



## DEPARTMENT OF AUDITS AND ACCOUNTS

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**GREG S. GRIFFIN**  
STATE AUDITOR  
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October 17, 2019

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

**SUBJECT:** Actuarial Investigation  
House Bill 390 (LC 43 1247)  
Teachers Retirement System of Georgia

Dear Chairman Benton:

This bill would amend provisions relating to creditable service under the Teachers Retirement System. Specifically, this bill would allow members to obtain up to 24 months of creditable service for 'international teaching service' conducted after he or she first became a member. As defined, 'international teaching service' means service as an educator for at least 30 hours per week at a school located in a foreign country, provided such school is accredited by a recognized regional, national, or international body of accreditation. Members wishing to obtain such creditable service must provide proof of service and pay to the board of trustees an amount determined to cover the full actuarial cost of the service granted.

This bill would not result in any additional cost to the Teachers Retirement System since members would be required to pay the full actuarial cost of any creditable service granted. There would be no increase to 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. Approximately 52% of any future costs would be paid through State appropriations. The remaining 48% would be paid through federal and other funds.

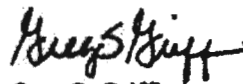
The following is a summary of the relevant findings of the actuarial investigation for this bill pursuant to a request by the House Retirement Committee. The investigation was to be conducted according to O.C.G.A. §47-20-36, which outlines the factors to be considered in an actuarial investigation. The 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.   | \$ _____ 0    |
| (5) | The employer contribution rate currently in effect.   | _____ 19.06%* |
| (6) | The employer contribution rate recommended (in conformity with minimum funding standards specified in Code Section §47-20-10).                                      | _____ 19.06%  |
| (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, 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  
State Auditor

GSG/cs

Attachment



**Cavanaugh Macdonald**  
CONSULTING, LLC

September 5, 2019

*The experience and dedication you deserve*

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 390 (LC 43 1247)**

Dear Mr. Griffin:

As requested, we have made an actuarial investigation of the impact of House Bill 390 (LC 43 1247) on the Teachers Retirement System in accordance with the requirements of Code Section 47-20-36.

This bill would provide that a member of the Teachers Retirement System (TRS) who has at least five years of TRS membership service shall be eligible to obtain up to 24 months of creditable service for international teaching service conducted after he or she became a member of TRS by paying the full actuarial cost of obtaining such service. "International teaching service" means service as an educator for at least 30 hours per week at a school located in a foreign country, provided such school is accredited by a recognized regional, national or international body of accreditation. To obtain international teaching service, the member shall, prior to retirement under TRS, apply in a manner prescribed by and submit proof of such service deemed necessary by the board of trustees of TRS and then pay to the board an amount determined by the board to be the full actuarial cost of granting such service. To obtain international teaching service for service completed on or after July 1, 2020, the member must apply for and submit proof of such service within ten years of completing such service. No member shall be entitled to creditable service under TRS for international teaching service if said service has been or will be used in the determination of eligibility for retirement benefits or allowances from any other source, excluding social security.

There would be no cost to TRS for this legislation. There would be no increase in the unfunded accrued liability and no increase in the total employer contribution rate as a result of this legislation.

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

Sincerely yours,

John J. Garrett, ASA, FCA, MAAA  
Principal and Consulting Actuary

Cathy Turcot  
Principal and Managing Director

Enclosure

Copy to: Dr. L. C. Evans

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**TEACHERS RETIREMENT SYSTEM**

**HOUSE BILL 390 (LC 43 1247)**  
 (All amounts are in \$ thousands)

Cost	Before Legislation		After Legislation		Increase Due to Legislation	
Unfunded Actuarial Accrued Liability	\$21,880,889		\$21,880,889		\$0	
Amount of the Annual Amortization of the Unfunded Actuarial Accrued Liability	\$1,488,060		\$1,488,060		\$0	
Number of Years that the Unfunded Actuarial Accrued Liability would be Amortized	25.6		25.6		N/A	
Annual Contribution	%	Annual Amount	%	Annual Amount	%	Annual Amount
Normal Cost	7.25 %	\$ 913,500	7.25 %	\$ 913,500	0.00 %	\$ 0
Accrued Liability	11.81	1,488,060	11.81	1,488,060	0.00	0
Employer Contribution Rate Currently in Effect	19.06 %	\$ 2,401,560	19.06 %	\$ 2,401,560	0.00 %	\$ 0
Employer Contribution Rate Recommended due to Minimum Funding Standards	19.06 %	\$ 2,401,560	19.06 %	\$ 2,401,560	0.00 %	\$ 0

The preceding figures are based on the employee data, actuarial assumptions, and actuarial methods used to prepare the June 30, 2018 actuarial valuation of the System. An estimated payroll of \$12,600,000,000 was used for the 2020-2021 Plan Year for all participants.