



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

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 129 (LC 43 0723S)
Employees' Retirement System of Georgia

Dear Chairman Black:

This bill would amend provisions relating to creditable service under the Employees' Retirement System of Georgia. Specifically, this bill would allow members to obtain up to 60 months of creditable service for active military service in the armed forces of the United States performed on or after January 1, 1990. Members who have at least two years of membership service would be eligible to make an application to the Board of Trustees. Such members would be required to provide proof of qualifying active military service and would be required to pay an amount equal to the full actuarial cost of such creditable service.

Under the provisions of this bill, members who wish to obtain such creditable service would be authorized to make a one-time payment or have equal payments deducted from his or her earnable compensation over a specified period of time. Once elected, members would not be permitted to change their payment plan. However, a member may make a one-time payment at any time to complete the payments owed. In the event a member does not pay the full actuarial cost as amortized, the amount of creditable service granted would be determined by the amount of funds paid to the Board of Trustees. This bill would also authorize members to make a one-time payment towards the purchase of this creditable service upon application for retirement or within 30 days of a termination for a reason other than death or retirement. It should be noted that no member shall receive creditable service:

- If such member was not honorably discharged;
- For reserve duty;
- For any period of time in which he or she obtained membership service; or
- For any portion of such member's active military service that has been or will be used in the determination of eligibility for retirement benefits or allowances from any other state or federal retirement program, excluding social security.

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 \$ _____

Letter to Chairman Black
Senate Bill 129 (LC 43 0723S)
October 5, 2017
Page 3

**This rate represents the employer contribution rate that has been recommended by the actuary beginning July 1, 2018*

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