,520</i>

² Includes Miscellaneous Revenues and Forfeitures.

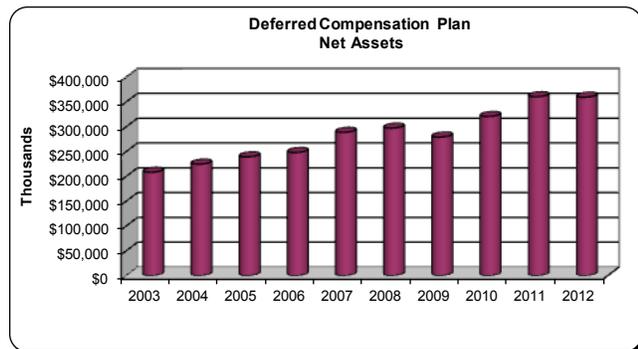
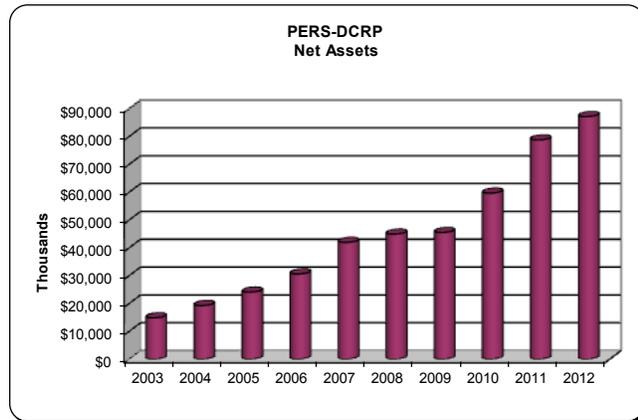
³ Fees paid to Great-West and Aegon for services provided and prior period adjustments.

⁴ Miscellaneous Revenue remitted to MPERA to pay administrative costs.

⁵ Fees paid to Great-West, Aegon and Allianz for services provided and prior period adjustments.

STATISTICAL SECTION

	2009	2010	2011	2012
\$	5,723	\$ 6,140	\$ 6,100	\$ 6,318
	3,730	4,029	3,965	4,137
	(6,801)	6,122	12,698	2,352
	468	487	698	616
	3,120	16,778	23,461	13,423
	1,903	1,947	3,637	4,000
	411	416	426	493
	222	250	299	313
	2,536	2,613	4,362	4,806
\$	584	\$ 14,165	\$ 19,099	\$ 8,617
\$	19,661	\$ 18,607	\$ 19,072	\$ 19,381
	65	61	64	65
	(26,444)	37,203	36,906	13,913
	335	330	424	628
	(6,383)	56,201	56,466	33,987
	11,024	13,398	15,416	15,637
	318	277	288	357
	865	991	1,007	1,186
	12,207	14,666	16,711	17,180
\$	(18,590)	\$ 41,535	\$ 39,755	\$ 16,807



STATISTICAL SECTION

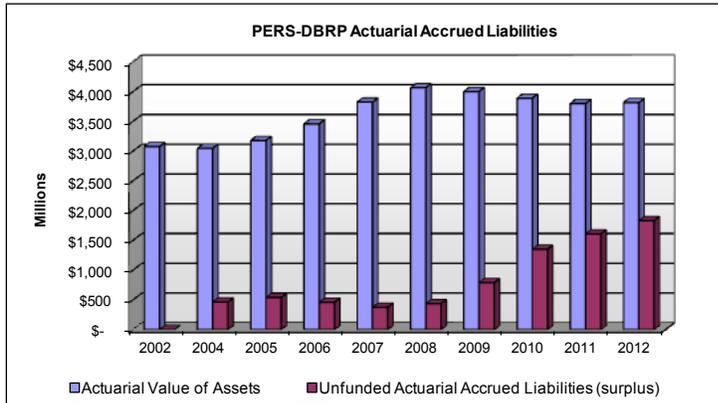
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Public Employees' Retirement Board

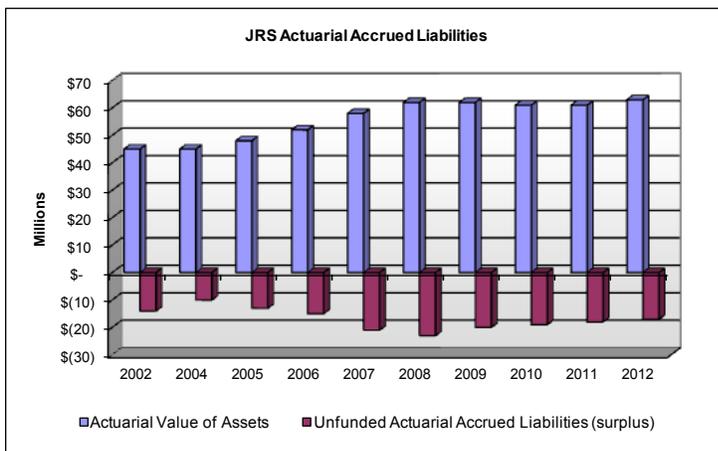
A Component Unit of the State of Montana

History of Actuarial Accrued Liabilities

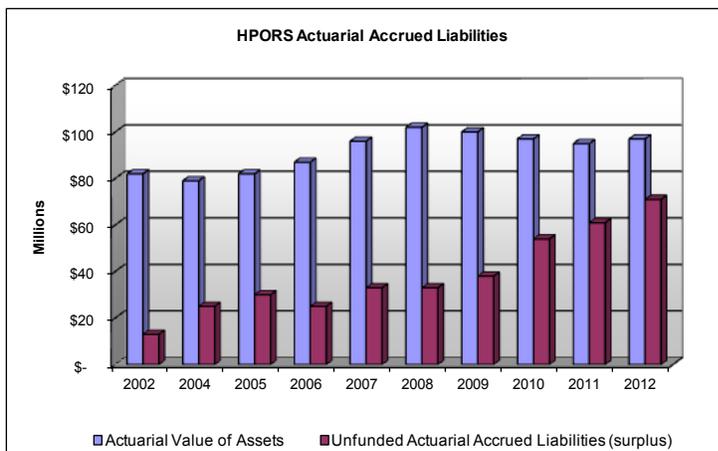
(in millions)



Fiscal Year	Actuarial Value of Assets	Unfunded Actuarial Accrued Liabilities (surplus)
2002	\$ 3,077	\$ 1
2004	\$ 3,047	\$ 467
2005	\$ 3,179	\$ 541
2006	\$ 3,459	\$ 460
2007	\$ 3,825	\$ 376
2008	\$ 4,065	\$ 439
2009	\$ 4,002	\$ 791
2010	\$ 3,890	\$ 1,352
2011	\$ 3,801	\$ 1,610
2012	\$ 3,817	\$ 1,833



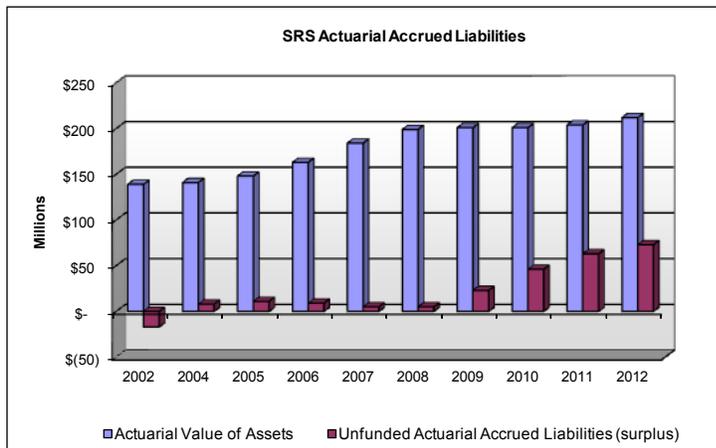
Fiscal Year	Actuarial Value of Assets	Unfunded Actuarial Accrued Liabilities (surplus)
2002	\$ 45	\$ (14)
2004	\$ 45	\$ (10)
2005	\$ 48	\$ (13)
2006	\$ 52	\$ (15)
2007	\$ 58	\$ (21)
2008	\$ 62	\$ (23)
2009	\$ 62	\$ (20)
2010	\$ 61	\$ (19)
2011	\$ 61	\$ (18)
2012	\$ 63	\$ (17)



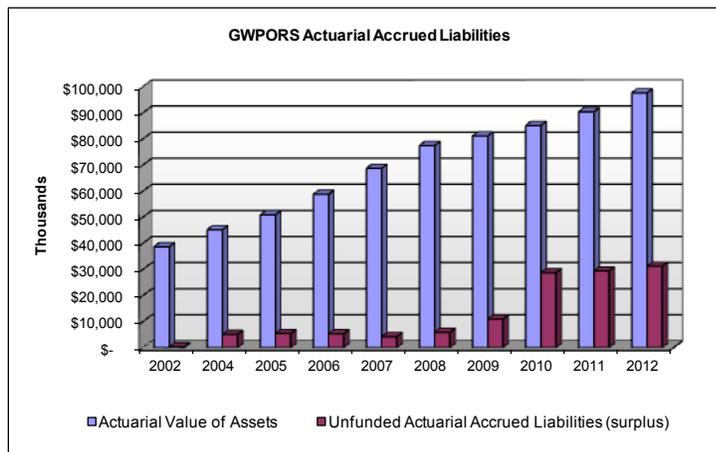
Fiscal Year	Actuarial Value of Assets	Unfunded Actuarial Accrued Liabilities (surplus)
2002	\$ 82	\$ 13
2004	\$ 79	\$ 25
2005	\$ 82	\$ 30
2006	\$ 87	\$ 25
2007	\$ 96	\$ 33
2008	\$ 102	\$ 33
2009	\$ 100	\$ 38
2010	\$ 97	\$ 54
2011	\$ 95	\$ 61
2012	\$ 97	\$ 71

STATISTICAL SECTION

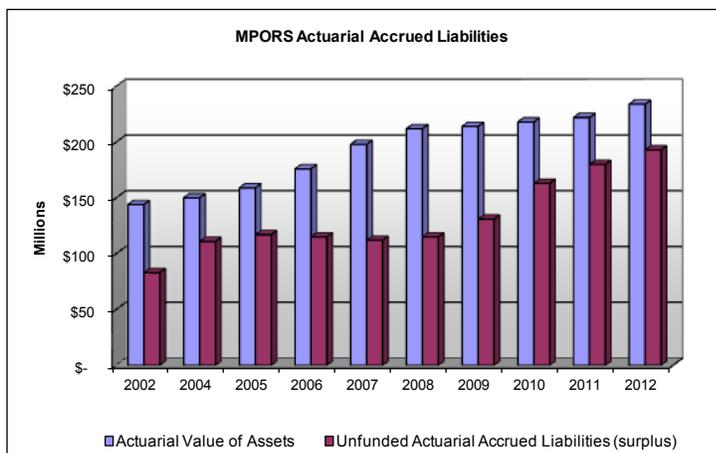
Public Employees' Retirement Board A Component Unit of the State of Montana History of Actuarial Accrued Liabilities (cont.) (in millions)



Fiscal Year	Actuarial Value of Assets	Unfunded Actuarial Accrued Liabilities (surplus)
2002	\$ 139	\$ (17)
2004	\$ 141	\$ 8
2005	\$ 148	\$ 11
2006	\$ 163	\$ 9
2007	\$ 184	\$ 5
2008	\$ 199	\$ 5
2009	\$ 201	\$ 23
2010	\$ 201	\$ 46
2011	\$ 204	\$ 63
2012	\$ 212	\$ 73



Fiscal Year	Actuarial Value of Assets	Unfunded Actuarial Accrued Liabilities (surplus)
2002	\$ 38,730	\$ 379
2004	\$ 45,210	\$ 5,100
2005	\$ 50,961	\$ 5,453
2006	\$ 58,813	\$ 5,370
2007	\$ 68,755	\$ 4,237
2008	\$ 77,511	\$ 5,938
2009	\$ 81,177	\$ 10,978
2010	\$ 85,151	\$ 28,704
2011	\$ 90,437	\$ 29,444
2012	\$ 97,691	\$ 31,235



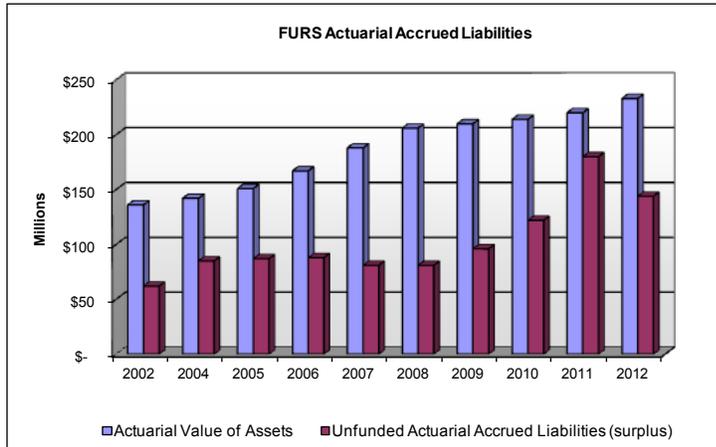
Fiscal Year	Actuarial Value of Assets	Unfunded Actuarial Accrued Liabilities (surplus)
2002	\$ 144	\$ 83
2004	\$ 150	\$ 111
2005	\$ 159	\$ 117
2006	\$ 176	\$ 115
2007	\$ 198	\$ 112
2008	\$ 212	\$ 115
2009	\$ 214	\$ 131
2010	\$ 218	\$ 163
2011	\$ 222	\$ 180
2012	\$ 234	\$ 93

Public Employees' Retirement Board

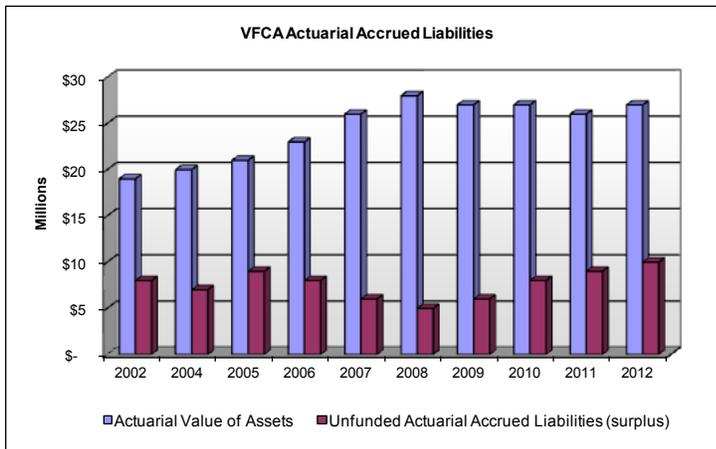
A Component Unit of the State of Montana

History of Actuarial Accrued Liabilities (cont.)

(in millions)



Fiscal Year	Actuarial Value of Assets	Unfunded Actuarial Accrued Liabilities (surplus)
2002	\$ 136	\$ 62
2004	\$ 142	\$ 85
2005	\$ 151	\$ 87
2006	\$ 167	\$ 88
2007	\$ 188	\$ 81
2008	\$ 206	\$ 81
2009	\$ 210	\$ 96
2010	\$ 214	\$ 122
2011	\$ 220	\$ 180
2012	\$ 233	\$ 144



Fiscal Year	Actuarial Value of Assets	Unfunded Actuarial Accrued Liabilities (surplus)
2002	\$ 19	\$ 8
2004	\$ 20	\$ 7
2005	\$ 21	\$ 9
2006	\$ 23	\$ 8
2007	\$ 26	\$ 6
2008	\$ 28	\$ 5
2009	\$ 27	\$ 6
2010	\$ 27	\$ 8
2011	\$ 26	\$ 9
2012	\$ 27	\$ 10

STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Fair Values by Type of Investment, Last Ten Years

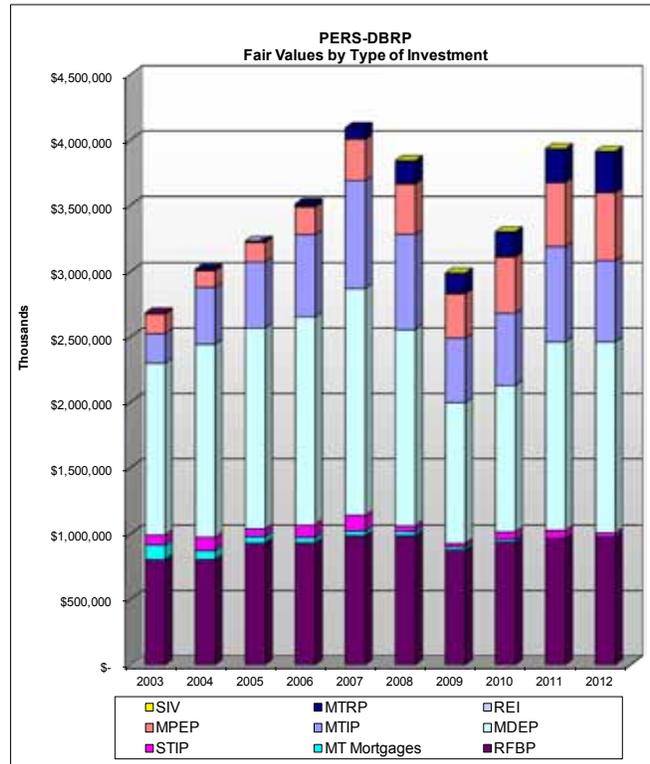
(in thousands)

System	2003	2004	2005	2006	2007	2008
PERS-DBRP ¹						
<i>Fixed Income:</i>						
Retirement Funds Bond Pool (RFBP)	\$ 804,470	\$ 805,840	\$ 930,369	\$ 932,048	\$ 987,821	\$ 988,124
Montana Mortgages	112,079	66,755	50,658	43,097	36,861	31,837
Short Term Investment Pool (STIP)	75,120	102,343	58,112	92,362	111,318	41,820
<i>Equities:</i>						
Montana Dometic Equity Pool (MDEP)	1,308,884	1,469,963	1,529,418	1,586,747	1,735,718	1,494,306
Montana International Pool (MTIP)	225,347	434,917	505,112	630,135	818,362	730,360
Montana Private Equity Pool (MPEP)	150,960	128,797	150,595	203,406	315,059	376,615
<i>Alternative Investments:</i>						
Real Estate Investments (REI)	7,246	8,409	8,525	8,636	8,816	8,931
Montana Real Estate Pool (MTRP)				15,200	79,459	164,667
Structured Investment Vehicles (SIV)						4,306
Total	\$ 2,684,106	\$ 3,017,024	\$ 3,232,789	\$ 3,511,631	\$ 4,093,414	\$ 3,840,966
JRS						
<i>Fixed Income:</i>						
Retirement Funds Bond Pool (RFBP)	\$ 14,046	\$ 13,024	\$ 14,655	\$ 14,685	\$ 15,576	\$ 15,581
Short Term Investment Pool (STIP)	837	1,733	1,284	1,519	1,770	967
<i>Equities:</i>						
Montana Dometic Equity Pool (MDEP)	19,162	21,739	22,749	23,744	26,348	22,790
Montana International Pool (MTIP)	3,294	6,393	7,507	9,365	12,162	10,973
Montana Private Equity Pool (MPEP)	2,243	1,906	2,229	3,047	4,744	5,733
<i>Alternative Investments:</i>						
Montana Real Estate Pool (MTRP)				225	1,206	2,515
Structured Investment Vehicles (SIV)						99
Total	\$ 39,582	\$ 44,795	\$ 48,424	\$ 52,585	\$ 61,806	\$ 58,658
HPORS						
<i>Fixed Income:</i>						
Retirement Funds Bond Pool (RFBP)	\$ 25,178	\$ 23,018	\$ 25,244	\$ 24,889	\$ 25,897	\$ 25,614
Short Term Investment Pool (STIP)	1,501	2,430	1,978	2,134	2,785	1,014
<i>Equities:</i>						
Montana Dometic Equity Pool (MDEP)	34,191	38,192	39,376	40,232	43,439	37,406
Montana International Pool (MTIP)	5,883	11,296	13,035	15,795	20,513	18,307
Montana Private Equity Pool (MPEP)	3,933	3,375	3,946	5,178	7,979	9,429
<i>Alternative Investments:</i>						
Montana Real Estate Pool (MTRP)				380	2,004	4,127
Structured Investment Vehicles (SIV)						104
Total	\$ 70,686	\$ 78,311	\$ 83,579	\$ 88,608	\$ 102,617	\$ 96,001

¹ Does not include the Defined Benefit Education.

