DEPARTMENT OF AUDITS AND ACCOUNTS

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Greg S. Griffin
STATE AUDITOR
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October 28, 2019

Honorable Tommy Benton, Chairman
House Retirement Committee
State Capitol, Room 217
Atlanta, Georgia 30334

SUBJECT: Actuarial Investigation
House Bill 593 (LC 43 1312ER)
Tax Commissioner Retirement Fund of Georgia

Dear Chairman Benton:

This bill would create the Tax Commissioners Retirement Fund of Georgia which would be open to certain tax commissioners, tax collectors, tax receivers, and the secretary-treasurer of the Fund. Specific provisions of this bill include the following:

- The Fund would be governed by the Board of Commissioners of the Tax Commissioners Retirement Fund of Georgia and would consist of seven members;
- Members would be required to pay dues monthly dues of $105;
- Additional contributions would come from a $3.00 fee collected by a county tax commissioner on each delinquent tax bill, excluding those for motor vehicles;
- Members would be eligible to receive retirement benefits once they have earned 96 months of creditable service, attained the age of 60 years, and terminated their official capacity as a full-time tax commissioner or as the secretary-treasurer of the Fund;
- Retirement benefits would be paid in the amount of $12.00 for each month of creditable service, provided the annual amount of retirement benefits paid does not exceed $34,560;
- Creditable service would begin when the Fund is established, and no prior service or purchased service will be awarded;
- The Fund would allow for survivor's benefits and disability benefits;
- Membership in the Fund shall not be affected by membership participation in any other fund or retirement system; and
- The State Auditor would be directed to make an annual audit of the acts and doings of the Board and to make a complete report of the same to the General Assembly.

The first-year cost of this legislation is estimated to be $660,116 in order to meet the concurrent funding requirements of O.C.G.A. §47-20-50 and is the amount required each year to fund the normal cost. This cost estimate is based on an assumption that 100 eligible people would elect to join the Fund upon its establishment. This cost estimate is also based on actuarial assumptions and actuarial methods and changes in any of these variables could affect the cost of this legislation. Any future costs would be paid for through the fees collected on each delinquent tax bill.

The following is a summary of the relevant findings of the actuarial investigation for this bill pursuant to a request by the House 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.	$ 660,116
(5)	The employer contribution rate currently in effect.	Fees collected on each delinquent tax bill
(6)	The employer contribution rate recommended (in conformity with minimum funding standards specified in Code Section §47-20-10).	Fees collected on each delinquent tax bill
(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.	$ 660,116*

**According to the actuary, the first-year cost would be $660,116 provided 100 eligible people elect to join the Fund. Member contributions would cover approximately $126,000 of this first-year cost. The remaining $534,116 would be funded through the $3.00 fee collected on each delinquent tax bill. The actuary did not have information on the annual number of delinquent tax bills. However, the Fund would need to collect fees on approximately 178,000 delinquent tax bills in order to meet the concurrent funding requirements of O.C.G.A. §47-20-50.*

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

Greg S. Griffin
State Auditor

GSG/cs

Attachment

Cavanaugh Macdonald
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October 3, 2019

Honorable Greg S. Griffin, State Auditor
Georgia Department of Audits and Accounts
270 Washington Street, S.W., Suite 1-156
Atlanta, GA 30334

HOUSE BILL 593 (LC 43 1312ER)

Dear Mr. Griffin:

As requested, we have made an actuarial investigation of the impact of House Bill 593 (LC 43 1312ER) on the Tax Commissioners Retirement Fund of Georgia (Fund) in accordance with the requirements of Code Section 47-20-36.

This bill would create a new Chapter under Title 47 of the Official Code of Georgia, establishing the Tax Commissioners Retirement Fund. The legislation provides for the creation of the Board of Commissioners and the appointments, officers, powers and duties of the board. The legislation also provides that, in order to be eligible for membership in the Fund, a person must be serving as (1) the secretary-treasurer; or (2) a duly qualified and commissioned full-time tax commissioner of a county in Georgia, and that any qualified person must make application for membership by the later of July 1, 2021, or within 12 months of becoming eligible for membership in the Fund.

Each member shall be required to pay into the Fund as dues $105.00 per month and shall earn one month of creditable service in the Fund for each month that he or she pays the required dues. Simple interest shall be credited to member dues at 5% per year. A member shall not earn more than 20 years of creditable service, and shall not be required to pay dues after earning 20 years of creditable service. In addition, each county tax commissioner shall charge and collect $3.00 on each delinquent tax bill and remit to the board on a monthly basis.

A member becomes eligible to receive retirement benefits from the Fund after earning 96 months of creditable service and attaining the age of 60. The monthly benefit shall be $12.00 for each month of creditable service in the Fund, with a maximum annual allowance of $34,560.00. However, the board may provide for increases in the monthly benefit and the maximum annual benefit based on the recommendation of the actuary, the maintenance of actuarial soundness of the fund, and other factors the board deems relevant. A surviving spouse benefit shall be paid upon an active or retired member's death, beginning when the spouse is age 60, equal to 50% of the monthly benefit payable to the member.

Membership in the Fund shall not be affected by membership or participation in any other fund or retirement system, and thus benefits under this chapter are to be in addition to any other retirement benefits.

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Since creditable service would begin when the Fund is established, and no prior service or purchased service is provided for, there would be no increase in the unfunded accrued liability as a result of this legislation. We have assumed that 100 current Tax Commissioners who are current members of the Employees' Retirement System of Georgia would choose to also become members of this Fund. On this basis, the annual cost in the first year for this legislation is estimated to be $660,116, or $6,601.16 per person. We have assumed that no benefit increases would be provided by the Board in the future. If benefit increases had been assumed to occur, the cost of the legislation would be much greater.

The attached table shows the unfunded actuarial accrued liability and recommended employer contributions under the Fund before and after the proposed legislation. The recommended employer contributions are in conformity with the minimum funding standards specified by Code Section 47-20-10.

Sincerely yours,

Edward J. Koebel

Edward J. Koebel, EA, FCA, MAAA
Principal and Consulting Actuary

Ben Mobley

Ben D. Mobley, ASA, FCA, MAAA
Senior Actuary

Enclosure

TAX COMMISSIONERS RETIREMENT FUND

HOUSE BILL 593 (LC 43 1312ER)

Cost	Before Legislation	After Legislation	Increase Due to Legislation
Unfunded Actuarial Accrued Liability	$0	$0	$0
Amount of the Annual Amortization of the Unfunded Actuarial Accrued Liability	$0	$0	$0
Number of Years that the Unfunded Actuarial Accrued Liability would be Amortized	N/A	N/A	N/A
Annual Contribution			
Normal Cost	$0	$660,116	$660,116
Accrued Liability	0	0	0
Employer Contribution Currently in Effect	$0	$660,116	$660,116
Employer Contribution Recommended due to Minimum Funding Standards	$0	$660,116	$660,116

The preceding figures are based on employee data, actuarial assumptions, and actuarial methods used to prepare the June 30, 2018 actuarial valuation of the Employees' Retirement System of Georgia. Adjustments were made to the demographic assumptions to account for the eligibility requirements for benefits from the Fund.