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October 25, 2017

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

SUBJECT: Actuarial Investigation
Senate Bill 294 (LC 43 0722S)
Employees' Retirement System of Georgia

Dear Chairman Black:

This bill would amend provisions relating to the re-employment of retired members under the Employees' Retirement System of Georgia. If this legislation is enacted, employers would be required to pay both the employee and employer contribution for any retired member that renders services for pay either directly or indirectly. The member's retirement allowance will not be suspended provided he or she either has reached normal retirement age or has not been employed for at least two consecutive months and performs no more than 1,040 hours of paid service annually. Such member will not receive any additional service credit for such time worked. It should be noted that this provision would not apply to persons hired as independent contractors, provided the member meets certain criteria as noted in the Code section.

This legislation would not result in any additional cost to the Employees' Retirement System. Instead, the System may generate revenue since employers would be required to pay both the employee and employer contribution for any retired member that is rehired. There would be no increase in the employer contribution rate or the unfunded actuarial accrued liability of the Employees' Retirement System because 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.*

***Although this legislation will not result in any additional cost to the Employees' Retirement System, this legislation would result in additional costs to the employers. Under the provisions of this bill, the revenue generated for the System would be funded by employers who would be required to pay the employer and employee contributions of rehired retirees. Based on the current salaries of rehired retirees, the System estimates receiving an additional $5.6 million from employee and employer contributions.*

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

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GSG/cs
Attachment