STATISTICAL SECTION

	2009	2010	2011	2012
\$	876,390	\$ 939,430	\$ 969,119	\$ 974,139
	24,055	19,185		
	27,140	56,727	59,256	33,708
	1,070,435	1,114,072	1,434,773	1,455,188
	494,790	552,712	727,765	621,887
	338,517	430,729	484,324	512,315
	8,937	8,963		
	145,478	178,787	256,368	315,093
	2,619	3,640	1,023	547
\$	2,988,361	\$ 3,304,245	\$ 3,932,628	\$ 3,912,877
\$	14,019	\$ 15,034	\$ 15,497	\$ 16,031
	913	1,392	1,312	848
	16,507	17,608	23,098	23,933
	7,551	8,732	11,733	10,224
	5,224	6,725	7,788	8,428
	2,247	2,820	4,046	5,168
	83	89	23	14
\$	46,544	\$ 52,400	\$ 63,497	\$ 64,646
\$	22,471	\$ 24,091	\$ 24,318	\$ 24,653
	774	1,461	1,521	847
	26,680	27,848	35,969	36,840
	12,387	13,815	18,258	15,732
	8,419	10,751	12,136	12,958
	3,613	4,466	6,313	7,963
	70	94	26	14
\$	74,414	\$ 82,526	\$ 98,541	\$ 99,007



STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Fair Values by Type of Investment, Last Ten Years (cont.)

(in thousands)

System	2003	2004	2005	2006	2007	2008
SRS						
<i>Fixed Income:</i>						
Retirement Funds Bond Pool (RFBP)	\$ 43,639	\$ 40,680	\$ 45,890	\$ 45,822	\$ 49,551	\$ 50,063
Short Term Investment Pool (STIP)	3,186	5,055	3,441	5,182	5,526	3,300
<i>Equities:</i>						
Montana Dometic Equity Pool (MDEP)	59,059	68,112	71,278	74,633	84,481	73,074
Montana International Pool (MTIP)	10,250	20,127	23,457	29,263	38,004	35,060
Montana Private Equity Pool (MPEP)	6,906	5,936	6,941	9,508	14,859	18,271
<i>Alternative Investments:</i>						
Montana Real Estate Pool (MTRP)				710	3,796	8,054
Structured Investment Vehicles (SIV)						340
Total	\$ 123,040	\$ 139,910	\$ 151,007	\$ 165,118	\$ 196,217	\$ 188,162

GWPORS

Fixed Income:

Retirement Funds Bond Pool (RFBP)	\$ 12,921	\$ 12,837	\$ 15,471	\$ 15,806	\$ 18,332	\$ 19,243
Short Term Investment Pool (STIP)	1,691	2,472	3,292	2,782	2,536	1,761

Equities:

Montana Dometic Equity Pool (MDEP)	17,476	21,521	23,111	26,705	31,082	28,272
Montana International Pool (MTIP)	2,996	6,372	7,705	10,518	14,344	13,545
Montana Private Equity Pool (MPEP)	2,058	1,856	2,170	3,330	5,497	7,008

Alternative Investments:

Montana Real Estate Pool (MTRP)				255	1,404	3,115
Structured Investment Vehicles (SIV)						181

Total	\$ 37,142	\$ 45,058	\$ 51,749	\$ 59,396	\$ 73,195	\$ 73,125
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MPORS

Fixed Income:

Retirement Funds Bond Pool (RFBP)	\$ 43,873	\$ 41,584	\$ 47,395	\$ 46,944	\$ 51,176	\$ 51,238
Short Term Investment Pool (STIP)	1,446	3,403	2,246	4,338	4,404	85

Equities:

Montana Dometic Equity Pool (MDEP)	59,430	69,175	72,390	76,683	87,099	75,279
Montana International Pool (MTIP)	10,833	20,458	24,555	30,633	39,784	36,707
Montana Private Equity Pool (MPEP)	6,975	6,105	7,138	10,089	15,547	18,999

Alternative Investments:

Montana Real Estate Pool (MTRP)				730	4,102	8,274
Structured Investment Vehicles (SIV)						9

Total	\$ 122,557	\$ 140,725	\$ 153,724	\$ 169,417	\$ 202,112	\$ 190,591
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STATISTICAL SECTION

	2009		2010		2011		2012
\$	45,693	\$	49,172	\$	51,323	\$	53,636
	2,370		4,473		4,719		2,715
	53,630		58,159		76,580		80,065
	24,673		28,703		38,871		34,234
	17,060		22,037		25,806		28,179
	7,311		9,259		13,434		17,308
	215		287		82		44
\$	150,952	\$	172,090	\$	210,815	\$	216,181
\$	18,518	\$	20,691	\$	22,834	\$	24,510
	1,514		2,548		2,257		1,476
	21,722		24,643		34,017		36,685
	10,000		12,513		17,252		15,697
	6,949		9,262		11,524		12,940
	2,981		3,954		6,003		8,036
	137		164		39		24
\$	61,821	\$	73,775	\$	93,926	\$	99,368
\$	45,995	\$	51,742	\$	53,729	\$	56,431
	920		2,305		2,593		1,472
	54,681		59,532		79,542		84,109
	25,207		29,350		40,334		35,975
	17,242		23,192		26,844		29,657
	7,437		9,547		13,981		18,220
	83		148		45		24
\$	151,565	\$	175,816	\$	217,068	\$	225,888

STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Fair Values by Type of Investment, Last Ten Years (cont.)

(in thousands)

System	2003	2004	2005	2006	2007	2008
FURS						
<i>Fixed Income:</i>						
Retirement Funds Bond Pool (RFBP)	\$ 41,757	\$ 39,592	\$ 44,975	\$ 44,650	\$ 48,813	\$ 49,419
Short Term Investment Pool (STIP)	1,641	3,414	2,641	4,241	4,488	1,573
<i>Equities:</i>						
Montana Dometic Equity Pool (MDEP)	56,638	65,851	68,911	73,144	82,766	72,476
Montana International Pool (MTIP)	10,235	19,469	23,361	29,143	37,848	34,970
Montana Private Equity Pool (MPEP)	6,546	5,813	6,797	9,587	14,850	18,175
<i>Alternative Investments:</i>						
Montana Real Estate Pool (MTRP)				700	3,744	7,962
Structured Investment Vehicles (SIV)						162
Total	\$ 116,817	\$ 134,139	\$ 146,685	\$ 161,465	\$ 192,509	\$ 184,737
VFCA						
<i>Fixed Income:</i>						
Retirement Funds Bond Pool (RFBP)	\$ 5,964	\$ 5,617	\$ 6,170	\$ 6,233	\$ 6,542	\$ 6,609
Short Term Investment Pool (STIP)	1,414	180	512	1,870	2,194	1,404
<i>Equities:</i>						
Montana Dometic Equity Pool (MDEP)	8,134	9,221	9,096	9,872	11,043	9,645
Montana International Pool (MTIP)	1,379	2,746	3,294	4,023	5,258	4,731
Montana Private Equity Pool (MPEP)	969	848	992	1,341	1,951	2,411
<i>Alternative Investments:</i>						
Montana Real Estate Pool (MTRP)				95	504	1,047
Structured Investment Vehicles (SIV)						145
Total	\$ 17,860	\$ 18,612	\$ 20,064	\$ 23,434	\$ 27,492	\$ 25,992
PERS-DCRP						
Defined Contributions Fixed Annuity	\$ 407	\$ 914	\$ 1,546	\$ 1,832	\$ 1,805	\$ 3,128
Defined Contributions Variable Annuity	8,831	19,566	23,402	26,102	38,634	39,622
Total	\$ 9,238	\$ 20,480	\$ 24,948	\$ 27,934	\$ 40,439	\$ 42,750
DEFERRED COMPENSATION PLAN						
Deferred Comp Fixed Annuity	\$ 137,687	\$ 143,162	\$ 152,215	\$ 143,870	\$ 159,669	\$ 181,740
Deferred Comp Variable Annuity	67,329	81,202	86,916	104,061	128,873	115,151
Deferred Comp Life Insurance	12	12	12	12	12	12
Total	\$ 205,028	\$ 224,376	\$ 239,143	\$ 247,943	\$ 288,554	\$ 296,903

STATISTICAL SECTION

	2009	2010	2011	2012
\$	45,160	\$ 50,657	\$ 53,467	\$ 56,219
	1,268	2,649	2,766	1,632
	53,532	58,543	78,947	83,940
	24,862	29,067	40,044	35,869
	16,890	22,703	26,635	29,561
	7,260	9,403	13,869	18,175
	115	170	48	26
\$	149,087	\$ 173,192	\$ 215,776	\$ 225,422
\$	5,742	\$ 6,379	\$ 6,415	\$ 6,373
	1,571	1,385	1,655	1,704
	6,836	7,245	9,376	9,516
	3,140	3,567	4,753	4,066
	2,115	2,806	3,145	3,348
	898	1,124	1,637	2,057
	142	89	29	28
\$	20,444	\$ 22,595	\$ 27,010	\$ 27,092
\$	4,820	\$ 6,725	\$ 7,971	\$ 9,500
	38,198	49,946	67,271	73,769
\$	43,018	\$ 56,671	\$ 75,242	\$ 83,269
\$	189,421	\$ 213,414	\$ 224,800	\$ 246,315
	89,388	106,893	135,180	129,922
	12	12	12	12
\$	278,821	\$ 320,319	\$ 359,992	\$ 376,249

STATISTICAL SECTION

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Public Employees' Retirement Board

A Component Unit of the State of Montana
Schedule of Contribution Rate History

PERS-DBRP

Fiscal Year	State & Universities		Local Government		School Districts		
	Member	Employer	Employer	State	Employer	State	
	Hired <07/01/11	Hired >07/01/11					
2012	6.900%	7.900%	7.170%	7.070%	0.100%	6.800%	0.370%
2010-2011	6.900%		7.170%	7.070%	0.100%	6.800%	0.370%
2008-2009	6.900%		7.035%	6.935%	0.100%	6.800%	0.235%
2000-2007	6.900%		6.900%	6.800%	0.100%	6.800%	0.100%
1998-1999	6.800%		6.800%	6.700%	0.100%	6.700%	0.100%
1994-1997	6.700%		6.700%	6.700%		6.700%	
1993	6.550%		6.550%	6.550%		6.550%	
1992	6.417%		6.417%	6.417%		6.417%	
1991	6.300%		6.417%	6.417%		6.417%	
1990	6.150%		6.417%	6.417%		6.417%	
1984-1989	6.000%		6.417%	6.417%		6.417%	
1982-1983	6.000%		6.320%	6.320%		6.320%	
1979-1981	6.000%		6.200%	6.200%		6.200%	
1978	6.000%		5.950%	5.950%		5.950%	
1977	6.000%		5.550%	5.550%		5.550%	
1976	6.000%		5.200%	5.200%		5.200%	
1974-1975	5.750%		4.900%	4.900%		4.900%	
1972-1973	5.750%		4.600%	4.600%		4.600%	
1970-1971	5.750%		4.300%	4.300%		4.300%	
1968-1969	5.750%		3.800%	3.800%		3.800%	
1947-1967 *	2.5%-9.6%		3.300%	3.300%		3.300%	
1945-1947 *	2.5%-9.6%		3.000%	3.000%		3.000%	

*1945 - 1967 Member Contributions were based on age and gender.

JRS

Fiscal Year	Member	Employer
1998-2012	7.000%	25.810%
1993-1997	7.000%	6.000%
1968-1992	6.000%	6.000%

Prior to 1998 the employer contributed 6% and additional contributions were received based on a portion of the District Court filing fees. In 1998 the filing fees were eliminated and the employer rate was increased to 25.81%.

STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Contribution Rate History (cont.)

HPORS

Fiscal Year	Member		Employer
	Non-GABA	GABA	
1998-2012	9.000%	9.050%	36.330%
1992-1997	9.000%		36.280%
1991	7.590%		36.280%
1986-1990	7.590%		26.750%
1982-1985	6.500%		16.570%
1976-1981	6.500%		16.000%
1975	6.500%		15.000%
1971-1974	5.000%		8.000%

SRS

Fiscal Year	Member	Employer
2010-2012	9.245%	10.115%
2008-2009	9.245%	9.825%
1998-2007	9.245%	9.535%
1997	7.865%	8.540%
1996	7.865%	8.535%
1986-1995	7.000%	7.670%
1982-1985	7.000%	7.620%
1975-1981	7.000%	7.550%

GWPORS

Fiscal Year	Member	Employer
2003-2012	10.560%	9.000%
1998-2002	8.500%	9.000%
1996-1997	7.900%	8.150%
1986-1995	7.900%	7.150%
1982-1985	7.000%	7.150%
1964-1981	7.000%	7.000%

Public Employees' Retirement Board

A Component Unit of the State of Montana
Schedule of Contribution Rate History (cont.)

MPORS

Fiscal Year	Member				Employer	State
	Hired <7/1/75	Hired >6/30/75	Hired >6/30/79	Hired >6/30/97 GABA		
2000-2012	5.800%	7.000%	8.500%	9.000%	14.410%	29.370%
1998-1999	7.800%	9.000%	10.500%	11.000%	14.410%	29.370%
1997	7.800%	9.000%	10.500%		14.360%	29.370%
1994-1996	7.800%	9.000%	10.500%		14.360%	15.660%
1993	7.800%	9.000%	10.500%		13.920%	15.660%
1992	6.000%	7.200%	8.700%		13.920%	15.660%
1986-1991	6.000%	6.000%	7.500%		13.020%	15.060%
1982-1985	6.000%	6.000%	7.500%		14.040%	14.040%
1980-1981	6.000%	6.000%	7.500%		14.000%	14.000%
1978-1979	6.000%	6.000%			12.000%	12.000%
1976-1977	6.000%	6.000%			11.000%	12.000%
1974-1975	6.000%				11.000%	12.000%

FURS

Fiscal Year	Member			
	Non-GABA	GABA	Employer	State
1998-2012	9.500%	10.700%	14.360%	32.610%
1997	7.800%		14.360%	32.610%
1996	7.800%		14.360%	24.210%
1995	6.000%		13.020%	24.210%
1992-1994	6.000%		13.020%	23.270%
1986-1991	6.000%		13.020%	22.980%
1984-1985	6.000%		18.000%	18.000%
1983	6.000%		15.000%	15.000%
1981-1982	6.000%		12.000%	12.000%

PERS-DCRP

Fiscal Year	State & University		Local Government			School Districts	
	Member		Employer	Employer	State	Employer	State
	Hired <07/01/11	Hired >07/01/11					
2012	6.900%	7.900%	7.170%	7.070%	0.100%	6.800%	0.370%
2010-2011	6.900%		7.170%	7.070%	0.100%	6.800%	0.370%
2008-2009	6.900%		7.035%	6.935%	0.100%	6.800%	0.235%
2003-2007	6.900%		6.900%	6.800%	0.100%	6.800%	0.100%

STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

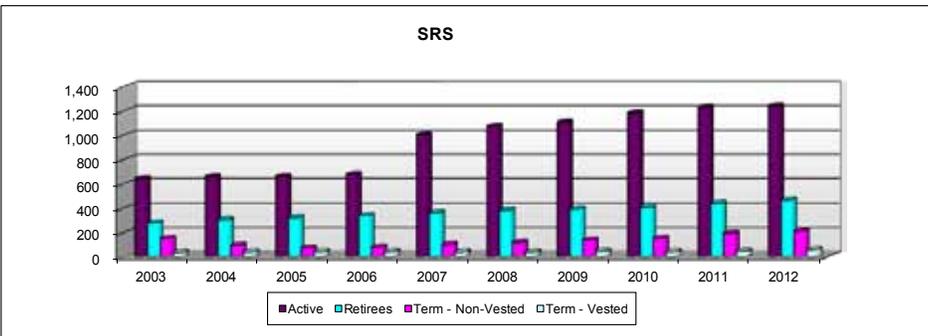
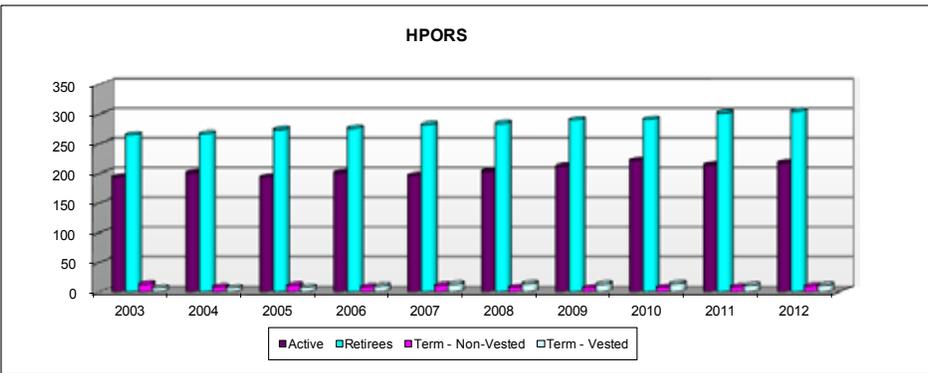
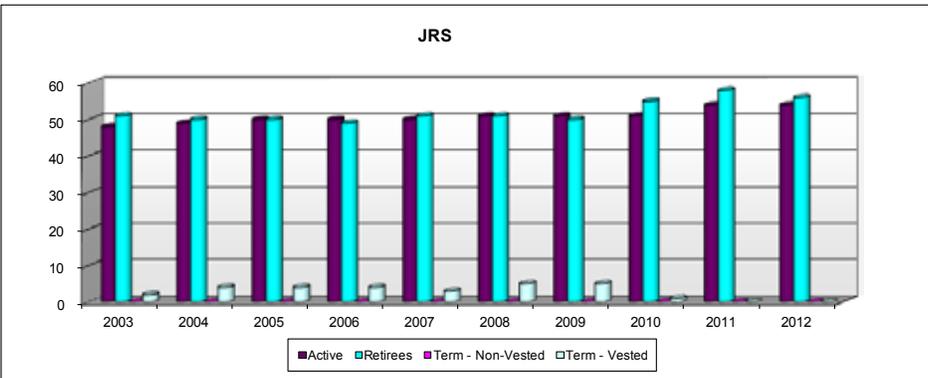
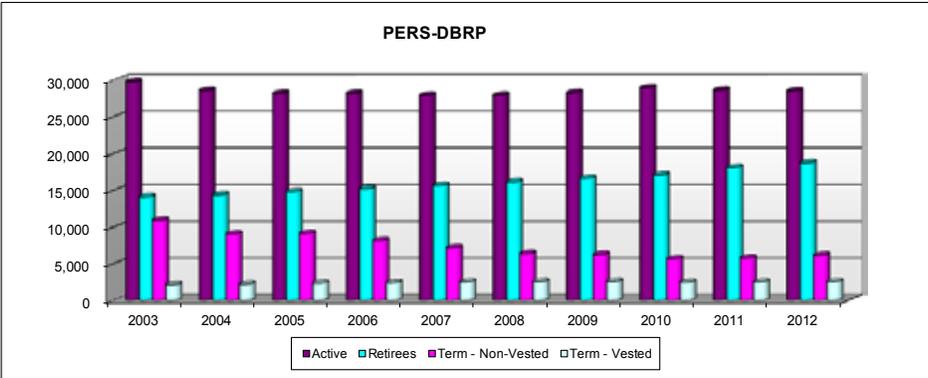
History of Membership in Retirement Plans, Last Ten Years

System	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
PERS-DBRP										
Active	28,604	28,201	28,213	27,962	27,977	28,293	28,983	28,834	28,659	28,548
Retirees/Beneficiaries	14,401	14,834	15,220	15,654	16,137	16,627	17,075	17,512	18,123	18,738
Term-Non-Vested	9,070	9,132	8,153	7,178	6,401	6,268	5,670	5,402	5,787	6,164
Term-Vested	2,231	2,362	2,418	2,530	2,576	2,579	2,476	2,471	2,535	2,560
Total	54,306	54,529	54,004	53,324	53,091	53,767	54,204	54,219	55,104	56,010
JRS										
Active	49	50	50	50	51	51	51	51	54	54
Retirees/Beneficiaries	50	50	49	51	51	50	55	55	58	56
Term-Non-Vested										
Term-Vested	4	4	4	3	5	5	1	1		
Total	103	104	103	104	107	106	107	107	112	110
HPORS										
Active	201	194	201	197	204	212	222	230	214	218
Retirees/Beneficiaries	267	274	276	282	284	290	291	295	302	305
Term-Non-Vested	9	11	9	11	8	7	8	6	9	10
Term-Vested	7	8	10	13	14	13	14	13	11	11
Total	484	487	496	503	510	522	535	544	536	544
SRS										
Active	661	662	680	1,006	1,076	1,109	1,185	1,181	1,230	1,241
Retirees/Beneficiaries	306	323	340	361	384	394	406	415	441	469
Term-Non-Vested	94	73	81	102	120	139	155	157	196	212
Term-Vested	39	41	42	39	38	46	41	36	48	60
Total	1,100	1,099	1,143	1,508	1,618	1,688	1,787	1,789	1,915	1,982

Public Employees' Retirement Board

A Component Unit of the State of Montana

History of Membership in Retirement Plans, Last Ten Years



STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

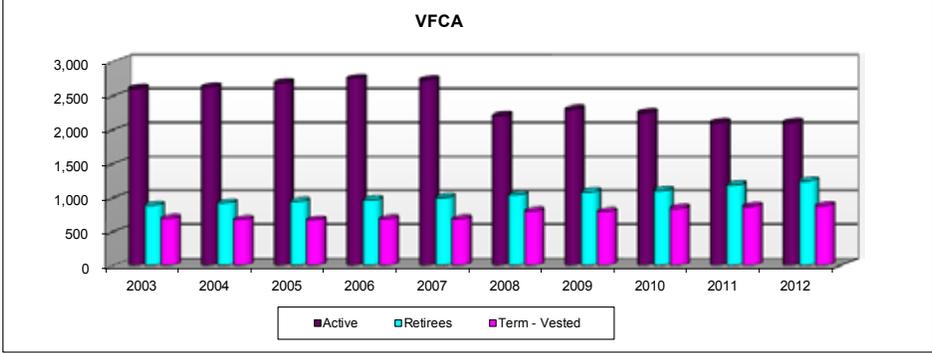
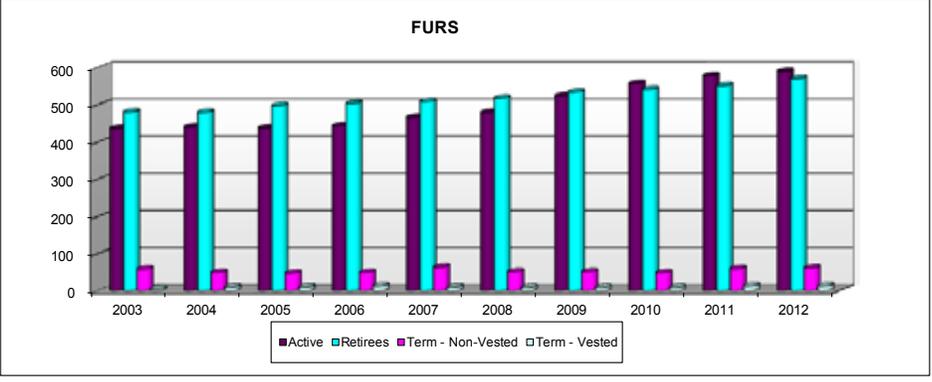
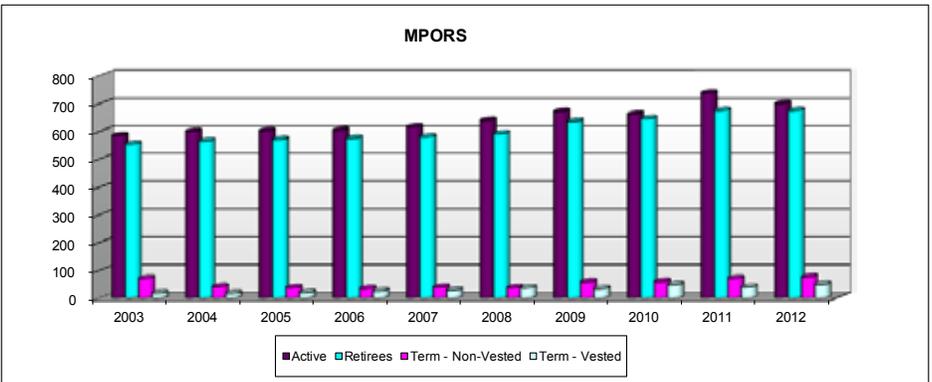
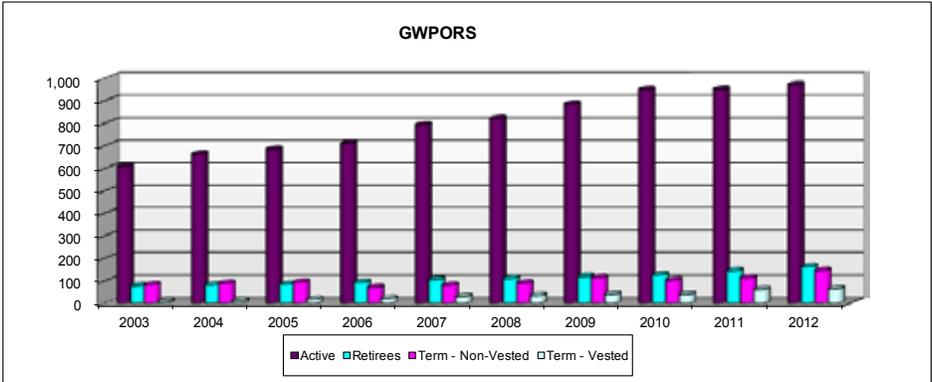
History of Membership in Retirement Plans, Last Ten Years (cont.)

System	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
GWPORS										
Active	664	685	711	793	821	885	950	966	951	972
Retirees/Beneficiaries	82	85	94	106	111	120	127	136	145	163
Term-Non-Vested	90	95	71	81	91	115	103	100	113	146
Term-Vested	11	18	22	30	35	40	40	47	61	64
Total	847	883	898	1,010	1,058	1,160	1,220	1,249	1,270	1,345
MPORS										
Active	601	603	605	617	640	673	663	727	739	701
Retirees/Beneficiaries	565	571	575	580	592	636	646	670	676	676
Term-Non-Vested	42	38	35	40	38	58	59	65	71	76
Term-Vested	17	20	26	29	37	34	48	47	40	49
Total	1,225	1,232	1,241	1,266	1,307	1,401	1,416	1,509	1,526	1,502
FURS										
Active	441	438	444	467	480	525	558	570	579	590
Retirees/Beneficiaries	480	498	504	509	519	535	542	546	552	571
Term-Non-Vested	50	48	50	64	52	52	49	53	60	62
Term-Vested	10	10	13	10	9	9	9	13	13	13
Total	981	994	1,011	1,050	1,060	1,121	1,158	1,182	1,204	1,236
VFCA										
Active	2,629	2,687	2,754	2,733	2,207	2,301	2,253	2,315	2,105	2,106
Retirees/Beneficiaries	921	944	966	1,001	1,038	1,082	1,103	1,149	1,183	1,242
Term-Vested	679	671	687	687	800	793	840	827	870	879
Total	4,229	4,302	4,407	4,421	4,045	4,176	4,196	4,291	4,158	4,227

Public Employees' Retirement Board

A Component Unit of the State of Montana

History of Membership in Retirement Plans, Last Ten Years



STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Benefit Expenses and Refunds by Type, Last Ten Years

(in thousands)

System	2003	2004	2005	2006	2007	2008	2009
PERS-DBRP							
<i>Benefit Expenses</i>							
Retirees	\$ 116,333	\$ 126,751	\$ 136,632	\$ 147,502	\$ 159,790	\$ 174,357	\$ 189,360
Survivors	2,248	2,298	2,436	2,681	2,815	3,043	3,244
Disability	2,345	2,541	2,729	2,738	2,717	2,583	2,521
<i>Refunds</i>							
Death	1,278	1,093	992	965	866	832	1,277
Lump Sum	10,218	10,913	13,236	12,754	12,868	12,124	10,821
Total	\$ 132,422	\$ 143,596	\$ 156,025	\$ 166,640	\$ 179,056	\$ 192,939	\$ 207,223
Number of Lump Sum	2,964	3,302	3,756	3,763	3,465	2,779	2,751

JRS

<i>Benefit Expenses</i>							
Retirees	\$ 1,513	\$ 1,611	\$ 1,583	\$ 1,699	\$ 1,728	\$ 1,486	\$ 1,926
Survivors	38	41	41	44	44	335	46
Disability							
<i>Refunds</i>							
Death		18				8	
Lump Sum							
Total	\$ 1,551	\$ 1,670	\$ 1,624	\$ 1,743	\$ 1,772	\$ 1,829	\$ 1,972
Number of Lump Sum							

HPORS

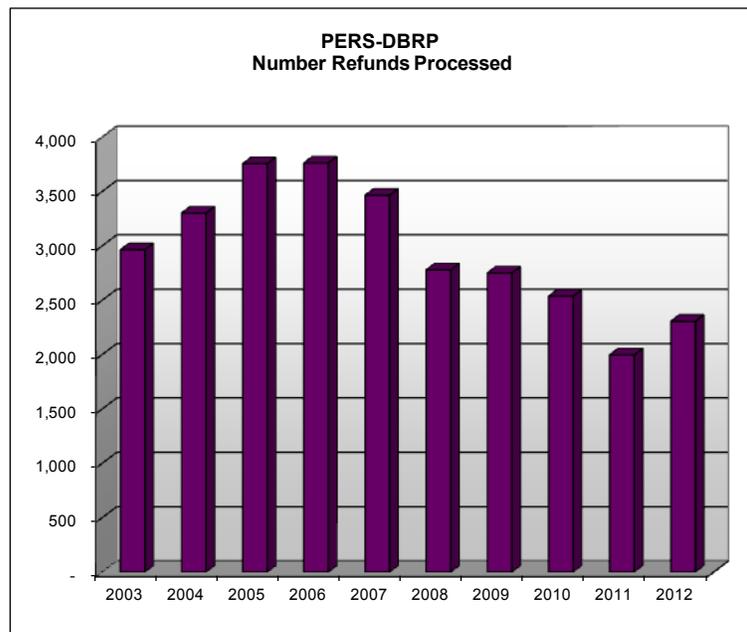
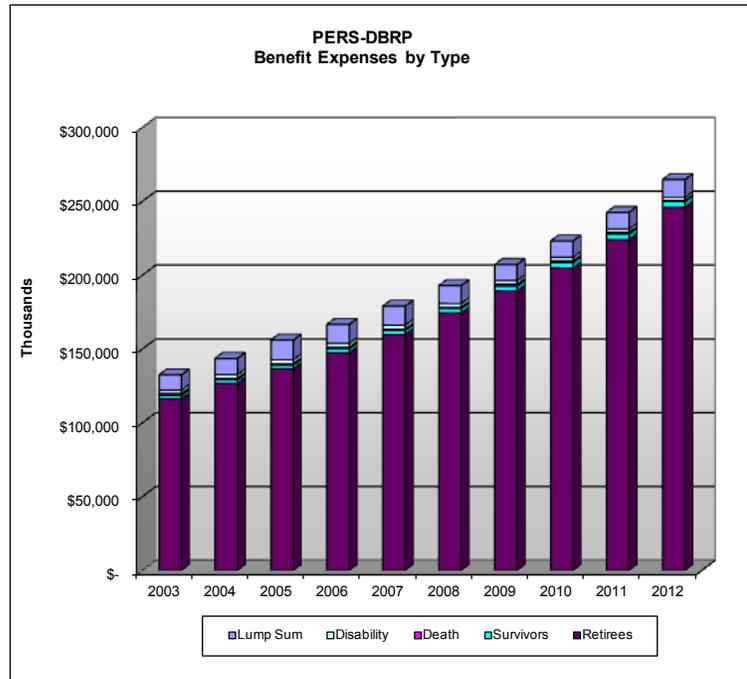
<i>Benefit Expenses</i>							
Retirees	\$ 4,900	\$ 5,254	\$ 5,524	\$ 6,061	\$ 6,181	\$ 6,505	\$ 6,821
Survivors	134	137	144	149	155	176	191
Disability	126	102	121	155	124	132	115
<i>Refunds</i>							
Death							
Lump Sum	60	144	181	89	139	61	26
Total	\$ 5,220	\$ 5,637	\$ 5,970	\$ 6,454	\$ 6,599	\$ 6,874	\$ 7,153
Number of Lump Sum	7	13	8	7	3	5	1

SRS

<i>Benefit Expenses</i>							
Retirees	\$ 3,761	\$ 4,259	\$ 4,851	\$ 5,439	\$ 5,997	\$ 6,435	\$ 6,878
Survivors	127	144	148	153	187	215	272
Disability	419	498	528	560	585	593	670
<i>Refunds</i>							
Death		2			1		38
Lump Sum	457	306	612	365	934	722	968
Total	\$ 4,764	\$ 5,209	\$ 6,139	\$ 6,517	\$ 7,704	\$ 7,965	\$ 8,826
Number of Lump Sum	59	61	60	71	153	146	141

STATISTICAL SECTION

2010	2011	2012
\$ 204,885	\$ 224,108	\$ 245,959
3,692	3,748	3,968
2,481	2,253	2,065
1,128	1,114	770
10,967	11,302	11,991
\$ 223,153	\$ 242,525	\$ 264,753
2,537	1,998	2,307
\$ 2,069	\$ 2,190	\$ 2,291
49	50	53
\$ 2,118	\$ 2,240	\$ 2,344
\$ 7,198	\$ 7,462	\$ 7,794
216	233	239
143	162	188
	9	2
58	121	65
\$ 7,615	\$ 7,987	\$ 8,288
4	5	8
\$ 7,291	\$ 8,273	\$ 9,356
293	292	347
693	665	676
	7	
766	938	1,248
\$ 9,043	\$ 10,175	\$ 11,627
125	102	144



STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Benefit Expenses and Refunds by Type, Last Ten Years (cont.)

