**Retirement system sound, well-funded**

Editorial in the Independent Record -Sunday February 25, 2018

As an organization that represents public employee retirees, we find it necessary to respond to Representative Tom Burnett’s editorial about public pension issues that was in the February 20th Independent Record. More important this is for the members of the nine retirement systems administered by the Montana Public Employee Retirement Administration. These members have contributed their hard-earned money to these systems to help fund their retirement after a working career. There are more than 25,000 public retirees and more than 35,000 active public employees. Montana public pension systems are sound. Montana’s Constitution requires they be sound.

Each public retirement system is unique. It is not prudent to attempt to compare retirement systems because of the different nuances. For example, public safety retirement systems are not covered for Social Security and this is the only retirement these members have. Also, to be accurate the average annual pension for PERS retirees is $17,543 not the amount stated by Representative Tom Burnett that was twice the actual average.

Funding of retirement systems is difficult to understand. A good comparison to retirement system funding is your home mortgage. You don’t pay your home off the day you move in but pay it off over 30 years. Retirement systems are the same. If you have a mechanism to pay off the liability over 30 years, then the retirement system is considered sound. Montana has such a mechanism.

The Public Employees Retirement Board hires a professional actuary annually to assess the health of the systems. The actuary makes calculated assumptions about the system over time based on actual experience. To use the most accurate assumptions, the actuary will review all the assumptions to the experience of the system. The last review of these assumptions was done in 2017. One of these assumptions is rate of return. Based on actual experience the Public Employee’s Retirement Board just reduced its assumed rate of return to 7.65%. What this means is the rate of return assumption is correct based on actual returns for the system. Therefore, the system is sound and well-funded.

Let us remember that more than 60,000 Montanans have planned and are relying on these public retirement systems. They spend their retirement dollars in every city in Montana. Also, this benefit is a contract with the member and the State of Montana. It was a promise given to them the first day of employment. When we discuss these systems, we need to talk about actual experience, not improbabilities based on unrelated data and opinions.

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