



February 21, 2020

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

Re: Senate Bill 249/LC 43 1471S –Actuarial Investigation

Dear Mr. Griffin,

As requested, we have completed an actuarial investigation of the impact of the substitute Senate Bill 249/LC 43 1471S (“SB 249”) on the Peace Officers’ Annuity and Benefit Fund of Georgia (“Fund”) in accordance with the requirements of 47-20-50 of the Official Code of Georgia Annotated (“OCGA”). Below provides a summary of the proposed legislative bill and the results of our findings.

**Summary of SB 249**

SB 249 amends Chapter 17 of Title 47 of OCGA related to the Fund. The following is a summarized list of the changes:

- Provides that jail officers within the meaning of Code Section 35-8-2 who meet certain certification and compliance requirements are eligible for participation in the Fund.
- Increases monthly member dues to \$25.00 on July 1, 2020.
- Allows the Fund’s Board to annually increase monthly member dues up to \$50.00, beginning July 1, 2021.
- Provides that members joining the Fund on or after July 1, 2010 shall pay dues for a minimum of 15 years before being eligible to receive retirement benefits.
- Increases payments to the Fund to \$10.00 for any fine or bond forfeiture of less than \$100.00 and to an amount of 10% for any fine or bond forfeiture of \$100.00 or more.
- Increases payments to the Fund to the greater of \$5.00 or 5% of each fee collected prior to adjudication of guilt for purposes of pretrial diversion pertaining to any criminal or quasi-criminal cases.
- Increases monthly benefits for all members to \$30.00 per month for each full year of creditable service effective July 1, 2021.

Note that the Board of Commissioners of the Fund recently adopted an increase to the monthly benefits for all members from \$24.78 to \$25.15 per month per year of service effective for benefits paid on or after January 1, 2020. SB 249 provides that the monthly benefit will remain at \$25.15 per month per year of service from January 1, 2020 through June 30, 2021.

**Actuarial Impact of SB 249**

SB 249 will meet the concurrent funding requirements of OCGA 47-20-50 as the additional cost of the changes outlined above are fully offset by the increases in member dues and revenues from courts. In particular, the above changes result in an increase of \$10.424 million each year for the next 30 years to amortize the unfunded actuarial accrued liability and \$3.374 million to fund the normal costs after adjustment for member dues. The total increase of \$13.798 million (\$10.424 + \$3.374) are offset by an estimated \$15.328 million in additional revenue from fines and bond forfeitures. The following table provides further detail based on key funding information provided in the Actuarial Valuation for the Fund as of June 30, 2019 both before and after reflecting SB 249:

Dollars in Thousands	Before SB 249	After SB 249	Increase Due to SB 249
<b>A. Unfunded Actuarial Accrued Liability (“UAAL”)</b> (negative numbers indicate surplus assets)	\$(1,575)	\$138,905	\$140,480
<b>B. Amount of the Annual Amortization of the UAAL</b>	\$(117)	\$10,307	\$10,424
<b>C. Number of Years the UAAL would be Amortized</b>	30	30	
<b>D. Normal Cost (assumes 1,500 jail officers join)</b>			
i. Normal Cost	\$15,609	\$20,219	\$4,610
ii. Administrative Expenses	1,238	1,238	0
iii. Expected Member Dues	(3,145)	(4,381)	(1,236)
iv. Total Normal Cost (i. + ii. + iii.)	\$13,702	\$17,076	\$3,374
<b>E. Annual Contribution</b> (B. + D.)	\$13,585	\$27,383	\$13,798
<b>F. Contribution Amount Recommended Due to Minimum Funding Standards</b> (E.)	\$13,585	\$27,383	\$13,798
<b>G. Expected Court Revenues Amount in Effect</b> (expected revenues from fines and forfeitures)	\$14,444	\$29,772	\$15,328
<b>H. Expected Contribution Shortfall / (Surplus)</b> (F. – G.)	\$(859)	\$(2,389)	\$(1,530)

**Assumptions used in the analysis**

*Assumptions related to jail officers:*

The above results assume that 1,500 of the approximately 4,500 eligible jail officers join the Fund. Due to the lack of actual membership data for individual jail officers, we have assumed the increase in the normal cost for each new member joining the Fund is consistent with the average normal cost for new members under age 40 who joined the Fund in the fiscal year ending June 30, 2019. The actual cost for jail officers will vary depending on the actual level of participation as well as actual ages and genders of the new members. For