(in thousands)

System	2003	2004	2005	2006	2007	2008	2009
GWPORS							
<i>Benefit Expenses</i>							
Retirees	\$ 1,277	\$ 1,429	\$ 1,509	\$ 1,760	\$ 2,022	\$ 2,208	\$ 2,427
Survivors	26	27	27	28	29	33	41
Disability	13	4	2	19	18	9	
<i>Refunds</i>							
Death			1	27	16	21	53
Lump Sum	355	501	607	477	702	643	840
Total	\$ 1,671	\$ 1,961	\$ 2,146	\$ 2,311	\$ 2,787	\$ 2,914	\$ 3,361
Number of Lump Sum	80	124	146	85	125	113	110

MPORS

<i>Benefit Expenses</i>							
Retirees	\$ 9,733	\$ 10,208	\$ 10,646	\$ 11,256	\$ 11,861	\$ 12,827	\$ 13,960
Survivors	452	446	473	491	517	547	560
Disability	241	231	244	285	314	333	340
<i>Refunds</i>							
Death							
DROP		18	510	234	502	3,777	148
Lump Sum	326	319	276	317	186	513	794
Total	\$ 10,752	\$ 11,222	\$ 12,149	\$ 12,583	\$ 13,380	\$ 17,997	\$ 15,802
Number of Lump Sum	30	44	29	27	23	34	42
Number of DROP		2	6	3	5	20	5

FURS

<i>Benefit Expenses</i>							
Retirees	\$ 8,620	\$ 9,201	\$ 9,903	\$ 10,527	\$ 11,307	\$ 12,788	\$ 13,428
Survivors	389	385	398	408	412	442	433
Disability	72	88	85	105	131	124	126
<i>Refunds</i>							
Death					1		
Lump Sum	83	77	101	46	241	116	70
Total	\$ 9,164	\$ 9,751	\$ 10,487	\$ 11,086	\$ 12,092	\$ 13,470	\$ 14,057
Number of Lump Sum	9	11	6	8	21	16	13

VFCA

<i>Benefit Expenses</i>							
Retirees	\$ 1,406	\$ 1,455	\$ 1,494	\$ 1,561	\$ 1,635	\$ 1,710	\$ 1,779
Survivors	6	24	23	3	2	7	1
Disability							
Total	\$ 1,412	\$ 1,479	\$ 1,517	\$ 1,564	\$ 1,637	\$ 1,717	\$ 1,780

STATISTICAL SECTION

2010	2011	2012
\$ 2,566	\$ 2,801	\$ 3,106
49	54	80
3	2	7
4	6	10
879	991	1,227
\$ 3,501	\$ 3,854	\$ 4,430
143	114	130
<hr/>		
\$ 14,652	\$ 15,835	\$ 16,195
613	629	654
462	546	504
	3	1
407	449	352
442	498	355
\$ 16,576	\$ 17,960	\$ 18,061
39	36	37
5	5	4
<hr/>		
\$ 14,031	\$ 12,554	\$ 15,884
427	479	466
140	2,560	169
	12	
86	128	119
\$ 14,684	\$ 15,733	\$ 16,638
8	6	13
<hr/>		
\$ 1,848	\$ 1,938	\$ 2,046
9		
\$ 1,857	\$ 1,938	\$ 2,046

STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Distributions Processed, Last Ten Fiscal Years

(in thousands)

System	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
PERS-DCRP										
Number of Retirements		2	1	2	3	6	3	35	8	4
Number of Deaths		2	3	2	3	1	1	2		1
Number of Full Refunds	29	96	97	115	145	106	145	116	182	158
Amount Refunded	\$ 556	\$ 1,789	\$ 1,582	\$ 1,475	\$ 2,457	\$ 2,254	\$ 1,744	\$ 1,438	\$ 3,226	\$ 3,077
Number of Partial Refunds	2	19	9	10	10	10	3	13	75	35
Amount Refunded	\$ 42	\$ 235	\$ 198	\$ 96	\$ 153	\$ 243	\$ 128	\$ 198	\$ 393	\$ 323
Number of Forfeitures	10	53	73	103	118	134	121	94	124	98
Amount of Contributions Forfeited ¹	\$ 31	\$ 135	\$ 192	\$ 264	\$ 315	\$ 215	\$ 266	\$ 318	\$ 417	\$ 415

¹Members terminating with less than 5 years of membership service forfeit their employer contributions.

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STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Retired Members by Type of Benefit

As of June 30, 2012

PERS-DBRP	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor ²
	\$ 1 - 250	2,121	1,852	8	261
	251 - 500	3,630	3,088	42	500
	501 - 750	2,872	2,437	57	378
	751 - 1,000	2,146	1,817	38	291
	1,001 - 1,250	1,626	1,433	19	174
	1,251 - 1,500	1,251	1,106	14	131
	1,501 - 1,750	1,016	928	6	82
	1,751 - 2,000	904	838	4	62
	Over 2,000	3,172	3,040	4	128
	Total	18,738	16,539	192	2,007

JRS	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor ²
	\$ 1 - 250				
	251 - 500				
	501 - 750	1	1		
	751 - 1,000	1			1
	1,001 - 1,250	5	1		4
	1,251 - 1,500	2	2		
	1,501 - 1,750	1			1
	1,751 - 2,000	2			2
	Over 2,000	44	31		13
	Total	56	35		21

HPORS	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor ²
	\$ 1 - 250	5			5
	251 - 500	6	3		3
	501 - 750	10	7		3
	751 - 1,000	3			3
	1,001 - 1,250	4	2		2
	1,251 - 1,500	22	11	2	9
	1,501 - 1,750	44	36	1	7
	1,751 - 2,000	67	43	2	22
	Over 2,000	144	128	3	13
	Total	305	230	8	67

¹ Option Selected:

- 1 - Beneficiary receives lump sum of member's unused contributions
- 2 - Beneficiary receives 100 percent of member's reduced monthly benefit
- 3 - Beneficiary receives 50 percent of member's reduced monthly benefit
- 4A - Guaranteed for the life of member or a minimum of 10 years after member's retirement
- 4B - Guaranteed for the life of member or a minimum of 20 years after member's retirement
- 5A - Survivorship benefit - guaranteed for life of beneficiary with GABA increases
- 5B - Survivorship benefit - guaranteed for life of beneficiary without GABA increases

²For the purposes of this schedule Survivor is anyone receiving a monthly benefit that is not the original member.

STATISTICAL SECTION

	Option Selected ¹						GABA	NON-GABA	
	1	2	3	4A	4B	5A			5B
PERS-DBRP									
	1,503	394	64	40	83	19	18	2,102	19
	2,419	793	166	56	139	51	6	3,618	12
	1,814	691	164	52	102	47	2	2,867	5
	1,320	509	174	30	78	35		2,144	2
	1,007	377	136	34	49	23		1,625	1
	717	359	111	22	31	11		1,250	1
	549	308	109	16	22	12		1,015	1
	508	228	116	23	20	9		904	
	1,742	795	452	64	98	21		3,172	
	11,579	4,454	1,492	337	622	228	26	18,697	41

	Option Selected ¹						GABA	NON-GABA	
	1	2	3	4A	4B	5A			5B
JRS									
		1							1
			1						1
	1	3				1			5
		1	1					1	1
		1						1	
			1			1		1	1
	10	26	5		2	1		21	23
	11	32	8		2	3		24	32

	Option Selected ¹						GABA	NON-GABA	
	1	2	3	4A	4B	5A			5B
HPORS									
		2				3		4	1
	1	4				1		2	4
	1	7				2		5	5
						3		1	2
		4						1	3
	3	19						8	14
	3	40				1		16	28
	12	52				3		26	41
	8	134				2		138	6
	28	262				15		201	104

GABA - Members covered under the Guaranteed Annual Benefit Adjustment
 NON-GABA - Members not covered under the Guaranteed Annual Benefit Adjustment

STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Retired Members by Type of Benefit (cont.)

As of June 30, 2012

	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor ²
SRS					
	\$ 1 - 250	19	12	1	6
	251 - 500	26	19	1	6
	501 - 750	39	30	2	7
	751 - 1,000	26	19		7
	1,001 - 1,250	35	28	1	6
	1,251 - 1,500	34	26	4	4
	1,501 - 1,750	44	35	4	5
	1,751 - 2,000	37	30	7	
	Over 2,000	209	189	13	7
	Total	469	388	33	48
GWPORS					
	\$ 1 - 250				
	251 - 500	18	14	1	3
	501 - 750	25	20		5
	751 - 1,000	17	11	1	5
	1,001 - 1,250	13	11		2
	1,251 - 1,500	11	8		3
	1,501 - 1,750	12	11		1
	1,751 - 2,000	9	9		
	Over 2,000	58	55		3
	Total	163	139	2	22
MPORS³					
	\$ 1 - 250	18	18		
	251 - 500	9	9		
	501 - 750	9	9		
	751 - 1,000	7	7		
	1,001 - 1,250	9	6		3
	1,251 - 1,500	29	15		14
	1,501 - 1,750	117	70	3	44
	1,751 - 2,000	136	86	5	45
	Over 2,000	342	289	12	41
	Total	676	509	20	147

¹ Option Selected:

- 1 - Beneficiary receives lump sum of member's unused contributions
- 2 - Beneficiary receives 100 percent of member's reduced monthly benefit
- 3 - Beneficiary receives 50 percent of member's reduced monthly benefit
- 4A - Guaranteed for the life of member or a minimum of 10 years after member's retirement
- 4B - Guaranteed for the life of member or a minimum of 20 years after member's retirement
- 5A - Survivorship benefit - guaranteed for life of beneficiary with GABA increases
- 5B - Survivorship benefit - guaranteed for life of beneficiary without GABA increases

²For the purposes of this schedule Survivor is anyone receiving a monthly benefit that is not the original member.

³MPORS does not include DROP members.

STATISTICAL SECTION

	Option Selected ¹						GABA	NON-GABA
	1	2	3	4A	4B	5A		
SRS								
	7	6	2			4	18	1
	9	13	3		1		26	
	20	13	2		2	2	39	
	8	12	2	1		3	26	
	17	14	3			1	35	
	15	15	2		1	1	34	
	17	15	4	2	2	4	44	
	21	12	3	1			37	
	112	56	21	10	8	2	209	
	226	156	42	14	14	17	468	1

	Option Selected ¹						GABA	NON-GABA
	1	2	3	4A	4B	5A		
GWPORS								
	5	7	2		2	2	18	
	15	3	2		1	4	25	
	8	3	4		1	1	17	
	6	3	4				13	
	6	3	2				11	
	8	4					12	
	5	2		1	1		9	
	26	21	8		3		58	
	79	46	22	1	8	7	163	

	Option Selected ¹						GABA	NON-GABA
	1	2	3	4A	4B	5A		
MPORS								
	2	16					15	3
	5	4					8	1
	5	4					8	1
	3	4					7	
	4	5					8	1
	1	27				1	26	3
	13	92				12	109	8
	12	119				5	113	23
	35	300				7	314	28
	80	571				25	608	68

GABA - Members covered under the Guaranteed Annual Benefit Adjustment

NON-GABA - Members not covered under the Guaranteed Annual Benefit Adjustment

STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Retired Members by Type of Benefit (cont.)

As of June 30, 2012

FURS	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor ³
	\$ 1 - 250	36	25		11
	251 - 500	9	8		1
	501 - 750	3	2		1
	751 - 1,000	7	7		
	1,001 - 1,250	11	8		3
	1,251 - 1,500	20	14		6
	1,501 - 1,750	38	20		18
	1,751 - 2,000	124	74		50
	Over 2,000	323	277	7	39
	Total	571	435	7	129

VFCA	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor ³
	\$ 1 - 250	1,241	1,240		1
	251 - 500	1	1		
	501 - 750				
	751 - 1,000				
	1,001 - 1,250				
	1,251 - 1,500				
	1,501 - 1,750				
	1,751 - 2,000				
	Over 2,000				
	Total	1,242	1,241		1

¹ Option Selected (excluding the VFCA):

- 1 - Beneficiary receives lump sum of member's unused contributions
- 2 - Beneficiary receives 100 percent of member's reduced monthly benefit
- 3 - Beneficiary receives 50 percent of member's reduced monthly benefit
- 4A - Guaranteed for the life of member or a minimum of 10 years after member's retirement
- 4B - Guaranteed for the life of member or a minimum of 20 years after member's retirement
- 5A - Survivorship benefit - guaranteed for life of beneficiary with GABA increases
- 5B - Survivorship benefit - guaranteed for life of beneficiary without GABA increases

² Option Selected VFCA:

- 1 - Member receiving monthly benefit
- 2 and 5A - Benefit paid to survivor equal to member's full or partial benefit. Benefit is limited to 40 months including any pension paid to member before death.

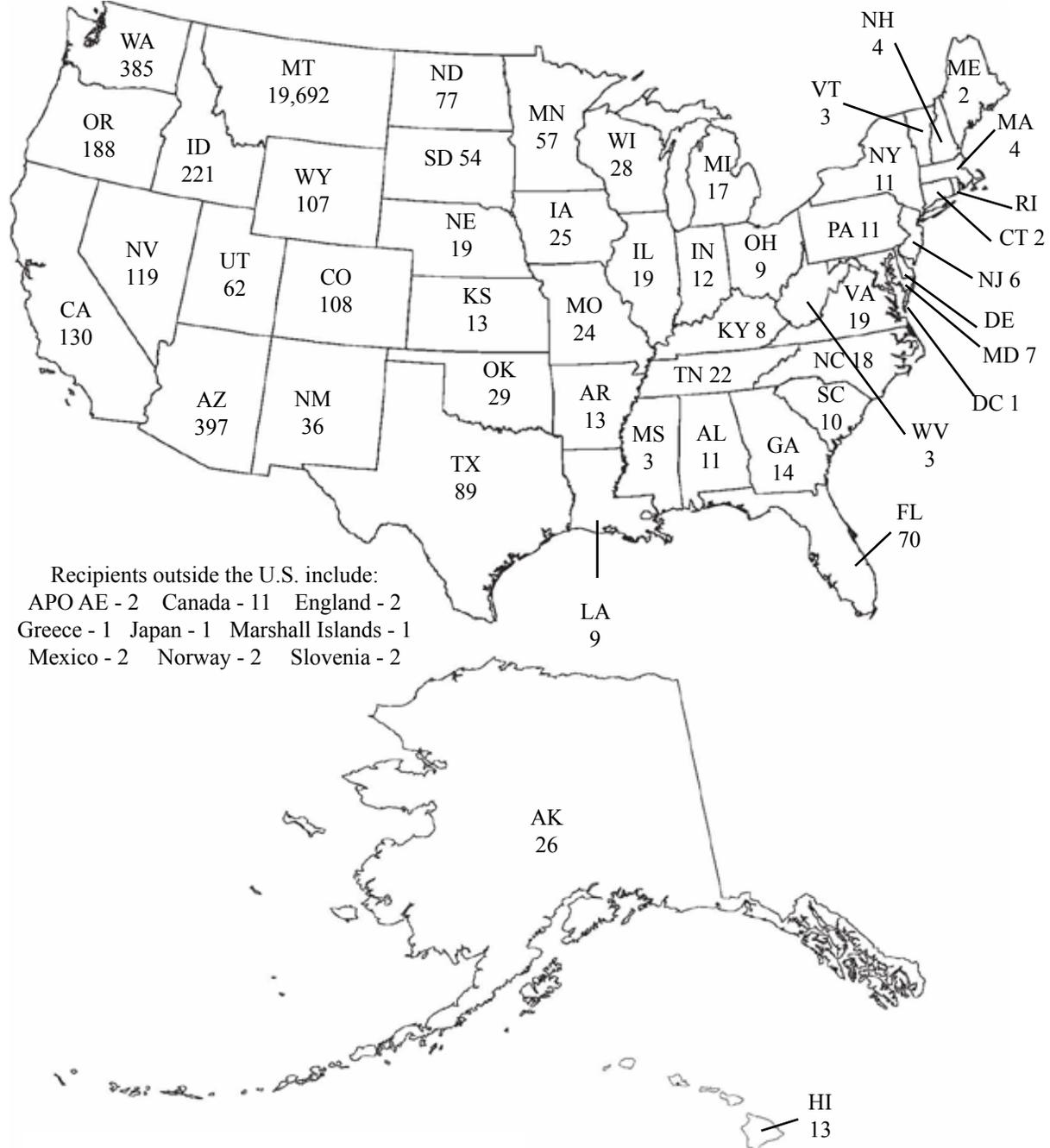
³For the purposes of this schedule Survivor is anyone receiving a monthly benefit that is not the original member.

STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Distribution of Defined Benefit Recipients by Location as of June 30, 2012



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STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Active Members by Age and Gender

As of June 30, 2012

System	Ages	Male	Female	Total	System	Ages	Male	Female	Total
PERS-DBRP	Under 20	18	25	43	GWPORS	Under 20			
	20 - 29	911	1,172	2,083		20 - 29	133	32	165
	30 - 39	1,752	2,433	4,185		30 - 39	181	69	250
	40 - 49	2,762	3,762	6,524		40 - 49	220	55	275
	50 - 59	4,431	5,941	10,372		50 - 59	150	53	203
	60 - 69	2,037	2,360	4,397		60 - 69	39	13	52
	70 & Older	180	175	355		70 & Older	3		3
¹ Unkown			589	¹ Unkown				24	
Total		12,091	15,868	28,548	Total		726	222	972
JRS	Under 20				MPORS ³	Under 20			
	20 - 29					20 - 29	120	12	132
	30 - 39					30 - 39	225	16	241
	40 - 49	2	1	3		40 - 49	226	23	249
	50 - 59	12	9	21		50 - 59	67	1	68
	60 - 69	22	3	25		60 - 69	3		3
	70 & Older	4	1	5		70 & Older			
¹ Unkown				¹ Unkown				8	
Total		40	14	54	Total		641	52	701
HPORS	Under 20				FURS	Under 20			
	20 - 29	16	1	17		20 - 29	101	2	103
	30 - 39	76	2	78		30 - 39	205	14	219
	40 - 49	82	5	87		40 - 49	167	1	168
	50 - 59	31	1	32		50 - 59	89		89
	60 - 69	3		3		60 - 69	11		11
	70 & Older					70 & Older			
¹ Unkown			1	¹ Unkown					
Total		208	9	218	Total		573	17	590
SRS	Under 20	4		4	PERS-DCRP	Under 20			
	20 - 29	216	30	246		20 - 29	59	93	152
	30 - 39	310	59	369		30 - 39	249	289	538
	40 - 49	277	45	322		40 - 49	287	318	606
	50 - 59	199	27	226		50 - 59	253	302	555
	60 - 69	50	3	53		60 - 69	82	89	171
	70 & Older	2	1	3		70 & Older	6	4	10
¹ Unkown			18	¹ Unkown					
Total		1,058	165	1,241	Total		936	1,095	2,032

¹ Membership data not received as of June 30, 2012.

