



Department of Audits and Accounts

270 Washington Street, S.W., Suite 1-156
Atlanta, Georgia 30334-8400

Greg S. Griffin
State Auditor
(404) 656-2174

March 24, 2015

The Honorable
Jack Hill
State Senator
State Capitol, Room 234
Atlanta, Georgia 30334

SUBJECT: State Auditor's Certification
Senate Bill (LC 21 3828)

Dear Senator Hill:

This bill would amend provisions relating membership in the Georgia Judicial Retirement System. Specifically, this bill would allow any person who is a member of the Employees' Retirement System and is employed as Legislative Counsel in a full-time position requiring admission to the State Bar of Georgia to make an irrevocable election to become a member of the Georgia Judicial Retirement System. Any eligible person wishing to become a member of the System must notify the Board no later than December 31, 2016, or within 90 days of employment. Upon such notification, the Employees' Retirement System would be required to transfer all employee and employer contributions, plus interest, to the Georgia Judicial Retirement System. Persons transferring to the Georgia Judicial Retirement System would receive creditable service for actual years of service as a member of the Employees' Retirement System.

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Additionally, this bill would allow any person who was employed as Legislative Counsel on June 30, 2016 in a full-time position requiring admission to the State Bar of Georgia and is a member of the Georgia Judicial Retirement System to remain a member of the System.

Under the provisions of this bill, eligible persons who elect to join or remain in the Georgia Judicial Retirement System will be covered under the provisions applicable to solicitors-general. However, retirement benefits will be calculated using the average earnable monthly compensation of the member.

This is to certify that this bill is a fiscal retirement bill as defined in the Public Retirement Systems Standards Law.

Respectfully,



Greg S. Griffin
State Auditor

DEPARTMENT OF AUDITS AND ACCOUNTS

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GREG S. GRIFFIN

STATE AUDITOR
(404) 656-2174

September 18, 2015

Honorable Chuck Hufstetler, Chairman
Senate Retirement Committee
Coverdell Legislative Office Building, Room 302-A
Atlanta, Georgia 30334

SUBJECT: Actuarial Investigation
 Senate Bill 243 (LC 21 3828)
 Employees' Retirement System
 Georgia Judicial Retirement System

Dear Chairman Hufstetler:

This bill would amend provisions relating to membership in the Georgia Judicial Retirement System. Specifically, this bill would allow any person who is a member of the Employees' Retirement System and is employed as Legislative Counsel in a full-time position requiring admission to the State Bar of Georgia to make an irrevocable election to become a member of the Georgia Judicial Retirement System. Any eligible person wishing to become a member of the System must notify the Board no later than December 1, 2016 or within 90 days of employment. Upon such notification, the Employees' Retirement System would be required to transfer all employee and employer contributions, plus interest, to the Georgia Judicial Retirement System. Persons transferring to the Georgia Judicial Retirement System would receive creditable service for actual years of service as a member of the Employees' Retirement System. Additionally, this bill would allow any person who was employed as Legislative Counsel on June 30, 2016 in a full-time position requiring admission to the State Bar of Georgia and is a member of the Georgia Judicial Retirement System to remain a member of such System.

Currently, there are seven active members of the Employees' Retirement System who would be eligible to transfer to the Georgia Judicial Retirement System under the provisions of this legislation. This bill would not result in any additional cost to the Employees' Retirement System since the System is only required to transfer the employee and employer contributions, plus interest, made by or on behalf of the

seven members transferring to the Georgia Judicial Retirement System. There would be no increase in the unfunded actuarial accrued liability or the employer contribution rate as a result of this legislation. The estimate is based on current member data, actuarial assumptions and actuarial methods. It should be noted that changes in any of these variables could affect the cost of this legislation. Any future costs would be paid through State appropriations.

The cost to the Georgia Judicial Retirement System would be \$50,000 in the first year in order to meet the concurrent funding requirements of O.C.G.A. §47-20-50. The first year cost represents .09% of the current projected payroll of \$56,000,000 and is the amount required each year for the next 20 years to amortize the unfunded actuarial accrued liability. This cost estimate is based on the assumption that all seven eligible persons transfer into the Georgia Judicial Retirement System. This estimate is based on current member data, actuarial assumptions, and actuarial methods. It should be noted that changes in any of these variables could affect the cost of this legislation. Any future costs would be paid through State appropriations.

The following is a summary of the relevant findings of the actuarial investigations for this bill pursuant to a request by the Senate Retirement Committee. The investigations were to be conducted according to O.C.G.A. §47-20-36, which outlines the factors to be considered in an actuarial investigation. The figures are based on employee data and the most recent actuarial assumptions and methods.

Employees' Retirement System

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|-----|--|-------------|
| (1) | The amount of the unfunded actuarial accrued liability which will result from the bill. | \$ <u>0</u> |
| (2) | The amount of the annual amortization of the unfunded actuarial accrued liability which will result from the bill. | \$ <u>0</u> |
| (3) | The number of years that the unfunded actuarial accrued liability created by this bill would be amortized. | N/A |
| (4) | The amount of the annual normal cost which will result from the bill. | \$ <u>0</u> |

(5)	The employer contribution rate currently in effect for Non-GSEPS Members.	<u>24.69% *</u>
(6)	The employer contribution rate recommended for Non-GSEPS Members (in conformity with minimum funding standards specified in Code Section 47-20-10).	<u>24.69%</u>
(7)	The employer contribution rate currently in effect for GSEPS Members.	<u>21.69% *</u>
(8)	The employer contribution rate recommended for GSEPS Members (in conformity with minimum funding standards specified in Code Section 47-20-10).	<u>21.69%</u>
(9)	The total dollar amount of the increase in the annual employer contribution which is necessary to maintain the retirement system in an actuarially sound condition.	\$ <u>0</u>

**This rate represents the employer contribution rate that has been recommended by the actuary beginning July 1, 2016 in order to meet the minimum funding standards.*

Georgia Judicial Retirement System

(1)	The amount of the unfunded actuarial accrued liability which will result from the bill.	\$ <u>390,000</u>
(2)	The amount of the annual amortization of the unfunded actuarial accrued liability which will result from the bill.	\$ <u>50,000</u>
(3)	The number of years that the unfunded actuarial accrued liability created by this bill would be amortized.	<u>20</u>
(4)	The amount of the annual normal cost which will result from the bill.	\$ <u>0</u>
(5)	The employer contribution rate currently in effect for the Georgia Judicial Retirement System	<u>10.48% *</u>

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|-----|--|-----------------|
| (6) | The employer contribution rate recommended for the Georgia Judicial Retirement System (in conformity with minimum funding standards specified in Code Section 47-20-10). | _____ 10.57% |
| (7) | The total dollar amount of the increase in the annual employer contribution which is necessary to maintain the retirement system in an actuarially sound condition. | \$ _____ 50,000 |

**This rate represents the employer contribution rate that has been recommended by the actuary beginning July 1, 2016 in order to meet the minimum funding standards.*

It should be noted that any subsequent changes in the retirement bill will invalidate the actuarial investigation and the findings included therein.

Respectfully,

s/Greg S. Griffin
State Auditor

GSG/cs

Attachment