



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 825 (LC 43 2849)
Georgia Judicial Retirement System

Dear Chairman Carson:

This bill would amend provisions relating to benefits payable to certain retired members of the Georgia Judicial Retirement System. Currently, retirement benefits are calculated based on the state salary outlined in statute for the respective position. The calculation does not include any county supplements that may have been paid to the member while in active service. Current law authorizes, but does not require, counties to provide supplemental retirement benefits for retired judges and district attorneys that served their area and received a county supplement while employed.

This bill would require certain judicial circuits to pay a supplemental benefit to superior court judges and district attorneys who retired from such circuit, as well as to the beneficiaries of deceased members. This would only apply to single county judicial circuits in which the county site is located in an unincorporated area of the county and the county governing authority has constructed one or more permanent satellite courthouses within the county. Any judicial circuit that is subject to these provisions would pay a supplemental benefit that is calculated based on the benefit percentage the retired member earned at retirement from the Judicial Retirement System together with the aggregate county salary supplement being paid to active judges as of the date of the member's retirement from active service.

As written, only one judicial circuit in Georgia would be affected by this legislation and any supplemental benefits that would be paid to retired members who served the county would be paid by the county. Therefore, this bill would not result in a first-year cost to the Georgia Judicial Retirement System. There would be no increase in the unfunded actuarial accrued liability or the employer contribution. 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 of this legislation. Any future costs would be paid through State appropriations.

The following is a summary of the relevant findings of the actuarial investigation for this bill 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.

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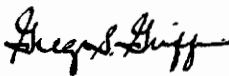
H. B. 825 (SUB)

(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 the Georgia Judicial Retirement System.	<u> 6.43%*</u>
(6)	The employer contribution rate recommended for the System (in conformity with minimum funding standards specified in O.C.G.A. §47-20-10).	<u> 6.43%</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> 0</u>

**This rate represents the employer contribution rate that has been recommended by the actuary beginning July 1, 2024, for the Georgia Judicial Retirement System in order to meet the minimum funding standards.*

It should be noted that these cost estimates are based upon the current provisions of the bill as outlined in House Bill 825 (LC 43 2849). 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



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The experience and dedication you deserve

August 25, 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 825 (LC 43 2849)

Dear Mr. Griffin:

As requested, we have made an actuarial investigation of the impact of House Bill 825 (LC 43 2849) on the Judicial Retirement System in accordance with the requirements of Code Section 47-20-36.

This bill would provide that for any single county judicial circuit where the county site is located in an unincorporated area of the county and the county has constructed one or more permanent satellite courthouses within the county, said county shall supplement the benefit amount paid to the circuit's superior court judges and district attorneys who retired from such circuit or to a beneficiary of any such member who is deceased. The amount of the supplement shall be determined by multiplying the benefit percentage the member earned pursuant to Code Section 47-23-102 at retirement together with the aggregate county salary supplement being paid to active judges as of the date of retirement from active service.

There would be no cost to JRS for this legislation. There would be no increase in the unfunded actuarial accrued liability 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.

The attached table shows the unfunded actuarial accrued liability and recommended employer contributions under the System before and after the proposed legislation. The recommended employer contribution rates 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 Mobley, ASA, FCA, MAAA
Consulting Actuary

Enclosure

Copy to: Jim Potvin

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H. B. 825 (SUB)



JUDICIAL RETIREMENT SYSTEM

**HOUSE BILL 825 (LC 43 2849)
(All amounts are in \$ thousands)**

Cost	Before Legislation		After Legislation		Increase Due to Legislation	
Unfunded Actuarial Accrued Liability	(\$41,908)		(\$41,908)		\$0	
Amount of the Annual Amortization of the Unfunded Actuarial Accrued Liability	(\$4,617)		(\$4,617)		\$0	
Number of Years that the Unfunded Actuarial Accrued Liability would be Amortized	13.0		13.0		N/A	
Annual Contribution	%	Annual Amount	%	Annual Amount	%	Annual Amount
Normal Cost	13.22 %	\$ 8,990	13.22 %	\$ 8,990	0.00 %	\$ 0
Accrued Liability	(6.79)	(4,617)	(6.79)	(4,617)	0.00	0
Employer Contribution Rate Currently in Effect	6.43 %	\$ 4,373	6.43 %	\$ 4,373	0.00 %	\$ 0
Employer Contribution Rate Recommended due to Minimum Funding Standards	6.43 %	\$ 4,373	6.43 %	\$ 4,373	0.00 %	\$ 0

The preceding figures are based on the employee data, actuarial assumptions, and actuarial methods used to prepare the June 30, 2022 actuarial valuation of the System. An estimated payroll of \$68,000,000 was used for the 2024-2025 Plan Year for all participants.