² VFCA not included because membership data not required on VFCA members until retirement.

³ MPORS does not include DROP.

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Retired Members by Age and Gender

As of June 30, 2012

System	Ages	Male	Female	Total	System	Ages	Male	Female	Total
PERS-DBRP	Under 20				GWPORS	Under 20			
	20 - 29					20 - 29			
	30 - 39					30 - 39			
	40 - 49	29	18	47		40 - 49	2		2
	50 - 59	794	808	1,602		50 - 59	34	1	35
	60 - 69	3,544	3,538	7,082		60 - 69	63	7	70
	70 & Older	5,082	4,925	10,007		70 & Older	55	1	56
	Total	9,449	9,289	18,738		Total	154	9	163
JRS	Under 20				MPORS¹	Under 20			
	20 - 29					20 - 29			
	30 - 39					30 - 39	4		4
	40 - 49					40 - 49	39	5	44
	50 - 59					50 - 59	143	8	151
	60 - 69	14	3	17		60 - 69	233	2	235
	70 & Older	39		39		70 & Older	239	3	242
	Total	53	3	56		Total	658	18	676
HPORS	Under 20				FURS	Under 20			
	20 - 29					20 - 29			
	30 - 39	2	1	3		30 - 39	3		3
	40 - 49	18	4	22		40 - 49	20		20
	50 - 59	32	5	37		50 - 59	118	1	119
	60 - 69	89	2	91		60 - 69	188		188
	70 & Older	152		152		70 & Older	239	2	241
	Total	293	12	305		Total	568	3	571
SRS	Under 20				VFCA	Under 20			
	20 - 29					20 - 29			
	30 - 39	3		3		30 - 39			
	40 - 49	25		25		40 - 49			
	50 - 59	136	8	144		50 - 59	140	3	143
	60 - 69	187	5	192		60 - 69	482	31	513
	70 & Older	101	4	105		70 & Older	563	23	586
	Total	452	17	469		Total	1,185	57	1,242

¹MPORS does not include DROP

STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Average Benefit Payments, Last Ten Fiscal Years

PERS - Defined Benefit Retirement Plan

Retirement Effective Dates	Years of Credited Service						
	0-4	5-9	10-14	15-19	20-24	25-29	30+
Period 7/1/2011 - 6/30/2012							
Average monthly benefit	\$ 1,300	\$ 1,394	\$ 595	\$ 1,434	\$ 2,136	\$ 2,323	\$ 2,859
Average HAC ¹	1,752	2,019	2,633	2,828	2,890	3,445	3,953
Number of retired members	32	174	196	162	164	177	228
Period 7/1/2010 - 6/30/2011							
Average monthly benefit	2,618	1,119	851	1,046	1,963	2,028	2,853
Average HAC ¹	2,064	2,812	2,925	3,072	3,412	3,879	4,474
Number of retired members	40	165	175	160	148	178	294
Period 7/1/2009 - 6/30/2010							
Average monthly benefit	1,873	1,631	2,444	3,102	2,222	2,122	2,967
Average HAC ¹	2,146	2,495	2,592	4,397	3,382	4,008	4,528
Number of retired members	45	156	148	147	113	137	163
Period 7/1/2008 - 6/30/2009							
Average monthly benefit	4,474	1,078	1,616	2,025	1,962	2,147	2,959
Average HAC ¹	2,080	2,632	2,935	3,052	3,280	3,832	4,376
Number of retired members	22	132	155	147	102	168	211
Period 7/1/2007 - 6/30/2008							
Average monthly benefit	526	452	899	973	1,735	2,158	2,802
Average HAC ¹	2,020	2,120	2,506	2,940	2,905	3,423	4,019
Number of retired members	21	155	164	159	125	180	197
Period 7/1/2006 - 6/30/2007							
Average monthly benefit	1,187	353	571	1,020	1,188	1,902	3,034
Average HAC ¹	2,230	2,382	2,304	2,644	2,891	3,239	3,857
Number of retired members	22	149	153	174	130	144	188
Period 7/1/2005 - 6/30/2006							
Average monthly benefit	289	321	656	1,009	1,254	1,787	2,817
Average HAC ¹	1,691	1,989	2,295	2,913	2,625	3,009	3,730
Number of retired members	16	141	149	137	110	132	193
Period 7/1/2004 - 6/30/2005							
Average monthly benefit	255	320	571	812	1,256	1,774	2,787
Average HAC ¹							
Number of retired members	17	135	166	134	107	126	130
Period 7/1/2003 - 6/30/2004							
Average monthly benefit	364	296	558	843	1,167	1,913	3,191
Average HAC ¹							
Number of retired members	11	124	135	117	120	125	165
Period 7/1/2002 - 6/30/2003							
Average monthly benefit	154	295	537	773	1,088	1,913	2,536
Average HAC ¹							
Number of retired members	10	104	124	118	94	107	138

¹HAC = Highest Average Compensation during any consecutive 36 months unavailable prior to FY2006.

Public Employees' Retirement Board

A Component Unit of the State of Montana

Average Benefit Payments, Last Ten Fiscal Years (cont.)

Judges' Retirement System

Retirement Effective Dates	Years of Credited Service						
	0-4	5-9	10-14	15-19	20-24	25-29	30+
Period 7/1/2011 - 6/30/2012							
Average monthly benefit							
Average HAC ¹							
Number of retired members							
Period 7/1/2010 - 6/30/2011							
Average monthly benefit	\$ 2,133	\$ 2,808	\$ 4,841		\$ 6,036		
Average HAC ¹	8,906	7,842	9,201		8,906		
Number of retired members	1	1	2		1		
Period 7/1/2009 - 6/30/2010							
Average monthly benefit				\$ 5,125			
Average HAC ¹				9,797			
Number of retired members				1			
Period 7/1/2008 - 6/30/2009							
Average monthly benefit	1,404	3,297	4,644	4,560			
Average HAC ¹	8,270	8,270	8,296	8,158			
Number of retired members	1	1	2	1			
Period 7/1/2007 - 6/30/2008							
Average monthly benefit		4,848					
Average HAC ¹		8,849					
Number of retired members		1					
Period 7/1/2006 - 6/30/2007							
Average monthly benefit		3,797					
Average HAC ¹		7,841					
Number of retired members		1					
Period 7/1/2005 - 6/30/2006							
Average monthly benefit	2,726				5,030		
Average HAC ¹	8,407				7,841		
Number of retired members	1				1		
Period 7/1/2004 - 6/30/2005							
Average monthly benefit		4,350					
Average HAC ¹							
Number of retired members		1					
Period 7/1/2003 - 6/30/2004							
Average monthly benefit				5,777			
Average HAC ¹							
Number of retired members				1			
Period 7/1/2002 - 6/30/2003							
Average monthly benefit							
Average HAC ¹							
Number of retired members							

¹HAC = Highest Average Compensation during any consecutive 36 months unavailable prior to FY2006.

STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Average Benefit Payments, Last Ten Fiscal Years (cont.)

Highway Patrol Officers' Retirement System

Retirement Effective Dates	Years of Credited Service						
	0-4	5-9	10-14	15-19	20-24	25-29	30+
Period 7/1/2011 - 6/30/2012							
Average monthly benefit		\$ 651			\$ 2,783	\$ 3,770	
Average HAC ¹		4,714				5,383	
Number of retired members		1			1	2	
Period 7/1/2010 - 6/30/2011							
Average monthly benefit		\$ 1,646	\$ 2,449	2,947			
Average HAC ¹		4,354	4,815	5,355			
Number of retired members		2	3	3			
Period 7/1/2009 - 6/30/2010							
Average monthly benefit		184	2,460	2,393	3,450		
Average HAC ¹		4,039	4,638	4,494	4,952		
Number of retired members		4	2	3	1		
Period 7/1/2008 - 6/30/2009							
Average monthly benefit		1,880	2,254	2,663			
Average HAC ¹		3,511	4,263	6,231			
Number of retired members		3	1	3			
Period 7/1/2007 - 6/30/2008							
Average monthly benefit		1,945	2,802	2,614	3,318		
Average HAC ¹		3,415	3,974	4,482	4,517		
Number of retired members		1	1	4	1		
Period 7/1/2006 - 6/30/2007							
Average monthly benefit				2,069			
Average HAC ¹				3,959			
Number of retired members				6			
Period 7/1/2005 - 6/30/2006							
Average monthly benefit		1,846		2,311	3,192	\$ 4,698	
Average HAC ¹		3,092		3,635	3,678	4,840	
Number of retired members		1		2	1	1	
Period 7/1/2004 - 6/30/2005							
Average monthly benefit			1,372	2,693	2,943	4,200	
Average HAC ¹							
Number of retired members			2	2	1	2	
Period 7/1/2003 - 6/30/2004							
Average monthly benefit		1,865		3,198	3,957	4,252	
Average HAC ¹							
Number of retired members		1		2	1	4	
Period 7/1/2002 - 6/30/2003							
Average monthly benefit			1,980	2,600	4,074	4,232	
Average HAC ¹							
Number of retired members			1	2	2	1	

¹HAC = Highest Average Compensation during any consecutive 36 months unavailable prior to FY2006.

Public Employees' Retirement Board

A Component Unit of the State of Montana

Average Benefit Payments, Last Ten Fiscal Years (cont.)

Sheriffs' Retirement System

Retirement Effective Dates	Years of Credited Service						
	0-4	5-9	10-14	15-19	20-24	25-29	30+
Period 7/1/2011 - 6/30/2012							
Average monthly benefit	\$ 254	\$ 2,187	\$ 2,550	\$ 2,418	\$ 3,406	\$ 3,856	
Average HAC ¹	2,849	5,410	3,050	3,836	2,807	6,286	
Number of retired members	5	3	2	9	2	7	
Period 7/1/2010 - 6/30/2011							
Average monthly benefit	623	1,472	2,643	2,369	3,759	5,321	
Average HAC ¹	4,199	3,890	5,466	4,778	5,912	6,842	
Number of retired members	4	3	5	12	4	6	
Period 7/1/2009 - 6/30/2010							
Average monthly benefit	1,327	819	1,656	3,077	3,421	3,784	
Average HAC ¹	4,282	3,652	4,674	5,600	4,946	5,878	
Number of retired members	2	4	2	4	3	1	
Period 7/1/2008 - 6/30/2009							
Average monthly benefit	514	1,723	2,606	3,970	5,098		
Average HAC ¹	3,405	3,745	4,718	6,003	6,204		
Number of retired members	3	2	2	2	1		
Period 7/1/2007 - 6/30/2008							
Average monthly benefit	1,330	1,091	2,942	2,230	2,510	5,582	
Average HAC ¹	3,403	2,650	5,228	4,265	4,061	5,503	
Number of retired members	4	2	1	5	3	1	
Period 7/1/2006 - 6/30/2007							
Average monthly benefit	753	2,271	1,764	1,897	3,478	3,478	
Average HAC ¹	3,604	4,156	3,734	3,848	5,276	4,412	
Number of retired members	5	2	7	12	2	3	
Period 7/1/2005 - 6/30/2006							
Average monthly benefit	642	755	1,484	2,625	3,102	3,331	
Average HAC ¹	2,799	3,188	3,358	4,285	4,054	3,958	
Number of retired members	1	6	2	8	5	1	
Period 7/1/2004 - 6/30/2005							
Average monthly benefit	188	1,097	1,379	2,105	3,477		
Average HAC ¹							
Number of retired members	3	4	3	9	1		
Period 7/1/2003 - 6/30/2004							
Average monthly benefit	2,321	1,108	1,322	1,951	3,586	3,681	
Average HAC ¹							
Number of retired members	1	1	1	9	6	3	
Period 7/1/2002 - 6/30/2003							
Average monthly benefit	422	1,233	1,238	2,293	3,241	4,561	
Average HAC ¹							
Number of retired members	2	3	5	10	7	1	

¹HAC = Highest Average Compensation during any consecutive 36 months unavailable prior to FY2006.

STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Average Benefit Payments, Last Ten Fiscal Years (cont.)

Game Wardens' and Peace Officers' Retirement System

Retirement Effective Dates	Years of Credited Service						
	0-4	5-9	10-14	15-19	20-24	25-29	30+
Period 7/1/2011 - 6/30/2012							
Average monthly benefit	\$ 598	\$ 1,092	\$ 1,885			\$ 3,663	
Average HAC ¹	3,164	3,322	4,027			4,693	
Number of retired members	6	5	1			3	
Period 7/1/2010 - 6/30/2011							
Average monthly benefit	572	1,076	1,223		\$ 3,137	3,505	
Average HAC ¹	3,257	3,904	3,368		4,427	4,205	
Number of retired members	4	6	1		1	1	
Period 7/1/2009 - 6/30/2010							
Average monthly benefit	544	1,190				3,789	
Average HAC ¹	3,039	3,888				4,192	
Number of retired members	3	6				1	
Period 7/1/2008 - 6/30/2009							
Average monthly benefit	501		1,568			3,364	
Average HAC ¹	2,318		3,670			3,904	
Number of retired members	4		1			3	
Period 7/1/2007 - 6/30/2008							
Average monthly benefit	618	877		\$ 1,847	2,958	3,512	
Average HAC ¹	3,234	3,044		3,537	3,768	4,300	
Number of retired members	6	2		1	1	1	
Period 7/1/2006 - 6/30/2007							
Average monthly benefit	462				2,304	4,041	
Average HAC ¹	2,134				4,676	3,964	
Number of retired members	2				1	3	
Period 7/1/2005 - 6/30/2006							
Average monthly benefit	854	1,091			2,196	3,414	
Average HAC ¹	2,668	3,248			3,044	4,076	
Number of retired members	5	2			1	6	
Period 7/1/2004 - 6/30/2005							
Average monthly benefit	527					1,870	4,558
Average HAC ¹							
Number of retired members	8					2	1
Period 7/1/2003 - 6/30/2004							
Average monthly benefit	1,219				2,132		2,639
Average HAC ¹							
Number of retired members	2				1		1
Period 7/1/2002 - 6/30/2003							
Average monthly benefit					1,593		3,714
Average HAC ¹							
Number of retired members					1		3

¹HAC = Highest Average Compensation during any consecutive 36 months unavailable prior to FY2006.

Public Employees' Retirement Board

A Component Unit of the State of Montana

Average Benefit Payments, Last Ten Fiscal Years (cont.)

Municipal Police Officers' Retirement System

Retirement Effective Dates	Years of Credited Service						
	0-4	5-9	10-14	15-19	20-24	25-29	30+
Period 7/1/2011 - 6/30/2012							
Average monthly benefit	\$ 1,300	\$ 1,160	\$ 209	\$ 2,832		\$ 5,283	
Average HAC ¹	3,828		519	5,117		6,411	
Number of retired members	2	1	1	7		2	
Period 7/1/2010 - 6/30/2011							
Average monthly benefit	2,118	1,656	2,413	2,692	\$ 4,116		
Average HAC ¹	4,113	4,862	3,907	4,831	5,893		
Number of retired members	1	1	5	8	1		
Period 7/1/2009 - 6/30/2010							
Average monthly benefit	1,526	2,165	2,326	1,964	2,817	5,601	
Average HAC ¹	3,354	4,618	4,541	3,389		6,594	
Number of retired members	4	4	4	10	1	1	
Period 7/1/2008 - 6/30/2009							
Average monthly benefit	2,227		1,932	2,041	3,986	4,880	
Average HAC ¹	4,199		4,574	4,042	5,120	5,383	
Number of retired members	1		5	7	1	2	
Period 7/1/2007 - 6/30/2008							
Average monthly benefit	1,598	1,225	2,636	2,420	3,436	4,563	
Average HAC ¹	3,341	3,736	4,816	4,235	4,589	4,507	
Number of retired members	3	2	23	13	14	2	
Period 7/1/2006 - 6/30/2007							
Average monthly benefit		1,719	2,283	2,255	3,985		
Average HAC ¹		3,209	3,907	4,111	4,759		
Number of retired members		6	4	12	2		
Period 7/1/2005 - 6/30/2006							
Average monthly benefit		1,342	3,405	2,767	5,850	5,474	
Average HAC ¹		4,067	5,875	4,243	6,220	5,527	
Number of retired members		1	1	4	1	2	
Period 7/1/2004 - 6/30/2005							
Average monthly benefit	1,214	2,017	2,205	3,153	4,253	6,029	
Average HAC ¹							
Number of retired members	2	2	2	3	3	1	
Period 7/1/2003 - 6/30/2004							
Average monthly benefit	1,503		2,117	2,406	3,108		
Average HAC ¹							
Number of retired members	2		2	8	4		
Period 7/1/2002 - 6/30/2003							
Average monthly benefit		2,180	1,696	226	4,716		
Average HAC ¹							
Number of retired members		1	2	11	3		

¹HAC = Highest Average Compensation during any consecutive 36 months unavailable prior to FY2006.

STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Average Benefit Payments, Last Ten Fiscal Years (cont.)

