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February 20, 2020

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

SENATE BILL 248 (LC 43 1511S) - SUBSTITUTE

Dear Mr. Griffin:

As requested, we have made an actuarial investigation of the impact of substitute to Senate Bill 248 (LC 43 1511S) on the Georgia Firefighters Pension Fund (GFPF) in accordance with the requirements of Code Section 47-20-36.

This bill would increase the maximum monthly retirement benefit by \$60 per month effective July 1, 2020. In addition, this bill would increase the monthly dues of members from \$25 to \$30. These portions of the bill increase liability and cost for the Fund.

Finally, this bill would also increase the tax rate on premiums charged by fire insurance companies from 1% to 1.15%. While this portion of the bill does not increase or decrease liability, it does offset the cost incurred by the changes described above.

The cost to the GFPF of these changes is estimated to be \$6,327,064 for this legislation. There would be an increase in the unfunded accrued liability of \$67,862,020 as a result of this legislation. However, the increase in tax rate on premiums would increase by 15%. In 2019, the amount of tax premiums was \$37,900,000. Although the additional tax premium associated with this legislation will be enough to cover the Employer Contribution Recommended, the overall impact of this legislation results in an increase in the unfunded accrued liability and a reduction in the Fund's funded ratio in the short-term.

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, EA, FCA, MAAA
Chief Executive Officer

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

Enclosure

Copy to: Morgan Wurst

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GEORGIA FIREFIGHTERS' PENSION FUND
SUBSTITUTE OF SENATE BILL 248 (LC 43 1511S)*

Cost	Before Legislation	After Legislation	Increase Due to Legislation
Unfunded Actuarial Accrued Liability	\$187,201,424	\$255,063,444	\$67,862,020
Amount of the Annual Amortization of the Unfunded Actuarial Accrued Liability	\$14,575,451	\$20,491,971	\$5,916,520
Number of Years that the Unfunded Actuarial Accrued Liability would be Amortized	25.3	23.6	20.0
Annual Contribution			
Normal Cost	\$15,340,135	\$15,750,679	\$410,544
Accrued Liability	<u>14,575,451</u>	<u>20,491,971</u>	<u>5,916,520</u>
Employer Contribution Currently in Effect	\$29,915,586	\$36,242,650	\$6,327,064
Employer Contribution Recommended due to Minimum Funding Standards	\$29,915,586	\$36,242,650	\$6,327,064

* The increase in tax rate on premiums is estimated be 15% more than what it is currently. In 2019, the amount of tax premiums was \$37,900,000. Although the additional tax premium associated with this legislation will be enough to cover the Employer Contribution Recommended, the overall impact of this legislation results in an increase in the unfunded accrued liability and a reduction in the Fund's funded ratio in the short-term.

The preceding figures are based on the employee data, actuarial assumptions, and actuarial methods used to prepare the June 30, 2019 actuarial valuation of the Fund.

