



DEPARTMENT OF AUDITS AND ACCOUNTS

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February 21, 2020

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

SUBJECT: Actuarial Investigation
Senate Bill 249 (LC 43 1471S)
Peace Officers' Annuity and Benefit Fund

Dear Chairman Black:

This bill would amend several provisions relating to the Peace Officers' Annuity and Benefit Fund. Specifically, this bill would:

- Allow jail officers who are certified by the Georgia Peace Officer Standards and Training Council and maintain such certification to become members of the Fund. Such members would be entitled to all benefits outlined in Chapter 17 of Title 47 of the Official Code of Georgia Annotated;
- Increase the monthly contributions paid by members from \$20 per month to \$25 per month effective July 1, 2020. Future increases would be determined annually by the Board based on the actuarial soundness of the Fund;
- Increase payments to the Fund for fines and bond forfeitures collected by the clerk of the court; and
- Increase the monthly retirement benefit payable to members. If this legislation is enacted, the benefit would increase from \$17.50 to \$25.15 for each full year of creditable service on July 1, 2020. The benefit would automatically increase to \$30 per month for each year of creditable service on July 1, 2021.

This legislation is estimated to increase first-year costs to the Fund by \$13,798,000. The first-year cost includes \$10,424,000 to amortize the unfunded actuarial accrued liability and \$3,374,000 to fund the

normal cost. This cost estimate is based on an assumption that 1,500 of the approximately 4,500 eligible jail officers will elect to join the Fund and that the number of court cases generating revenue for the Fund will remain consistent. This cost estimate is also 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 estimate for this legislation. Any future costs would be paid through revenue generated from fines, fees, and bond forfeitures.

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 member data and the most recent actuarial assumptions and methods.

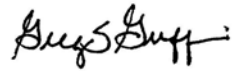
(1)	The amount of the unfunded actuarial accrued liability which will result from the bill.	\$ <u>140,480,000</u>
(2)	The amount of the annual amortization of the unfunded actuarial accrued liability which will result from the bill.	\$ <u>10,424,000</u>
(3)	The number of years that the unfunded actuarial accrued liability created by this bill would be amortized.	<u>30</u>
(4)	The amount of the annual normal cost which will result from the bill.	\$ <u>3,374,000</u>
(5)	The employer contribution rate currently in effect.	A portion of fines, fees, and bond <u>forfeitures</u>
(6)	The employer contribution rate recommended (in conformity with minimum funding standards specified in Code Section §47-20-10).	A portion of fines, fees, and bond <u>forfeitures</u>
(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.	\$ <u>13,798,000*</u>

* This bill would result in additional first-year costs totaling \$13,798,000, with an estimated cost to the Fund of \$27,383,000. However, it is estimated that the Fund would generate \$29,772,000 in revenue from the new fee structure. Therefore, this Fund would continue to meet minimum funding standards if SB 249 (LC 43 1471S) is enacted.

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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

