



Department of Audits and Accounts

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October 5, 2017

Honorable Ellis Black, Chairman
Senate Retirement Committee
Coverdell Legislative Office Building, Room 304-A
Atlanta, Georgia 30334

SUBJECT: Actuarial Investigation
Senate Bill 101 (LC 43 0720S)
Employees' Retirement System of Georgia

Dear Chairman Black:

This bill would amend provisions relating to creditable service for members of the Employees' Retirement System of Georgia. Specifically, this bill would allow members to obtain creditable service for prior service covered under the Georgia Defined Contribution Plan. To obtain such creditable service, a member shall:

- Accrue at least two years of membership service in the Employees' Retirement System;
- Apply to the Board of Trustees while a contributing member of the Employees' Retirement System;
- Provide proof of such service as a Georgia Defined Contribution Plan member;
- Authorize the transfer of all funds from his or her Georgia Defined Contribution Plan account; and
- Pay to the Board of Trustees an amount determined to be sufficient to cover the full actuarial cost of granting such service after accounting for any transfer of funds from the Georgia Defined Contribution Plan.

This bill authorizes the member to make a one-time payment of the full amount established by the Board within 90 days or elect to make equal payments that would be deducted from the member's earnable compensation over a period of months, not to exceed 120 months. The provisions of this bill specify that a member would receive creditable service on a pro-rata basis if they retire prior to making the full amount of payments determined by the Board. This provision would also apply to any vested member who ceases employment for any reason other than death or retirement. It should be noted that this legislation also includes provisions to allow members to make a one-time payment for any remaining balance owed upon termination of employment. Additionally, this legislation includes provisions relating to the refund of payments for non-vested members who leave employment and have not paid the full amount owed and provisions for members who fail to make their complete monthly payment in accordance with the established payment schedule.

This legislation would not result in any additional cost to the Employees' Retirement System since eligible members would be required to pay the full actuarial cost of the service granted. There would be no increase in the employer contribution rate or the unfunded actuarial accrued liability of the Employees' Retirement System 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 following is a summary of the relevant findings of the actuarial investigation for this bill pursuant to a request by the Senate Retirement Committee. The investigation was 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.

(1)	The amount of the unfunded actuarial accrued liability which will result from the bill.	0 \$ _____
(2)	The amount of the annual amortization of the unfunded actuarial accrued liability which will result from the bill.	0 \$ _____
(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.	0 \$ _____
(5)	The employer contribution rate currently in effect for Non-GSEPS Members.	24.66%* _____
(6)	The employer contribution rate recommended for Non-GSEPS Members (in conformity with minimum funding standards specified in Code Section §47-20-10).	24.66% _____
(7)	The employer contribution rate currently in effect for GSEPS Members.	21.66%* _____
(8)	The employer contribution rate recommended for GSEPS Members (in conformity with minimum funding standards specified in Code Section §47-20-10).	21.66% _____
(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.	0 \$ _____

**This rate represents the employer contribution rate that has been recommended by the actuary beginning July 1, 2018 in order to meet the minimum funding standards.*

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

Respectfully,



Greg S. Griffin
State Auditor

GSG/cs

Attachment