



# DOAA

Georgia Department  
of Audits & Accounts

Greg S. Griffin  
State Auditor

October 30, 2023

The Honorable John Carson  
Chairman, House Retirement Committee  
State Capitol, Room 401-E  
Atlanta, GA 30334

**SUBJECT:** Actuarial Investigation  
House Bill 385 (LC 43 2628)  
All Retirement Systems Created by Title 47 of the Official Code of Georgia Annotated

Dear Chairman Carson:

This bill would amend the General Provisions of Title 47 of the Official Code of Georgia Annotated and would impact all retirement systems created within this Title. Specifically, this bill would expand the definition of 'uniformed services' to include the Marine Corps Reserve, Space Force, and Space Force Reserve. If this legislation is enacted, persons serving in these branches of the military would be eligible to obtain creditable service for any period of time in which their service as a member of the public retirement system or fund was interrupted for service to the United States. This benefit is already granted to persons who serve in United States Marine Corps and also to persons who serve in any capacity with the Army, Navy, Air Force, and Coast Guard. Any member wishing to obtain such service would be required to pay the employee/member contributions they would have paid during the period of time they were in service for the United States. Employers would be required to pay the requisite employer contributions due for the same period of service.

O.C.G.A. §47-1-60 defines 'public retirement system' to mean a public retirement system or fund created by this Title.' Based on this definition, there are currently 12 state retirement systems that would be impacted if this legislation is enacted.

This bill is not expected to result in a first-year cost to any retirement system impacted by this legislation. Expanding the definition to include the Marine Corps Reserve, Space Force, and Space Force Reserve would not have any significant impact on the number of additional members who may become eligible for creditable service offered to members whose actual service time was interrupted for service to the United States. Therefore, the changes to these provisions would not materially impact any of the assumptions currently used by the actuaries. There would be no increase in the unfunded actuarial accrued liability or the required employer contribution rate for any of the retirement systems affected by this legislation. The cost estimate is based on current member data, actuarial assumptions, and actuarial

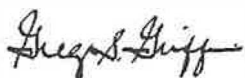
methods. Changes to any of these variables could affect the cost of this legislation. Any future costs would be paid for in accordance with the provisions outlined for each system.

The following table provides a consolidated summary for House Bill 385 (LC 43 2628) and represents the projected cost for all retirement systems affected by this legislation. The investigations were completed pursuant to a request from 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.

(1)	The amount of the unfunded actuarial accrued liability which will result from the bill.	\$ <u>          0</u>
(2)	The amount of the annual amortization of the unfunded actuarial accrued liability which will result from the bill.	\$ <u>          0</u>
(3)	The number of years that the unfunded actuarial accrued liability created by the bill would be amortized.	<u>          N/A</u>
(4)	The amount of the annual normal cost which will result from the bill.	\$ <u>          0</u>
(5)	The employer contribution rate currently in effect for members.	<u>          Contribution rates vary by plan</u>
(6)	The employer contribution rate recommended (in conformity with minimum funding standards specified in O.C.G.A. §47-20-10).	<u>          Contribution rates vary by plan</u>
(9)	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>          0</u>

It should be noted that these cost estimates are based upon the current provisions of the bill as outlined in House Bill 385 (LC 43 2628). Any subsequent changes in the retirement bill could invalidate the actuarial investigation and the findings included therein.

Respectfully Submitted,



Greg S. Griffin  
State Auditor

GSG/cs



Cavanaugh Macdonald  
CONSULTING, LLC

*The experience and dedication you deserve*

October 20, 2023

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 385 (LC 43 2628)**

Dear Mr. Griffin:

As requested, we have made an actuarial investigation of the impact of House Bill 385 (LC 43 2628) on the Employees' Retirement System, the Teachers Retirement System, the Public School Employees Retirement System, the Legislative Retirement System, the Georgia Firefighters' Pension Fund, the Sheriffs' Retirement Fund, the Judicial Retirement System and the Military Pension Fund in accordance with the requirements of Code Section 47-20-36.

This bill would amend Code Section 47-1-60, which applies to all Public Retirement or Pension Systems in Georgia, relating to the definition of Uniformed services relative to establishing creditable service by veterans, by revising paragraph (5) to include the Marine Corps Reserve, the Space Force and the Space Force Reserve.

We don't expect the number of additional participants under this revised definition to be significant enough on a year-to-year basis to materially change any of our current assumptions. Therefore, there would be no cost to any of the Retirement Systems or Pension Funds listed above for this legislation. There would be no increase in the unfunded actuarial accrued liability of any of these Systems or Funds and no increase in the employer contribution rates as a result of this legislation.

In order to prepare the results in this investigation, we have utilized actuarial models that were developed to measure liabilities and develop actuarial costs. These models include tools that we have produced and tested, along with commercially available valuation software that we have reviewed to confirm the appropriateness and accuracy of the output. In utilizing these models, we develop and use input parameters and assumptions about future contingent events along with recognized actuarial approaches to develop the needed results.

Sincerely yours,

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

Ben Mobley, ASA, FCA, MAAA  
Consulting Actuary

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Principal and Consulting Actuary

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October 25, 2023

Honorable Greg S. Griffin, State Auditor  
Georgia Department of Audits and Accounts  
270 Washington Street, Suite 4-101  
Atlanta, GA 30334

Re: HB 385 (LC 43 2628) – Actuarial Investigation

Dear Mr. Griffin,

As requested, we have completed an actuarial investigation of the impact of House Bill 385/LC 43 2628 (“HB 385”) on the following Retirement Funds:

- Judges of the Probate Courts Retirement Fund of Georgia
- Superior Court Clerks’ Retirement Fund of Georgia
- Peace Officers’ Annuity and Benefit Fund
- Magistrates Retirement Fund

HB 385 would become effective on July 1, 2024, amending Chapter 1 of Title 47 of the Official Code of Georgia Annotated. HB 385 would amend the definition of ‘Uniformed Services’ to include veterans who served in the Marine Corps Reserve, Space Force, and Space Force Reserve and thereby establish creditable service for these veterans with the Retirement Funds.

We have determined that this change will impact a small number of members and have no impact on the actuarial assumptions used in the actuarial valuation. Therefore, HB 385 is projected to meet the concurrent funding requirements of OCGA 47-20-50 with regards to the change outlined above. The undersigned would be pleased to discuss this report and any pending questions concerning its contents.

Respectfully submitted,

FOSTER & FOSTER, INC.



Joseph L. Griffin, ASA, EA, MAAA  
Enrollment #23-06938

Enclosure

Cc: Ms. Carol G. Schwinne, Director of Administration, Department of Audits and Accounts  
Mr. Homer Bryson, Secretary-Treasurer, Retirement Funds of Georgia  
Mr. Brandt Barlow, Chief Financial Officer, Retirement Funds of Georgia