



April 16, 2025

Teachers' Retirement Board
State of Montana
P.O. Box 200139
Helena, MT 59620-0139

RE: Actuarial Audit Results

Dear Members of the Board:

We received a copy of the Actuarial Audit Report for the Teachers' Retirement System of Montana (TRS), dated April 14, 2025, prepared by Milliman. The report includes the findings of their review of our July 1, 2024 actuarial valuation report and our latest experience study report, dated May 2, 2022. Cavanaugh Macdonald Consulting (CavMac) fully supports the actuarial audit process. We believe it is prudent to periodically have a second opinion with respect to the actuarial work being performed. An audit is a critical step in maintaining the long-term actuarial soundness of the System, ensuring that programming or calculation errors are minimized, that member data is being appropriately provided and used, and actuarial assumptions and methods are reasonable and comply with Actuarial Standards of Practice. At CavMac, our goal is to continually refine and improve our procedures as well as the communication of our actuarial findings. Milliman's suggestions and comments provide us with another actuary's perspective which helps us in this endeavor.

We are pleased that Milliman's overall findings conclude that *"Based on our review of the census data, experience study documents, liability replications, and actuarial valuation reports, we believe the July 1, 2024 actuarial valuation for TRS is reasonable, based on reasonable assumptions and methods, and the reports generally comply with the Actuarial Standards of Practice"*. While there are suggestions or recommendations noted in their report, we believe it is important to remember that the overall assessment is that our work has been performed in accordance with actuarial standards and the 2024 valuation is a reasonable assessment of the financial condition of TRS.

Based on a long career working with many public retirement systems, we have been on both sides of actuarial audits numerous times. The key point of the audit is to identify areas of potential improvement in the actuarial process while recognizing there is considerable room for professional judgement. We believe the Milliman audit report strikes a good balance between



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constructive considerations and respect of individual professional judgement. There were a few suggested considerations included in the audit report and we thank Milliman for their perspective and input. Our plan is to work closely with staff to review and discuss each of the suggestions and reflect those changes, if any, we believe should be implemented in the 2025 valuation.

We appreciate the quality of work involved in preparing this report. This report has provided some useful information to help us continually work to improve the actuarial work we prepare for TRS.

Sincerely,

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President

Bryan K. Hoge, FSA, EA, FCA, MAAA
Principal and Consulting Actuary