



Department of Audits and Accounts

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Honorable Ellis Black, Chairman
Senate Retirement Committee
Coverdell Legislative Office Building, Room 303-B
Atlanta, Georgia 30334

SUBJECT: Actuarial Investigation
Senate Bill 293 (LC 43 0778S)
Teachers Retirement System of Georgia

Dear Chairman Black:

This substitute bill would amend provisions relating to the re-employment of a retired member under the Teachers Retirement System. Specifically, this bill would require an employer that directly or indirectly hires a retired teacher to pay the System the required employer and employee contributions. If this legislation were enacted, the member would continue to receive his or her retirement allowance while employed, provided the member is employed part-time. The member would not earn any additional creditable service.

This legislation would not result in any additional cost to the Teachers Retirement System. Instead, the System may generate revenue in the first year since employers would be required to pay both the employee and employer contribution for any retired member that is rehired. An estimated additional \$62 million in contributions would be expected in the first year from employers currently employing retirees who have returned to work part-time. There would be no increase in the employer contribution rate or the unfunded actuarial accrued liability of the Teachers 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. Approximately 54% of any future costs would be paid through State appropriations. The remaining 46% would be paid through federal and other funds.

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.	_____	20.90%*
(6)	The employer contribution rate recommended (in conformity with minimum funding standards specified in Code Section §47-20-10).	_____	20.90%
(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.	\$ _____	0**

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

*** Although this legislation will not result in any additional cost to the Teachers 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 \$62 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
State Auditor