Montana Public Employees' Retirement Board
Agency Update
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2027 Legislative Concepts

- Based on current statutes, recent experience study results, FY2025 valuation results, and FY2026 investment performance, no general revisions bill or funding bill is warranted at this time.

- All defined benefit plans administered by MPERB remain actuarially sound under Article VIII, § 15 of the Montana Constitution and § 19-2-409, MCA.

- Accordingly, MPERB is not advancing any legislative proposal for the 2027 Session.

FY 2026 Highlights

Market Rate of Return

- Preliminary fiscal year 2026 investment results show that the Consolidated Asset Pension Pool (CAPP) earned a net return **in excess of 12%.**

- Using our 4-year smoothing process, the June 30, 2026 valuation will roll off the FY2022 loss year of -4.00% and, with a fiscal year 2026 return north of 12%, will produce actuarial investment gains across each of our defined benefit plans.

- Under this methodology, 25% of the difference between the actual market return and the 7.30% assumed return is recognized immediately, and the remaining 75% is phased into the actuarial value of assets in equal installments over the following three years.

FY 2026 Highlights

Determination of Actuarial Value of Assets

Valuation Date June 30:	2024	2025	2026	2027	2028
A. Actuarial Value Beginning of Year	$ 6,999,338,415	$ 7,341,304,639			
B. Market Value End of Year	7,249,785,664	7,630,685,672			
C. Market Value of Beginning of Year	6,920,861,726	7,249,785,664			
D. Cash Flow					
D1. Contributions	304,249,137	323,206,728			
D2. Benefit Payments	(581,724,671)	(609,591,287)			
D3. Administrative Expenses	(5,508,645)	(5,673,549)			
D4. Investment Expenses	(50,965,222)	(57,033,074)			
D5. Net	$ (333,949,401)	$ (349,091,182)			
E. Investment Income					
E1. Market Total: B. - C. - D5.	$ 662,873,339	$ 729,991,190			
E2. Assumed Rate	7.30%	7.30%			
E3. Amount for Immediate Recognition C.*E2. + ((D1.+D2.)*E2.*0.5) - D3. - D4.	551,568,916	581,487,940			
E4. Amount for Phased-in Recognition E1. - E3.	111,304,423	148,503,250			
F. Phased-In Recognition of Investment Income					
F1. Current Year: 0.25 * E4.	$ 27,826,106	$ 37,125,813	$ **>12%** -	$ -	$ -
F2. First Prior Year	17,166,877	27,826,106	37,125,813	-	-
F3. Second Prior Year	(209,331,048)	17,166,877	27,826,106	37,125,813	-
F4. Third Prior Year	288,684,774	(209,331,048)	17,166,878	27,826,105	37,125,811
F5. Total Recognized Investment Gain	$ 124,346,709	$ (127,212,252)	$ 82,118,797	$ 64,951,918	$ 37,125,811
G. Actuarial Value End of Year A. + D5. + E3. + F5.	$ 7,341,304,639	$ 7,446,489,145			

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MONTANA PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION

Questions