Firefighters' Unified Retirement System

Retirement Effective Dates	Years of Credited Service						
	0-4	5-9	10-14	15-19	20-24	25-29	30+
Period 7/1/2011 - 6/30/2012							
Average monthly benefit	\$ 1,194	\$ 2,943		\$ 3,152	\$ 3,731	\$ 4,429	
Average HAC ¹	5,946	5,885		5,585	6,638	6,837	
Number of retired members		2	1		6	6	5
Period 7/1/2010 - 6/30/2011							
Average monthly benefit		256	\$ 2,136		3,776	3,462	3,764
Average HAC ¹		1,506	4,814		5,945	5,073	4,480
Number of retired members		1	1		1	9	5
Period 7/1/2009 - 6/30/2010							
Average monthly benefit			2,645	231	2,626	3,585	3,914
Average HAC ¹			4,986	1,716	4,496	5,146	5,433
Number of retired members			1	4	3	4	5
Period 7/1/2008 - 6/30/2009							
Average monthly benefit		1,064		1,906	3,732	3,813	4,566
Average HAC ¹		3,989		3,593	5,928	5,037	4,876
Number of retired members		5		1	5	3	2
Period 7/1/2007 - 6/30/2008							
Average monthly benefit			2,242	1,633	2,314	3,592	4,641
Average HAC ¹			3,453	2,902	4,248	4,736	4,944
Number of retired members			1	1	8	4	9
Period 7/1/2006 - 6/30/2007							
Average monthly benefit		2,070	1,504	3,148	3,734	3,775	5,420
Average HAC ¹		3,625	3,254	5,431	3,665	4,588	5,694
Number of retired members		2	2	1	5	3	8
Period 7/1/2005 - 6/30/2006							
Average monthly benefit			2,528	2,414	3,547	2,694	4,753
Average HAC ¹			4,235	4,333	5,005	3,919	4,480
Number of retired members			1	2	1	5	8
Period 7/1/2004 - 6/30/2005							
Average monthly benefit		2,093		1,986	2,260	2,687	4,032
Average HAC ¹							
Number of retired members		1		2	5	3	2
Period 7/1/2003 - 6/30/2004							
Average monthly benefit		1,131	2,242	2,099	2,103	3,731	4,419
Average HAC ¹							
Number of retired members		2	1	1	6	5	9
Period 7/1/2002 - 6/30/2003							
Average monthly benefit				228	2,662	3,841	4,231
Average HAC ¹							
Number of retired members				1	1	5	3

¹HAC = Highest Average Compensation during any consecutive 36 months unavailable prior to FY2006.

Public Employees' Retirement Board

A Component Unit of the State of Montana

Average Benefit Payments, Last Ten Fiscal Years (cont.)

Volunteer Firefighters' Compensation Act

Retirement Effective Dates	Years of Credited Service						
	0-4	5-9	10-14	15-19	20-24	25-29	30+
Period 7/1/2011 - 6/30/2012							
Average monthly benefit	\$ 75	\$ 106	\$ 136	\$ 169	\$ 211	\$ 239	
Average HAC ¹							
Number of retired members		4	11	28	30	7	5
Period 7/1/2010 - 6/30/2011							
Average monthly benefit		75	96	145	172	211	
Average HAC ¹							
Number of retired members		5	14	24	14	18	
Period 7/1/2009 - 6/30/2010							
Average monthly benefit		76	100	148	168	946	
Average HAC ¹							
Number of retired members		8	21	18	24	12	
Period 7/1/2008 - 6/30/2009							
Average monthly benefit		75	102	145	166	219	
Average HAC ¹							
Number of retired members		1	13	23	16	8	
Period 7/1/2007 - 6/30/2008							
Average monthly benefit		75	94	148	167	213	225
Average HAC ¹							
Number of retired members		3	14	22	23	6	3
Period 7/1/2006 - 6/30/2007							
Average monthly benefit		75	90	144	167	205	225
Average HAC ¹							
Number of retired members		5	16	22	17	6	6
Period 7/1/2005 - 6/30/2006							
Average monthly benefit			96	148	166	206	225
Average HAC ¹							
Number of retired members			14	18	24	14	1
Period 7/1/2004 - 6/30/2005							
Average monthly benefit		446	650	354	156	210	
Average HAC ¹							
Number of retired members		8	19	28	8	1	
Period 7/1/2003 - 6/30/2004							
Average monthly benefit		75	554	539	150	150	
Average HAC ¹							
Number of retired members		5	18	30	2	2	
Period 7/1/2002 - 6/30/2003							
Average monthly benefit		75	99	149			
Average HAC ¹							
Number of retired members		9	8	46			

¹HAC = Highest Average Compensation is not applicable to the VFCA. Members are unpaid volunteers and do not contribute to the fund.

STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Average Monthly Benefit Payments, All Retirees

For the Fiscal Year Ended 2012

System	Years of Service	Recipients's Age									
		< 45	45-49	50-54	55-59	60-64	65-69	70-74	75-79	Over 80	Average
PERS-DBRP	0-4	\$ 87	\$ 150	\$ 64	\$ 218	\$ 272	\$ 246	\$ 224	\$ 231	\$ 213	\$ 230
	5-9	303	454	291	308	325	335	312	311	274	309
	10-14	700	730	480	473	580	639	533	496	444	528
	15-19		528	690	713	828	861	799	759	670	769
	20-24		936	1,224	1,423	1,215	1,194	1,084	1,018	930	1,094
	25-29		1,993	2,032	2,087	1,990	1,801	1,593	1,457	1,255	1,709
	30-34		3,118	2,761	2,807	2,726	2,468	2,157	1,895	1,594	2,349
	35-39			5,911	3,361	3,491	3,126	2,663	2,500	1,918	2,828
	40-UP				4,582	4,594	3,474	3,765	2,914	2,399	3,273
	Average		\$559	\$1,071	\$1,545	\$1,676	\$1,475	\$1,281	\$1,085	\$ 956	\$ 790
JRS	0-4										
	5-9					\$1,039	\$2,133	\$2,726	\$2,252	\$1,761	\$1,849
	10-14					3,651	2,716		2,913	3,151	3,149
	15-19					4,433	5,052	4,532	4,719	2,709	3,583
	20-24						5,168			4,527	4,954
	25-29						5,125	5,030		5,602	5,340
	30-34						6,036			6,425	6,295
	35-39										
	40-UP										
	Average						\$3,129	\$4,188	\$4,096	\$3,371	\$3,257
HPORS	0-4	\$1,897	\$1,230		\$1,563	\$ 840					\$1,432
	5-9	517	532	\$1,280	1,798	1,428	\$1,337		\$1,375		1,108
	10-14	2,125	2,236	1,176	1,573	710		\$ 250	294	\$ 909	1,009
	15-19	2,347	2,290		2,213			1,798	1,027	653	1,702
	20-24		2,700	2,625	2,338	2,121	1,857	1,683	1,596	1,562	1,938
	25-29		3,533	2,411	3,762	3,295	2,814	2,552	1,864	1,752	2,518
	30-34					4,120	3,809	3,725	2,610	2,208	3,200
	35-39						4,981	4,619		2,953	3,957
	40-UP									4,065	4,065
	Average	\$1,413	\$2,133	\$2,271	\$2,462	\$2,535	\$2,570	\$2,402	\$1,759	\$1,814	\$2,207
SRS	0-4	\$ 856	\$ 1,213	\$1,676	\$1,292	\$ 676	\$ 934	\$ 51	\$ 419	\$ 161	\$ 926
	5-9	1,078	1,364	1,124	606	772	873	692	612	404	824
	10-14	2,598		1,202	1,320	1,111	996	738	1,356	670	1,104
	15-19		2,389	1,206	2,340	1,349	1,153	1,556	989	990	1,406
	20-24	2,608	2,628	2,054	2,238	2,282	1,768	2,007	1,074	814	2,066
	25-29		2,957	3,152	3,462	3,175	3,139	2,776	1,914	1,143	2,813
	30-34				5,116	3,943	3,630	3,686		1,819	3,960
	35-39				6,013	2,664	4,096	3,110		3,288	3,753
	40-UP										
	Average	\$1,718	\$2,287	\$1,919	\$2,336	\$2,125	\$1,777	\$1,945	\$1,220	\$1,026	\$1,924

STATISTICAL SECTION

System	Years of Service	Recipients's Age									
		< 45	45-49	50-54	55-59	60-64	65-69	70-74	75-79	Over 80	Average
GWPORS	0-4					\$ 463	\$ 404				\$ 433
	5-9	\$397	\$771	\$ 991	\$ 528	686	572	\$ 461			624
	10-14				1,096	1,200	993		\$1,531		1,140
	15-19			1,223		1,555	1,568			\$ 847	1,205
	20-24			1,847	1,949	2,034	1,332	1,669	1,578	1,317	1,599
	25-29			2,958	2,293	2,183	2,370	2,147	2,036	1,265	1,970
	30-34			3,596	3,488	4,474	3,127		2,732	1,865	2,959
	35-39			3,505	4,202	2,981		3,131	3,664	2,256	3,071
	40-UP					4,186					4,186
	Average	\$397	\$771	\$2,478	\$1,938	\$1,364	\$1,540	\$1,720	\$2,368	\$1,525	\$1,696
MPORS	0-4	\$1,716	\$1,410	\$ 806	\$ 422	\$ 611	\$1,386	\$1,036	\$1,568	\$ 1,587	\$ 966
	5-9	2,154	2,034	1,170	1,168	907	1,789	1,875	1,509	1,760	1,581
	10-14	2,436	2,085	1,555	1,642	1,444	1,581	1,749	2,043	1,650	1,662
	15-19		2,339	1,633	2,005	2,104	1,820	1,683	1,718	1,944	1,921
	20-24	2,708	2,306	2,469	2,300	2,307	2,187	1,952	1,813	1,878	2,136
	25-29			4,010	3,817	4,036	3,449	2,782	2,670	2,138	3,342
	30-34				5,861	4,987	5,069	3,743	2,551	2,177	4,220
	35-39					4,558				2,620	3,589
	40-UP										
	Average	\$2,147	\$2,148	\$2,112	\$2,197	\$2,386	\$2,352	\$1,987	\$1,928	\$1,889	\$2,149
FURS	0-4	\$1,978		\$1,618	\$1,875		\$1,879				\$ 1,805
	5-9	2,052	\$2,072	616	617	\$1,385	1,163	\$2,004		\$1,776	1,277
	10-14	2,645	2,571	1,726	1,654	1,634	1,156	1,400	\$1,772	1,499	1,648
	15-19			1,701	1,922	1,989	1,425	1,235	1,827	1,759	1,685
	20-24	2,330	3,091	2,523	2,287	2,147	1,884	1,733	1,622	1,729	2,001
	25-29		3,797	2,606	3,664	3,254	3,195	2,276	1,891	1,604	2,662
	30-34			3,007	4,424	4,728	4,104	3,872	2,192	1,680	4,019
	35-39					4,624	5,063	5,136	4,631	2,972	4,385
	40-UP										
	Average	\$2,195	\$3,087	\$2,289	\$2,827	\$3,149	\$2,822	\$2,366	\$1,985	\$1,745	\$2,500
VFCA	0-4										
	5-9										
	10-14				\$105	\$ 87	\$ 88	\$ 86	\$ 86	\$ 85	\$ 87
	15-19				225	125	125	126	126	125	127
	20-24				159	156	152	149	150	150	153
	25-29				201	193	185	195	210	188	196
	30-34				229	225	225	225	225	225	227
	35-39					225	225	225	225		225
	40-UP										
	Average				\$177	\$145	\$134	\$131	\$131	\$128	\$139

STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Principal Participating Employers

Current Year and Nine Years Ago

<u>Participating Government</u>	As of June 30, 2012			As of June 30, 2003		
	<u>Covered Employees</u> ¹	<u>Rank</u>	<u>Percentage of Total System</u>	<u>Covered Employees</u> ¹	<u>Rank</u>	<u>Percentage of Total System</u>
<u>PERS-DBRP</u>						
STATE OF MONTANA ²	10,693	1	37.06	10,735	1	37.32
UNIVERSITY OF MONTANA	1,321	2	4.58	1,232	2	4.28
MONTANA STATE UNIVERSITY - BOZEMAN	987	3	3.42	1,039	3	3.61
MISSOULA COUNTY	585	4	2.03	559	4	1.94
CITY OF BILLINGS	558	5	1.93	530	5	1.84
SCHOOL DISTRICT 1 - GREAT FALLS	424	6	1.47	459	6	1.60
FLATHEAD COUNTY	383	7	1.33	411	7	1.43
SCHOOL DISTRICT 2 - BILLINGS	374	8	1.30	380	9	1.32
CITY OF GREAT FALLS	370	9	1.28	343	11	1.19
CASCADE COUNTY	353	10	1.22	391	8	1.36
YELLOWSTONE COUNTY	293	14	1.02	378	10	1.31
"All other" ³	12,514		43.36	12,305		42.80
TOTAL (505 EMPLOYERS)	28,855		100.00	28,762		100.00

³ In 2012, "all other" consisted of:

<u>Type</u>	<u>Number</u>	<u>Employees</u>
Cities & Towns	96	2,406
Counties	51	3,849
Other Agencies	110	1,282
School Districts	234	4,639
Universities	3	338
Total	494	12,514

¹ Employee counts are based on June payrolls. Differences in employee counts in this schedule as compared to other CAFR schedules are due to members with multiple employers, June 30th refunded members, and members with dual retirement system elections.

² For the purposes of this schedule the "State of Montana" is considered one employer. There are a total of 34 State of Montana agencies reporting to PERS-DBRP.

Public Employees' Retirement Board

A Component Unit of the State of Montana

Principal Participating Employers (cont.)

Current Year and Nine Years Ago

<u>Participating Government</u>	As of June 30, 2012			As of June 30, 2003		
	Covered Employees ¹	Rank	Percentage of Total System	Covered Employees ¹	Rank	Percentage of Total System
JRS						
STATE OF MONTANA ²	54	1	100.00	49	1	100
TOTAL (1 EMPLOYER)	54		100.00	49		100
HPORS						
STATE OF MONTANA ²	218	1	100.00	195	1	100
TOTAL (1 EMPLOYER)	218		100.00	195		100
SRS						
MISSOULA COUNTY	117	1	9.32	48	2	7.19
CASCADE COUNTY	99	2	7.89	34	6	5.09
YELLOWSTONE COUNTY	97	3	7.73	50	1	7.49
GALLATIN COUNTY	92	4	7.33	35	5	5.24
FLATHEAD COUNTY	87	5	6.93	44	3	6.59
LEWIS & CLARK COUNTY	64	6	5.10	39	4	5.84
STATE OF MONTANA ²	55	7	4.38	34	7	5.09
DAWSON COUNTY	45	8	3.59	7	35	1.05
RAVALLI COUNTY	44	9	3.51	31	8	4.64
LAKE COUNTY	43	10	3.43	18	10	2.69
LINCOLN COUNTY	29	11	2.31	19	9	2.84
In 2012 "All other" consists of 46 Counties	483		38.48	309		46.25
TOTAL (57 EMPLOYERS)	1,255		100.00	668		100.00
GWPORS						
STATE OF MONTANA ²	936	1	96.27	642	1	96.25
MONTANA STATE UNIVERSITY - BOZEMAN	17	2	1.76	11	3	1.65
UNIVERSITY OF MONTANA	12	3	1.24	13	2	1.95
MONTANA STATE UNIVERSITY - BILLINGS	7	4	0.73	1	4	0.15
TOTAL (4 EMPLOYERS)	972		100.00	667		100.00

¹ Employee counts are based on June payrolls. Differences in employee counts in this schedule as compared to other CAFR schedules are due to members with multiple employers, June 30th refunded members, and members with dual retirement system elections.

² For the purposes of this schedule the "State of Montana" is considered one employer. For JRS, HPORS and SRS there is only one State of Montana agency. There are four State of Montana agencies reporting under GWPORS.

STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Principal Participating Employers (cont.)

Current Year and Nine Years Ago

Participating Government	As of June 30, 2012			As of June 30, 2003		
	Covered Employees ¹	Rank	Percentage of Total System	Covered Employees ¹	Rank	Percentage of Total System
MPORS						
CITY OF BILLINGS	139	1	18.83	125	1	21.15
CITY OF MISSOULA	98	2	13.28	83	2	14.04
CITY OF GREAT FALLS	84	3	11.38	77	3	13.03
CITY OF BOZEMAN	60	4	8.13	37	6	6.26
CITY OF HELENA	51	5	6.91	47	4	7.95
BUTTE-SILVER BOW	47	6	6.37	43	5	7.28
CITY OF KALISPELL	35	7	4.74	30	7	5.08
ANACONDA-DEER LODGE COUNTY	20	8	2.71	21	8	3.55
CITY OF HAVRE	20	9	2.71	20	9	3.38
CITY OF WHITEFISH	16	10	2.17	13	12	2.20
CITY OF MILES CITY	13	13	1.76	13	10	2.20
In 2012 "All other" consists of 20 Cities	155		21.01	82		13.88
TOTAL (31 EMPLOYERS)	738		100.00	591		100.00
FURS						
CITY OF BILLINGS	113	1	19.15	105	1	22.44
CITY OF MISSOULA	88	2	14.92	72	2	15.38
CITY OF GREAT FALLS	65	3	11.02	65	3	13.89
CITY OF BOZEMAN	41	4	6.95	29	6	6.20
CITY OF HELENA	35	5	5.93	35	4	7.48
BUTTE-SILVER BOW	32	6	5.42	34	5	7.27
CITY OF KALISPELL	31	7	5.25	24	7	5.13
MISSOULA RURAL FIRE DISTRICT	26	8	4.41			
CITY OF HAVRE	17	9	2.88	17	11	3.63
STATE OF MONTANA ²	17	10	2.88	3	15	0.64
CITY OF LIVINGSTON	15	11	2.54	18	9	3.85
CITY OF LEWISTOWN	7	19	1.19	17	10	3.63
CITY OF GLENDIVE	5	21	0.85	20	8	4.27
In 2012 "All other" consists of 5 Cities and 6 Rural Fire District	98		16.61	29		6.19
TOTAL (24 EMPLOYERS)	590		100.00	468		100.00
VFCA						
Participating employers is not applicable to VFCA because members are unpaid volunteers.						

