

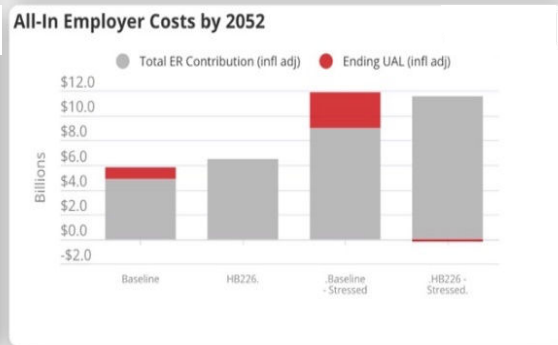
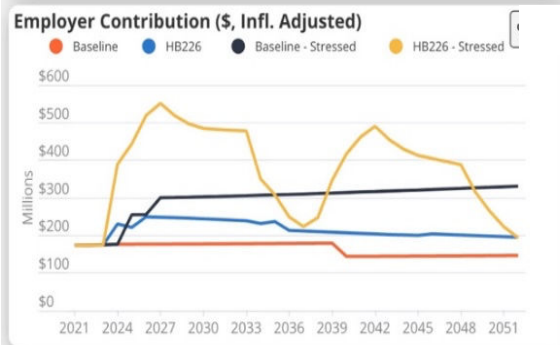
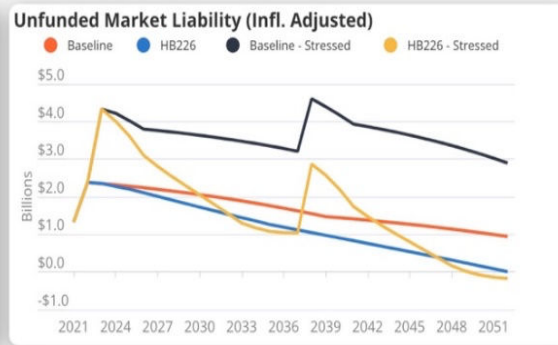
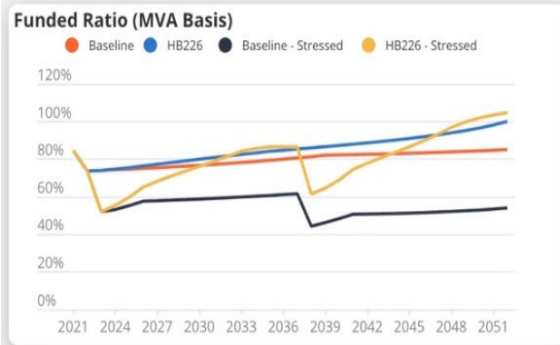


Montana Public Employee Retirement System (PERS)

REFORM ALERT:

House Bill 226 Modernizes Montana's Public Worker Retirement System

Commits the State to Fully Funding All Retirement Benefits

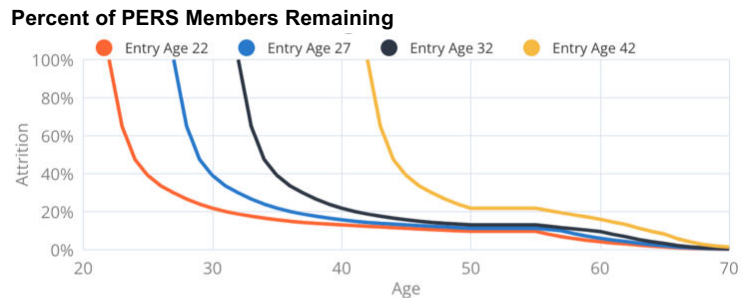


Source: Pension Integrity Project analysis of Montana PERS actuarial valuation reports and CAFRs.

- ✓ PERS currently holds more than **\$2 billion** in unfunded pension promises and is at risk of sliding further into debt due to insufficient state funding and volatile investment performance.
- ✓ House Bill 226 would compel the state—for the first time—to finally adopt an actuarially sound method of funding PERS-DB benefits, ensuring the system can deliver on its promises to every member.

Improves Retirement Security for 85% of All New Hires

- ✓ The PERS-DB is clearly not a recruitment and retention tool, as the majority of new hires, regardless of age, leave public employment before earning a meaningful pension.
- ✓ Defaulting future employees into the PERS-DC is a policy designed to offer a guaranteed contribution toward a member's retirement savings that will follow them to future jobs while maintaining the PERS-DB for those aiming to commit to a lifelong career as a public employee.



Why not just add more funding?

- After a decade of .1% annual contribution increases, the PERS-DB amortization period still exceeds 30 years, proving that simply increasing contributions without structural reform does not work.
- Instead of handing the problem to future generations, eliminating the PERS unfunded liability will provide them options like the ability to offer retirees cost-of-living adjustments or improved healthcare services.

Why not maintain the status quo?

- **Workers have already spoken!** Most state employees hired today will leave their public employer before earning an unreduced PERS pension.
- While House Bill 226 does not change the PERS-DB (defined benefit) option in any way, making the PERS-DC (defined contribution) option the default aligns policy with employee trends, making Montana's public sector retirement benefit just as—or more—attractive than private sector offerings.

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Reason Foundation is a national 501(c)(3) public policy research and education organization with expertise across a range of policy areas, including public sector pensions, transportation, infrastructure, education, and criminal justice. For more information about the Pension Integrity Project at Reason Foundation, visit reason.org.

