



DEPARTMENT OF AUDITS AND ACCOUNTS

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GREG S. GRIFFIN
STATE AUDITOR
(404) 656-2174

October 27, 2021

Honorable Randy Robertson, Chairman
Senate Retirement Committee
Coverdell Legislative Office Building, Room 305-A
Atlanta, Georgia 30334

SUBJECT: Actuarial Investigation
Senate Bill 281 (LC 43 1899)
Sheriffs' Retirement Fund of Georgia

Dear Chairman Robertson:

This bill would amend several provisions relating to the Sheriffs' Retirement Fund of Georgia. The specific changes outlined in this bill are as follows.

- The cost for members wishing to purchase prior creditable service would increase from \$37.50 per month of creditable service purchased to \$65 per month.
- Dues paid by active members would increase from \$45 per month to \$65 per month. It should be noted that members are not required to pay dues once they earn 30 years of creditable service.
- This bill would increase the fees paid to the Fund for civil filings in superior courts, state courts, and magistrate courts. Currently, the Fund receives \$1 for each proceeding. This bill would increase the fees to \$5 for each proceeding.
- An additional revenue source would be available to the Fund. Under the provisions of this bill, the Fund would receive \$2 from each fee collected prior to adjudication of guilt for purposes of pretrial diversion pertaining to any criminal or quasi-criminal case for violation of state statutes, county ordinances, or municipal ordinances.
- The death benefit paid to survivors would increase from \$15,000 to \$35,000.

This legislation is estimated to increase first-year costs to the Fund by \$195,754. This first-year cost includes \$197,021 each year for the next 20 years to amortize the unfunded actuarial accrued liability and a \$1,269 annual reduction to fund the normal cost. However, this legislation also provides for an increase in fees collected per civil case for superior court and for any court of the state where a sheriff serves. This legislation would also provide for an additional revenue source from certain adjudications of

pre-trial diversion cases. It is estimated that the Fund would receive an additional \$1,847,000 from such fees. This revenue is sufficient to fund the increase in the death benefit, thus enabling the Fund to meet the concurrent funding requirements of O.C.G.A. §47-20-50. This cost estimate is 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 fines and bond forfeitures collected from civil cases.

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 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.

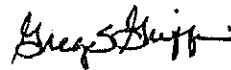
(1)	The amount of the unfunded actuarial accrued liability which will result from the bill.	\$ <u>2,311,989</u>
(2)	The amount of the annual amortization of the unfunded actuarial accrued liability which will result from the bill.	\$ <u>197,021</u>
(3)	The number of years that the unfunded actuarial accrued liability created by this bill would be amortized.	<u>20</u>
(4)	The amount of the annual normal cost which will result from the bill.	\$ <u>(1,269)</u>
(5)	The employer contribution rate currently in effect.	<u>A portion of fines and bond forfeitures</u>
(6)	The employer contribution rate recommended (in conformity with minimum funding standards specified in Code Section §47-20-10).	<u>A portion of fines and bond 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>195,752*</u>

**This bill would result in additional first-year costs of \$195,752. It should be noted that current revenue sources do not sufficiently cover the recommended contribution to meet minimum funding standards. However, this legislation includes provisions to increase revenue through an increase in rate and through a new source of revenue. As a result, the Fund could generate an additional \$1,847,000 in revenue in the first year. This additional revenue is more than sufficient for the Fund to meet the minimum funding standards if Senate Bill 281 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



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September 15, 2021

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 281 (LC 43 1899)

Dear Mr. Griffin:

As requested, we have made an actuarial investigation of the impact of Senate Bill 281 (LC 43 1899) on the Sheriffs' Retirement Fund of Georgia in accordance with the requirements of Code Section 47-20-36.

This bill would increase the amount of the death benefit paid to beneficiaries of members from \$15,000 to \$35,000 effective on July 1, 2022. This portion of the bill increases liability and cost for the Fund.

In addition, this bill would increase the membership dues for each active sheriff from \$45 per month to \$65 per month. This portion of the bill would increase liabilities slightly for the Fund, but it would decrease costs for the Fund by approximately \$37,000.

Lastly, the bill would also increase the fees collected for the Fund as follows:

- Two dollars of each fee collected prior to adjudication of guilt for purposes of pre-trial diversion pertaining to any criminal or quasi-criminal case for violation of state statutes, county ordinances or municipal ordinances as provided for in subsection (f) of Code Section 15-18-80. The additional fee from pre-trial diversions is approximately \$32,000.
- Increase from \$1 per civil case to \$5 per civil case for superior court and any court of the state including magistrate courts where a Sheriff serves. The additional fees from these three courts are determined to be approximately \$1,815,000.

While this portion of the bill does not increase or decrease liability, it does significantly offset the cost incurred by the death benefit increase and provides additional contributions to the Plan that will help in the funding of the Plan for many years.

As shown on the next page, there would be an increase in the unfunded accrued liability to the Sheriffs' Retirement Fund of Georgia of increasing the death benefit and membership dues of \$2,311,989 as a result of this legislation. The combined annual normal cost and amortization of the increase in the unfunded accrued liability is estimated to be \$195,752 for this legislation.

However, the increase in fees as explained above is estimated to be \$1,847,000 yearly. This annual increase in contributions more than offsets the annual increase in cost.

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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.

In order to prepare the results in this report we have utilized appropriate actuarial models that were developed for this purpose. These models use assumptions about future contingent events along with recognized actuarial approaches to develop the needed results.

Sincerely yours,

Handwritten signature of Edward J. Koebel in cursive.

Edward J. Koebel, EA, FCA, MAAA
Chief Executive Officer

Handwritten signature of Ben Mobley in cursive.

Ben Mobley, ASA, FCA, MAAA
Consulting Actuary

Enclosure

Copy to: Lisa Petty



SHERIFFS' RETIREMENT FUND OF GEORGIA

SENATE BILL 281 (LC 43 1899) *

Cost	Before Legislation	After Legislation	Increase Due to Legislation
Unfunded Actuarial Accrued Liability	\$7,548,762	\$9,860,751	\$2,311,989
Amount of the Annual Amortization of the Unfunded Actuarial Accrued Liability	\$628,951	\$825,972	\$197,021
Number of Years that the Unfunded Actuarial Accrued Liability would be Amortized	20.9	20.7	20.0
Annual Contribution (Actuarially Determined Contribution)			
Normal Cost	\$1,743,959	\$1,742,690	\$(1,269)
Accrued Liability	<u>628,951</u>	<u>825,972</u>	<u>197,021</u>
Employer Contribution Recommended due to Minimum Funding Standards	\$2,372,910	\$2,568,662	\$195,752
Employer Contribution Currently in Effect	\$1,828,381	\$3,675,381	\$1,847,000

* As provided by SRF staff, the increase in fees collected from \$1 per civil case to \$5 per civil case for superior court and any court of the state including magistrate courts where a Sheriff serves and the \$2 of pretrial diversion fees is estimated to be \$1,847,000 yearly. This annual increase in contributions significantly offsets the cost incurred by the death benefit increase and provides additional contributions to the Plan that will help in the funding of the Plan for many years.

The preceding figures are based on the employee data, actuarial assumptions, and actuarial methods used to prepare the June 30, 2020 actuarial valuation of the Fund.