¹ Employee counts are based on June payrolls. Differences in employee counts in this schedule as compared to other CAFR schedules are due to members with multiple employers, June 30th refunded members, and members with dual retirement system elections.

² For the purposes of this schedule the "State of Montana" is considered one employer. For FURS there is only one State of Montana agency.

Public Employees' Retirement Board

A Component Unit of the State of Montana

Principal Participating Employers (cont.)

Current Year and Nine Years Ago

Participating Government	As of June 30, 2012			As of June 30, 2003 ¹		
	Covered Employees ²	Rank	Percentage of Total System	Covered Employees	Rank	Percentage of Total System
PERS-DCRP						
STATE OF MONTANA ³	922	1	45.31	361	1	38.57
MISSOULA COUNTY	56	2	2.75	27	3	2.88
CITY OF BILLINGS	52	3	2.56	34	2	3.63
YELLOWSTONE CITY-COUNTY HEALTH DEPT	51	4	2.51	19	6	2.03
UNIVERSITY OF MONTANA	51	5	2.51	9	14	0.96
MONTANA STATE UNIVERSITY - BOZEMAN	46	6	2.26	15	9	1.60
CITY OF BOZEMAN	28	7	1.38	10	11	1.07
YELLOWSTONE COUNTY	26	8	1.28	19	5	2.03
FLATHEAD COUNTY	26	9	1.28	9	15	0.96
CITY OF MISSOULA	25	10	1.23	15	8	1.60
GALLATIN COUNTY	24	11	1.18	19	4	2.03
BUTTE SILVER BOW	22	12	1.08	17	7	1.82
HILL COUNTY	15	16	0.74	10	10	1.07
"All other" ⁴	691		33.93	372		39.75
TOTAL (228 EMPLOYERS)	2,035		100.00	936		100.00

⁴In 2012, "all other" consisted of:

Type	Number	Employees
Cities & Towns	43	135
Counties	39	200
Other Agencies	38	101
School Dist	92	242
Universities	3	13
Total	215	691

Deferred Compensation Plan

STATE OF MONTANA ³	4,111	1	89.66
LEWIS & CLARK COUNTY	111	2	2.42
UNIVERSITY OF MONTANA	109	3	2.38
MONTANA STATE UNIVERSITY - BOZEMAN	73	4	1.59
GREAT FALLS TRANSIT	34	5	0.74
SANDERS COUNTY	26	6	0.57
MONTANA STATE UNIVERSITY - BILLINGS	17	7	0.37
CITY OF COLSTRIP	15	8	0.33
GALLATIN AIRPORT AUTHORITY	10	9	0.22
MONTANA STATE UNIVERSITY - NORTHERN	9	10	0.20
"All other" ⁴	70		1.52
TOTAL (28 EMPLOYERS)	4,585		100.00

⁴In 2012, "all other" consisted of:

Type	Number	Employees
Cities & Towns	5	13
Counties	1	4
Other Agencies	6	19
School Dist	5	29
Universities	1	5
Total	18	70

¹ This information was not available for the Deferred Compensation Plan prior to fiscal year 2005. The implementation of the DCRP was July 1, 2002 and MPERA began administering the Deferred Compensation Plan July 1, 1999.

² Employee counts are based on June payrolls. Differences in employee counts in this schedule as compared to other CAFR schedules are due to members with multiple employers, June 30th refunded members, and members with dual retirement system elections.

³ For the purposes of this schedule the "State of Montana" is considered one employer. There are a total of 31 State of Montana agencies reporting to PERS-DCRP.

STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Participating Employers

As of June 30, 2011

PERS-DBRP (538)

State Agencies (34)

Board of Crime Control
Board of Public Education
Commissioner of Higher Education
Commissioner of Political Practices
Consumer Council
Dept of Administration
Dept of Agriculture
Dept of Commerce
Dept of Corrections
Dept of Environmental Quality
Dept of Fish, Wildlife & Parks
Dept of Justice
Dept of Labor & Industry
Dept of Livestock
Dept of Military Affairs
Dept of Natural Resources & Conservation
Dept of Public Health & Human Services
Dept of Revenue
Dept of Transportation
Governor's Office
Legislative Council
Montana Arts Council
Montana Historical Society
Montana State Fund
Montana State Library
Office of Public Defender
Office of Public Instruction
Public Employee Retirement Administration
Public Service Commission
School for the Deaf & Blind
Secretary of State
State Auditor's Office
Supreme Court

Teachers' Retirement System

Counties (55)

Anaconda-Deer Lodge
Beaverhead
Big Horn
Blaine
Broadwater
Carbon
Carter
Cascade
Choteau
Custer
Daniels
Dawson
Fallon
Fergus
Flathead
Gallatin
Garfield
Glacier
Golden Valley
Granite
Hill
Jefferson
Judith Basin
Lake
Lewis & Clark
Liberty
Lincoln
Madison
McCone
Meagher
Mineral
Missoula
Musselshell
Park
Petroleum
Phillips
Pondera
Powder River
Powell
Prairie
Ravalli
Richland
Roosevelt

Rosebud
Sanders
Sheridan
Stillwater
Sweet Grass
Teton
Toole
Treasure
Valley
Wheatland
Wibaux
Yellowstone

Cities & Towns (98)

Alberton
Baker
Belgrade
Belt
Big Sandy
Big Timber
Billings
Boulder
Bozeman
Bridger
Broadus
Browning
Butte-Silver Bow
Cascade
Chester
Chinook
Choteau
Circle
Colstrip
Columbia Falls
Columbus
Conrad
Culbertson
Cut Bank
Deer Lodge
Denton
Dillon
Drummond
East Helena
Ekalaka
Ennis
Eureka
Fairfield

STATISTICAL SECTION

Cities & Towns (cont.)	Thompson Falls	SD 1, Phillipsburg
Fairview	Three Forks	SD 1, Plains
Forsyth	Townsend	SD 1, Red Lodge
Fort Benton	Troy	SD 1, Scobey
Fort Peck	Twin Bridges	SD 1, Troy
Froid	Valier	SD 1 & 7, Hysham
Geraldine	Westby	SD 1 & 7, Townsend
Glasgow	West Yellowstone	SD 2, Alberton
Glendive	White Sulphur Springs	SD 2, Alder
Grass Range	Whitefish	SD 2, Billings
Great Falls	Wibaux	SD 2, Bridger
Hamilton	Winnett	SD 2, Deer Park
Hardin	Wolf Point	SD 2, Dodson
Harlem		SD 2, Dupuyer
Harlowton	Colleges & Universities (5)	SD 2, Frazer
Havre	Montana State University -	SD 2, Stevensville
Helena	Billings	SD 2, Sunburst
Hot Springs	Montana State University -	SD 2, Thompson Falls
Kalispell	Bozeman	SD 2 & 3, Pryor
Laurel	Montana State University	SD 2 & 11, Big Sandy
Lewistown	College of Technology -	SD 2 & 27, Lodge Grass
Libby	Great Falls	SD 3, Belfry
Lima	Montana State University -	SD 3, Billings
Livingston	Northern	SD 3, Cascade
Malta	University of Montana -	SD 3, Fair Mont Egan
Manhattan	Missoula	SD 3, Hamilton
Medicine Lake		SD 3, Manhattan
Melstone	High Schools (6)	SD 3, Ramsey
Miles City	Beaverhead County	SD 3, Superior
Missoula	Garfield County	SD 3, Westby
Moore	Jefferson County	SD 3, Wolf Point
Nashua	Powder River County	SD 3 & 13, Fairview
Phillipsburg	Powell County	SD 4, Canyon Creek
Plains	Sweet Grass County	SD 4, Divide
Plentywood		SD 4, Forsyth
Polson	School Districts (230)	SD 4, Hellgate
Poplar	SD 1, Big Timber	SD 4, Libby
Red Lodge	SD 1, Butte	SD 4, Livingston
Richey	SD 1, Choteau	SD 4, Swan River
Ronan	SD 1, Circle	SD 4 & 28, Highwood
Roundup	SD 1, Clancy	SD 4 & 47, Whitehall
Ryegate	SD 1, Corvallis	SD 5, Basin
Saco	SD 1, Deer Lodge	SD 5, Kalispell
Scobey	SD 1, Fort Benton	SD 5, Melrose
Shelby	SD 1, Glasgow	SD 5, Park City
Sheridan	SD 1, Glendive	SD 5, Sand Coulee
Sidney	SD 1, Great Falls	SD 5, Sheridan
St Ignatius	SD 1, Heart Butte	SD 5, Sidney
Stanford	SD 1, Helena	SD 5, Terry
Stevensville	SD 1, Kalispell	SD 6, Columbia Falls
Sunburst	SD 1, Lewistown	SD 6, Columbus
Superior	SD 1, Miles City	SD 6, Lame Deer
Terry	SD 1, Missoula	SD 6, Ryegate

STATISTICAL SECTION

School Districts (cont.)

SD 6, Trout Creek	SD 14, Fortine	SD 35, Gallatin Gateway
SD 6, Wibaux	SD 14, Hot Springs	SD 37, Shepherd
SD 6 & 1, St Regis	SD 14, Malta	SD 38, Big Fork
SD 7, Boulder	SD 14, Shelby	SD 38, Lincoln
SD 7, Bozeman	SD 15, Custer	SD 40, Frenchtown
SD 7, Charlo	SD 15, Cut Bank	SD 41, Bozeman
SD 7, Gardiner	SD 15, Ekalaka	SD 41, Lavina
SD 7, Grant	SD 15, Kalispell	SD 41, Pioneer
SD 7, Hinsdale	SD 15 & 6, Florence-Carlton	SD 43, Lamotte
SD 7, Joliet	SD 15 & 17, Willow Creek	SD 43, Turner
SD 7, Lolo	SD 16, Harlowton	SD 44, Belgrade
SD 7, Medicine Lake	SD 16, Havre	SD 44, Geraldine
SD 7, Twin Bridges	SD 17, Culbertson	SD 44, Moore
SD 7, Victor	SD 17, Morin	SD 44, Whitefish
SD 7 & 2, Savage	SD 17H, Hardin	SD 45, Augusta
SD 7 & 70, Laurel	SD 18, Valier	SD 45, Golden Ridge
SD 8, Arlee	SD 18, Woodman	SD 45, Wolf Point
SD 8, Elder Grove	SD 19, Colstrip	SD 48-1J & 48-2J, Chester
SD 8, West Glacier	SD 20, Garrison	SD 50, East Glacier
SD 8, White Sulphur Springs	SD 20, Kila	SD 50, Evergreen
SD 9, Browning	SD 20, Plentywood	SD 50, Hays
SD 9, Darby	SD 20, Whitewater	SD 52, Absarokee
SD 9, Dixon	SD 21, Broadview	SD 52, Billings
SD 9, East Helena	SD 21, Fairfield	SD 52, Ennis
SD 9, Opheim	SD 21, Galata	SD 55, Brockton
SD 9, Poplar	SD 23, Billings	SD 55, Plevna
SD 9 & 9, Reed Point	SD 23, Harrison	SD 55, Roundup
SD 10, Anaconda	SD 23, Lustre	SD 55F, Sun River Valley
SD 10, Cayuse	SD 23, Missoula	SD 57, Havre
SD 10, Chinook	SD 23, Polson	SD 58, Geyser
SD 10, Conrad	SD 23, Roberts	SD 58, Whitefish
SD 10, Dillon	SD 24, Three Forks	SD 58, Yellowstone
SD 10, Noxon	SD 24, Worden	SD 64, Bainville
SD 11, Brorson	SD 25, Hobson	SD 64, Mountain View
SD 11, Potomac	SD 26, Lockwood	SD 64J, Melstone
SD 11, Wise River	SD 27, Elliston	SD 65, Froid
SD 11 & 2, Drummond	SD 27, Grass Range	SD 69, West Yellowstone
SD 12, Baker	SD 27, Monforton	SD 72, Big Sky
SD 12, Harlem	SD 27, Montana City	SD 73, Swan Lake
SD 12, Havre	SD 28C, Dutton	SD 74, Roy
SD 12, Lima	SD 28, St Ignatius	SD 74, Vaughn
SD 12, Rosebud	SD 29, Belt	SD 75, Amsterdam
SD 12, Saco	SD 29, Somers	SD 75, Arrowhead
SD 12, Stanford	SD 29, Wyola	SD 75, Fairfield
SD 12 & 12, Molt	SD 30, Power	SD 78J & 2, Richey
SD J12-5, Shields Valley	SD 30, Ronan	SD 84, Denton
SD 13, Box Elder	SD 30 & 6, Fromberg	SD 85, Ulm
SD 13, Eureka	SD 32, Clinton	SD 86 & 4, Lambert
SD 13, Fishtail	SD 32, Rapelje	SD 87, Box Elder
SD 13, Lone Rock	SD 32J, Ashland	SD 89, Smith Valley
SD 13, Nashua	SD 33, Condon	SD 99M, Rudyard
SD 14, Bonner	SD 33, Gold Creek	SD 104, Spring Creek
	SD 34, Seeley Lake	SD 115, Winifred

STATISTICAL SECTION

School Districts (cont.)

SD 159, Winnett
Judith Gap Schools

Other Agencies (110)

Anaconda Housing Authority
Bear Paw Cooperative
Bert Mooney Airport Authority
Big Country Educational Cooperative
Big Fork Water & Sewer
Big Sky County Water & Sewer District
Big Sky Economic Development Authority
Big Sky Special Education Cooperative
Billings Housing Authority
Bitterroot Conservation District
Bitterroot Valley Special Education Cooperative
Buffalo Rapids Irrigation District #1
Buffalo Rapids Irrigation District #2
Butte Housing Authority
Cascade County Conservation District
Center for Mental Health
Central Montana Special Education Cooperative
Central Valley Fire District
Choteau County Conservation District
CME/Flathead Indian Irrigation Project
Columbus Rural Fire District #3
Corvallis County Sewer District
Crown Hill Cemetery District
Daly Ditches Irrigation
Dawson County Urban Transportation District
Dawson College
Deer Lodge County Head Start Program
Dry Prairie Rural Water District

Eastern Yellowstone County Special Education Cooperative
Fallon Medical Complex
Fergus County Conservation District
Flathead County Special Education Cooperative
Flathead Conservation District
Flathead Emergency Communications Center
Flathead Joint Board of Control
Flathead Municipal Airport Authority
Flathead Valley Community College
Fort Shaw Irrigation District
Frenchtown Rural Fire District
Gallatin Airport Authority
Gallatin-Madison Special Education Cooperative
Gardiner-Park County Water District
Glasgow Housing Authority
Glasgow Irrigation District
Granite County Hospital & Nursing Home
Granite Conservation District
Great Divide Education Services
Great Falls International Airport
Greenfields Irrigation District
Hebgen Basin Rural Fire
Helena Business Improvement District
Helena Housing Authority
Helena Regional Airport Authority
Helena Valley Irrigation District
Hill County Public Cemetery District
Hinsdale Water and Sewer
Human Resources Council District XI
Human Resources Council District XII
Judith Basin Conservation District
Lakeside County Sewer District
Lakeview Cemetery District
Larchmont Golf Course
Lewis & Clark Conservation District

Lewis & Clark Library
Liberty County Cemetery District
Liberty County Conservation District
Lincoln Conservation District
Lincoln County Rural Fire District
Lockwood Rural Fire District #8
Lockwood Water & Sewer District
Madison Conservation District
Malta Cemetery District
Malta Irrigation District
Miles Community College
Milk River Joint Board Control
Missoula Area Special Education Cooperative
Missoula County Airport
Missoula Rural Fire District
North Central Learning Special Education Cooperative
North Lake County Public Library
North Valley Public Library
Northern Montana Joint Refuse Disposal District
Northwest Montana Education Cooperative
Pablo-Lake County Water District
Park County Rural Fire District #1
Park County Special Education Cooperative
Petroleum Conservation District
Phillips Conservation District
Pondera County Canal & Reservoir
Pondera County Cemetery District 2
Pondera County Council on Aging
Port of Montana — Port Authority
Prairie County Hospital District
Prickley Pear Special Services Cooperative
Rae Water & Sewer
Richland County Housing Authority
Roundup Community Library

STATISTICAL SECTION

Other Agencies (cont.)

Sanders Special Education
Cooperative
Seeley Lake Missoula County
Water District
Sidney-Richland Airport
Authority
Sourdough Rural Fire
Teton County Conservation
Thompson Falls Public Library
Twin Bridges Public Library
Upper Musselshell Conservation
District
Valley County Conservation
District
Victor Water & Sewer
Whitefish Housing Authority
Yellowstone City-County
Health Dept
Yellowstone-West Carbon
Special Education Cooperative

JRS (1)

Supreme Court

HPORS (1)

Dept of Justice

SRS (57)

State Agencies (1)

Dept of Justice

Counties (56)

Anaconda-Deer Lodge
Beaverhead
Big Horn
Blaine
Broadwater
Butte-Silver Bow
Carbon
Carter
Cascade
Choteau
Custer
Daniels
Dawson
Fallon

Fergus
Flathead
Gallatin
Garfield
Glacier
Golden Valley
Granite
Hill
Jefferson
Judith Basin
Lake
Lewis & Clark
Liberty
Lincoln
Madison
McCone
Meagher
Mineral
Missoula
Musselshell
Park
Petroleum
Phillips
Pondera
Powder River
Powell
Prairie
Ravalli
Richland
Roosevelt
Rosebud
Sanders
Sheridan
Stillwater
Sweet Grass
Teton
Toole
Treasure
Valley
Wheatland
Wibaux
Yellowstone

GWPORS (7)

State Agencies (4)

Dept of Corrections
Dept of Fish, Wildlife & Parks
Dept of Livestock
Dept of Transportation

Colleges & Universities (3)

Montana State University -
Billings
Montana State University -
Bozeman
University of Montana -
Missoula

MPORS (31)

Anaconda-Deer Lodge
Baker
Belgrade
Billings
Bozeman
Butte-Silver Bow
Columbia Falls
Cut Bank
Dillon
East Helena
Glasgow
Glendive
Great Falls
Hamilton
Havre
Helena
Kalispell
Laurel
Lewistown
Libby
Livingston
Miles City
Missoula
Plains
Poplar
Red Lodge
Thompson Falls
Troy
West Yellowstone
Whitefish
Wolf Point

FURS (24)

State Agency (1)

Dept of Military Affairs

Cities (16)

Anaconda-Deer Lodge
Billings
Bozeman

Cities (cont.)

