DEPARTMENT OF AUDITS AND ACCOUNTS

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October 25, 2019

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

SUBJECT: Actuarial Investigation
Senate Bill 262 (LC 43 1422S)
Employees' Retirement System of Georgia

Dear Chairman Black:

This bill would amend provisions relating to optional retirement allowances under the Employees' Retirement System of Georgia. Specifically, this bill would affect members who elect Options 2, 3, or 4 and the first payment of his or her retirement allowance normally becomes due on or after January 1, 2021. If this legislation is enacted, the retirement allowance payable to such members would convert to the maximum retirement allowance if the designated beneficiary predeceases the member. Under the provisions of this bill, such member would be authorized to reelect his or her original option within one year of the occurrence. If this legislation is enacted, members who retire on or after January 1, 2021 will no longer to eligible to elect Option 5.

This legislation would not result in any cost to the Employees' Retirement System since retirement options available to members are intended to be the actuarial equivalent to the maximum benefit payable. There would be no increase in the employer contribution rate or the unfunded actuarial accrued liability as a result of this legislation. The cost estimate is based on current member data, 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 through State appropriations. It should be noted that while System costs are not directly affected by this legislation, there could be additional administrative costs relating to the re-election of retirement options.

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.	21.57%*
(8)	The employer contribution rate recommended for GSEPS Members (in conformity with minimum funding standards specified in Code Section §47-20-10).	21.57%
(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, 2020 in order to meet the minimum funding standards.*

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

Greg S. Griffin
State Auditor

GSG/cs

Attachment