Butte-Silver Bow
Columbia Falls
Glendive
Great Falls
Havre
Helena
Kalispell
Lewistown
Livingston
Miles City
Missoula
Red Lodge
Whitefish

Rural Fire Districts(7)

Central Valley Fire District
Frenchtown Rural Fire
Gallatin Canyon Rural Fire
Hebgen Basin Rural Fire
Lockwood Rural Fire
Missoula Rural Fire
Sourdough Rural Fire

VFCA (217)

Absarokee Volunteer Fire Dept
Absarokee-Nye Volunteer
Fire Dept
Alder Volunteer Fire Dept
Amsterdam Rural Volunteer
Fire Dept
Arlee Volunteer Fire Dept
Ashland Volunteer Fire Dept
Augusta Volunteer Fire Dept
Bad Rock Volunteer Fire Dept
Baker Rural Volunteer
Fire Dept
Basin Volunteer Fire Dept
Baxendale Volunteer Fire Dept
Bear Paw Volunteer Fire Dept
Belfry Volunteer Fire Dept
Belt Rural Volunteer Fire Dept
Big Arm Volunteer Fire Company
Big Butte Volunteer Fire Dept
Bigfork Volunteer Fire Dept,
Company A
Bigfork Volunteer Fire Dept,
Company B
Big Sandy Volunteer Fire Dept
Big Sky Fire Dept
Birdseye Volunteer Fire Dept

Black Eagle Volunteer Fire Dept
Blaine County Rural Fire
District, Chinook
Blaine County Rural Fire
District, Harlem
Blaine County Rural Fire
District, Hogeland
Blankenship Rural Volunteer
Fire Dept
Blue Creek Volunteer Fire Dept
Boulevard Volunteer Fire Dept
Brady Volunteer Fire Dept
Bridger Canyon Volunteer
Fire Dept
Broadwater County Rural Fire
District, Duck Creek
Broadwater County Rural Fire
District, Radersburg
Broadwater County Rural Fire
District, Toston
Broadwater County Rural Fire
District, Townsend
Broadwater County Rural Fire
District, Winston
Bull Lake Volunteer Fire Dept
Canyon Creek Fire District
Cascade Rural Volunteer
Fire Dept
Carter Volunteer Fire Dept
Centerville Volunteer Fire Dept
Central Valley Fire Dept,
Company A
Central Valley Fire Dept,
Company B
Central Valley Fire Dept,
Company C
Charlo-Moiese Volunteer
Fire Dept
Choteau Rural Volunteer
Fire Dept
Clancy Volunteer Fire Dept
Clarks Fork Rural Volunteer
Fire Dept
Clinton Volunteer Fire Dept
Columbia Falls Rural
Volunteer Fire Dept
Columbus Rural Volunteer
Fire Dept
Conrad Rural Volunteer
Fire Dept
Cooke City-Silver Gate
Volunteer Fire Dept

Coram-West Glacier
Volunteer Fire Dept
Corvallis Rural Fire District
Craig Volunteer Fire Dept
Creston Volunteer Fire Dept,
Company #1
Creston Volunteer Fire Dept,
Company #2 Lake Blaine
Culbertson Volunteer Fire Dept
Darby Volunteer Fire Dept
Dean Creek Volunteer Fire Dept
Dearborn Volunteer Fire Dept
Denton Volunteer Fire Dept
Dillon Rural Volunteer Fire Dept,
Company A
Dillon Rural Volunteer Fire Dept,
Company B
Dixon Rural Volunteer Fire Dept
Dutton Rural Volunteer Fire Dept
East Missoula Rural Volunteer
Fire Dept
East Valley Volunteer Fire Dept
Eastgate Volunteer Fire Dept
Elk Park Volunteer Fire Dept
Elliston Volunteer Fire Dept
Eureka Rural Volunteer
Fire Dept
Evergreen Volunteer Fire Dept
Fairfield Rural Volunteer
Fire Dept
Ferndale Volunteer Fire Dept
Fisher River Valley Volunteer
Fire Dept
Floral Park Volunteer Fire Dept
Florence Volunteer Fire Dept
Fort Benton Rural Volunteer
Fire Dept
Fort Ellis Rural Volunteer
Fire Company
Fort Shaw Rural Volunteer
Fire Dept
Frenchtown Rural Volunteer
Fire Dept, Station 1
Frenchtown Rural Volunteer
Fire Dept, Station 2
Frenchtown Rural Volunteer
Fire Dept, Station 3
Frenchtown Rural Volunteer
Fire Dept, Station 4
Frenchtown Rural Volunteer
Fire Dept, Station 5
Gallatin Gateway Rural
Volunteer Fire Dept

STATISTICAL SECTION

VFCA (cont.)

Gallatin River Ranch Rural Fire District	Missoula Volunteer Fire Dept, Pumper Company 1	Red Lodge Rural Volunteer Fire Dept, Company 1
Garrison Volunteer Fire Dept	Missoula Volunteer Fire Dept, Pumper Company 2	Red Lodge Luther Company 2
Gateway Hose Volunteer Fire Company	Missoula Volunteer Fire Dept, Pumper Company 3	Roberts Rural Fire District #6
Geraldine Volunteer Fire Dept	Missoula Volunteer Fire Dept, Tanker Company 1	Rocker Volunteer Fire Dept
Gore Hill Volunteer Fire Dept	Missoula Volunteer Fire Dept, Tanker Company 2	Rollins Volunteer Fire Dept
Grant Volunteer Fire Company	Missoula Volunteer Fire Dept, Tanker Company 3	Ronan Volunteer Fire Dept, Station 1
Grasshopper Valley Volunteer Fire Company	Molt Volunteer Fire Dept	Ronan Volunteer Fire Dept, Station 2 (Pablo)
Greenough/Potomac Volunteer Fire Dept	Monarch Volunteer Fire Dept	Rudyard Volunteer Fire Dept
Harrison Volunteer Fire Dept	Montana City Volunteer Fire Dept, Company 1	St Ignatius Rural Volunteer Fire Dept
Hawk Creek Rural Volunteer Fire Dept	Montana City Volunteer Fire Dept, Company 2	St Labre Volunteer Fire Dept
Heath Rural Fire District	Montecahto Volunteer Fire District	St Marie Rural Volunteer Fire Dept
Helmville Volunteer Fire Dept	Musselshell County Rural Volunteer Fire Dept	St Regis Volunteer Fire Dept
Heron Rural Fire District	North Toole County Volunteer Fire Dept	Sand Coulee Volunteer Fire Dept
Highwood Volunteer Fire Dept	Noxon Rural Fire District	Seeley Lake Volunteer Fire Dept
Hilger Rural Fire District	Olney Rural Volunteer Fire Dept	Shepherd Volunteer Fire Dept
Hobson Rural Volunteer Fire Dept	Opportunity Volunteer Fire Dept	Sheridan Volunteer Fire Dept
Home Atherton Volunteer Fire Dept	Ovando Volunteer Fire Dept	Simms Volunteer Fire Dept
Hot Springs Rural Fire District	Painted Rocks Fire & Rescue Volunteer Fire Company	Smith Valley Volunteer Fire Dept
Jefferson City-Community Volunteer Fire Dept	Paradise Valley Fire Service	Somers Volunteer Fire Dept
Jefferson Valley Volunteer Fire Dept	Park City Rural Volunteer Fire Dept #2	Somers Volunteer Fire Dept, Lakeside Company
Knees Volunteer Fire Dept	Park County Fire Volunteer Dept	Sourdough Rural Volunteer Fire Company
Lewis & Clark County Rural Volunteer Fire Dept	Park County Rural Volunteer Fire Dept #1	South Kalispell Volunteer Fire Dept
Libby Rural Volunteer Fire Dept	Pendroy Rural Volunteer Fire Dept	South Toole County Volunteer Fire Dept
Libby Rural Volunteer Fire Dept, Company 2	Phillips County Volunteer Fire Dept	Stevensville, Burnt Fork Company
Lima Rural Volunteer Fire Dept	Plains/Paradise Rural Volunteer Fire Dept	Stevensville, Etna Company
Little Basin Creek Volunteer Fire Dept	Plentywood Rural Volunteer Fire Dept	Stevensville, Sunset Company
Lockwood Rural Fire District #8	Plevna Volunteer Fire Dept	Stevensville, Westside Company
Lost Creek/Antelope Gulch Volunteer Fire Dept	Polson Rural Fire Company	Swan Lake Volunteer Fire Dept
Manhattan Rural Volunteer Fire Dept	Power Rural Volunteer Fire Dept	Swan Valley Volunteer Fire Company
Marion Volunteer Fire Dept	Racetrack Volunteer Fire Dept	Sweet Grass Volunteer Fire Dept, Company A
Martin City Volunteer Fire Dept	Racetrack Valley Fire District	Sweet Grass, Volunteer Fire Dept, Company B
Marysville Volunteer Fire Dept	Rae Volunteer Fire Company	Terra Verde Heights Volunteer Fire Dept
McCormick Rural Volunteer Fire Dept		TFS Volunteer Fire Dept
Medicine Lake Volunteer Fire Dept		Thompson Falls Rural Volunteer Fire Dept
Melrose Volunteer Fire Dept		Three Forks Rural Volunteer Fire Dept

STATISTICAL SECTION

VFCA (cont.)

Three Mile Volunteer Fire
Dept - Stevensville
Tri-Lakes Volunteer Fire Dept,
Company A
Tri-Lakes Volunteer Fire Dept,
Company B
Trout Creek Rural Volunteer
Fire Dept
Troy Rural Volunteer Fire Dept
Turner Volunteer Fire Dept
Twin Bridges Volunteer
Fire Company
Ulm Volunteer Fire Dept
Valier Volunteer Fire Dept
Valley County Long Run
Volunteer Fire Dept
Vaughn Rural Volunteer
Fire Dept
Victor Rural Volunteer Fire Dept
West Fork Rural Fire District
West Glendive Volunteer
Fire Dept
West Helena Valley Volunteer
Fire Dept
West Valley Anaconda
Volunteer Fire Dept
West Valley Kalispell
Volunteer Fire Dept
Wheatland County Volunteer
Fire Dept
Wibaux Volunteer Fire Dept
Willow Creek Rural Volunteer
Fire Dept
Wilsall Fire Department
Winifred Rural Volunteer
Fire Dept
Wisdom Rural Volunteer
Fire Dept
Wise River Volunteer
Fire Company
Wolf Creek Volunteer Fire Dept
Wolf Point Rural Volunteer
Fire Dept
Worden Fire Dept - Company 1
York Fire Service Area

PERS-DCRP (258)

State Agencies (31)

Board of Crime Control

Commissioner of Higher
Education
Consumer Council
Dept of Administration
Dept of Agriculture
Dept of Commerce
Dept of Corrections
Dept of Environmental
Quality
Dept of Fish, Wildlife &
Parks
Dept of Justice
Dept of Labor & Industry
Dept of Livestock
Dept of Military Affairs
Dept of Natural Resources &
Conservation
Dept of Public Health &
Human Services
Dept of Revenue
Dept of Transportation
Governor's Office
Legislative Council
Montana Arts Council
Montana Historical Society
Montana State Fund
Montana State Library
Office of Public Defender
Office of Public Instruction
Public Employee Retirement
Administration
Public Service Commission
School for the Deaf & Blind
Secretary of State
State Auditor's Office
Supreme Court

Counties (44)

Beaverhead
Big Horn
Blaine
Broadwater
Carbon
Carter
Cascade
Custer
Daniels
Dawson
Fallon
Fergus
Flathead
Gallatin
Garfield

Glacier
Granite
Hill
Jefferson
Lake
Lewis & Clark
Lincoln
Madison
Missoula
Musselshell
Park
Petroleum
Phillips
Pondera
Powder River
Powell
Prairie
Ravalli
Richland
Roosevelt
Rosebud
Sheridan
Stillwater
Sweet Grass
Teton
Toole
Treasure
Valley
Yellowstone

Cities & Towns (47)

Alberton
Baker
Belgrade
Big Timber
Billings
Boulder
Bozeman
Butte-Silver Bow
Chester
Chinook
Choteau
Colstrip
Columbia Falls
Conrad
Cut Bank
Dillon
East Helena
Eureka
Fairfield
Fairview
Froid
Glasgow

STATISTICAL SECTION

Cities & Towns (cont.)	SD 1, Kalispell	SD 24, Three Forks
Glendive	SD 1, Lewistown	SD 24, Worden
Great Falls	SD 1, Missoula	SD 25, Hobson
Hamilton	SD 1, Plains	SD 26, Lockwood
Hardin	SD 1, Red Lodge	SD 27, Grass Range
Harlem	SD 1, Scobey	SD 30 & 6, Fromberg
Havre	SD 1 & 7, Townsend	SD 30, Power
Helena	SD 1, Troy	SD 30, Ronan
Hot Springs	SD 2 & 11, Big Sandy	SD 32, Clinton
Kalispell	SD 2, Billings	SD 37, Shepherd
Laurel	SD 2 & 7, Savage	SD 38, Lincoln
Lewistown	SD 2, Stevensville	SD 40, Frenchtown
Libby	SD 2, Sunburst	SD 41, Anderson
Livingston	SD 3, Billings	SD 43, Lamotte
Manhattan	SD 3, Hamilton	SD 44, Belgrade
Miles City	SD 3, Ramsay	SD 44, Geraldine
Missoula	SD 3, Superior	SD 50, Evergreen
Moore	SD 3, Westby	SD 50, Hays
Polson	SD 4, Forsyth	SD 52, Absarokee
Red Lodge	SD 4, Hellgate	SD 52, Ennis
Scobey	SD 4, Livingston	SD 52, Independent
Shelby	SD 4 & 28, Highwood	SD 58, Geysler
Sheridan	SD 5, Kalispell	SD 64, Bainville
Sidney	SD 5, Sidney	SD 72, Big Sky
West Yellowstone	SD 6, Columbia Falls	SD 74, Vaughn
Whitefish	SD 6, Columbus	SD 85, Ulm
	SD 6 & 1, St. Regis	SD 89, Smith Valley
Colleges & Universities (5)	SD 7, Boulder	Greenfield School
Montana State University- Billings	SD 7, Bozeman	Judith Gap School
Montana State University - Bozeman	SD 7, Gardiner	
Montana State University - College of Technology	SD 7, Hinsdale	
Great Falls	SD 7, Joliet	
Montana State University - Northern	SD 7, Lolo	
University of Montana - Missoula	SD 7 & 70, Laurel	
	SD 8, Arlee	
High Schools (2)	SD 8, Elder Grove	
Powell County	SD 9, Browning	
Sweet Grass County	SD 9, East Helena	
	SD 9, Poplar	
School Districts (90)	SD 10, Noxon	
SD 1, Butte	SD 12, Lima	
SD 1, Corvallis	SD 12, Saco	
SD 1, Fort Benton	SD 13, Lone Rock	
SD 1, Glasgow	SD 15, Cut Bank	
SD 1, Glendive	SD 15, Ekalaka	
SD 1, Great Falls	SD 16, Havre	
SD 1, Heart Butte	SD 17, Morin	
SD 1, Helena	SD 17H, Hardin	
	SD 18, Woodman	
	SD 20, Plentywood	
	SD 21, Galata	
	SD 23, Missoula	
	SD 23, Polson	
		Other Agencies (39)
		Bert Mooney Airport Authority
		Big Fork County Water & Sewer
		Big Sky County Water & Sewer District
		Big Sky Economic Development Authority
		Billings Housing Authority
		Bitterroot Valley Special Education Cooperative
		Center for Mental Health
		Central Montana Learning Resource Center
		CME/Flathead Indian Irrigation Project
		Daly Ditches Irrigation District
		Dawson Community College
		Flathead Emergency Communication Center
		Flathead Municipal Airport Authority
		Flathead Valley Community College

Other Agencies (cont.)
 Gallatin Airport Authority
 Gallatin Canyon Consolidated Rural Fire Department
 Gallatin Conservation District
 Granite County Hospital & Nursing Home
 Great Falls International Airport
 Greenfields Irrigation District
 Helena Housing Authority
 Helena Regional Airport Authority
 Human Resources Council District XI
 Human Resources Council District XII
 Larchmont Golf Course
 Lewis & Clark Library
 Lockwood Water & Sewer District
 Miles City Community College
 Missoula County Airport
 Missoula Rural Fire District
 Northern Montana Joint Refuse Disposal District
 Petroleum County Conservation District
 Phillips Conservation District
 Prairie View Special Services Cooperative
 Prickley Pear Special Services Cooperative
 Richland County Housing Authority
 Seeley Lake-Missoula County Water District
 Sheridan Daniels Special Education Cooperative
 Yellowstone City-County Health Dept

Sheridan
 Sidney
 Thompson Falls
 Whitehall

Colleges & Universities (5)

Montana State University - Billings
 Montana State University - Bozeman
 Montana State University College of Technology - Great Falls
 Montana State University - Northern
 University of Montana - Missoula

School Districts (5)

SD 2, Billings
 SD 3, Wolf Point
 SD 9, East Helena
 SD 12, Baker
 SD 44, Geraldine

Other Agencies (8)

Big Sky County Water & Sewer District
 Big Sky Resort Area District
 Billings Housing Authority
 Colstrip Park & Recreation District
 Dawson Community College
 Gallatin Airport Authority
 Great Falls Transit
 North Valley Public Library

Deferred Compensation (28)

State Agencies (1)

*State of Montana

Counties (3)

Carter
 Lewis & Clark
 Sanders

Cities & Towns (6)

Colstrip
 Hardin

*For the deferred compensation plan the State of Montana is considered one agency.

STATISTICAL SECTION

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This is a publication of the
MONTANA PUBLIC EMPLOYEE
RETIREMENT ADMINISTRATION

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Cover Picture: Crow Creek by Samuel Mason

250 copies of this public document were published at an estimated cost of \$8.95 per copy, for a total cost of \$2,237.09 which includes \$2,237.09 for printing and \$0.00 for distribution.