DOAA
Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

March 25, 2024

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

SUBJECT: State Auditor's Certification
Substitute to Senate Bill 322 (LC 56 0207S)

Dear Chairman Carson:

This substitute bill would amend several provisions relating to the Sheriffs' Retirement Fund of Georgia. Specifically, this bill would (1) increase the cost to purchase creditable service from $37.50 per month of creditable service to $65 per month; (2) increase the monthly membership dues from $45 to $65; and (3) increase the death benefit from $15,000 to $25,000. Furthermore, this substitute bill would provide for the increase in fees collected on behalf of the Fund for each civil filing from $1 to $5.00.

This is to certify that the changes made in this substitute bill are nonfiscal amendments as defined in the Public Retirement System Standards Law. Therefore, the actuarial investigation and State Auditor's Certification for Senate Bill 322 (LC 56 0200S) is applicable for LC 56 0207S. A copy of the actuarial investigation and State Auditor's Summary for Senate Bill 322 (LC 56 0200S) is attached.

Respectfully,

Greg S. Griffin
State Auditor

GSG/cs

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Georgia Department
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Greg S. Griffin
State Auditor

March 21, 2024

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

SUBJECT: Actuarial Investigation
Substitute to Senate Bill 322 (LC 56 0200S)
Sheriffs' Retirement Fund of Georgia

Dear Chairman Carson:

This substitute bill would amend several provisions relating to the Sheriffs' Retirement Fund of Georgia. Specifically, this bill would (1) increase the cost to purchase creditable service from $37.50 per month of creditable service to $65 per month; (2) increase the monthly membership dues from $45 to $65; (3) increase the death benefit from $15,000 to $25,000; and (4) prohibit the payment of retirement benefits to any person who becomes a member on or after July 1, 2024 and is convicted of a felony related to his or her employment. Furthermore, this substitute bill would provide for the increase in fees collected on behalf of the Fund for each civil filing from $1 to $5.00.

This bill would result in a first-year net reduction in cost to the Sheriffs' Retirement Fund approximating $56,074. This reduction in cost would occur because the revenue generated from the increase in the member dues exceeds the costs related to the increased death benefit payment. The additional $4.00 collected from each civil filing would also enable the Fund to realize an annual increase in collections of approximately $2,217,000. Therefore, the Sheriffs' Retirement Fund would meet the concurrent funding requirements outlined in O.C.G.A. §47-20-50. This cost estimate is based on current member data of 157 active sheriffs, actuarial assumptions, and actuarial methods. It should be noted that changes in any of these variables cost affect the cost of this legislation. Any future costs would be paid through a portion of fines and bond forfeitures.

The following is a summary of the relevant findings included in the actuarial investigation for this bill. The investigation was 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.	$	1,125,457
(2)	The amount of the annual amortization of the unfunded actuarial accrued liability which will result from the bill.	$	92,569*

(3)	The number of years that the unfunded actuarial accrued liability created by the bill would be amortized.		20
(4)	The amount of the annual normal cost which will result from the bill.	$	(56,074)
(5)	The employer contribution rate currently in effect for members of the Sheriffs' Retirement Fund.		Fines and Bond Forfeitures
(6)	The employer contribution rate recommended for the Sheriffs' Retirement Fund (in conformity with minimum funding standards specified in O.C.G.A. §47-20-10).		Fines and Bond Forfeitures
(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.	$	0**

*The annual amortization resulting from the increase in the unfunded actuarial accrued liability is estimated to be $92,569 each year for the next 20 years. However, the Fund currently has a surplus amortization amount of $118,395. Since the current surplus exceeds the required annual amortization resulting from the bill, there would not be an actual cost to the Fund to amortize the increase in the unfunded actuarial accrued liability that would result from this bill.

** This bill would result in a first-year net reduction in cost of $56,074. It is also projected that this bill would generate an additional $2,217,000 from fees collected from fines and bond forfeitures. Therefore, the Fund is sufficiently funded to meet the concurrent funding requirements of O.C.G.A. §47-20-50 if Senate Bill 322 (LC 56 0200S) is enacted.

It should be noted that any subsequent changes in the retirement bill could invalidate the actuarial investigation and the findings included therein.

Respectfully Submitted,

Greg S. Griffin

Greg S. Griffin
State Auditor

GSG/cs

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March 21, 2024

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 322 – SUBSTITUTE (LC 56 0200S)

Dear Mr. Griffin:

As requested, we have made an actuarial investigation of the impact of Senate Bill 322 – Substitute (LC 56 0200S) on the Sheriffs' Retirement Fund of Georgia (Fund) 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 $25,000 effective on July 1, 2024. 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 annual costs for the Fund.

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

- Increase from $1 per civil case to $5.00 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 $2,217,000.

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 $1,125,457 as a result of this legislation and an annual cost of $92,569 to amortize this change over 20 years.

However, since the System will continue to be in a fully funded position before and after this legislation, the impact to the employer contribution is estimated to be a net savings of $56,074 for this legislation.

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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 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

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

Ben Mobley

Ben Mobley, ASA, FCA, MAAA
Consulting Actuary

Enclosure

Copy to: Kelly Stiles

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SHERIFFS' RETIREMENT FUND OF GEORGIA

SENATE BILL 322 – SUBSTITUTE (LC 56 0200S) *

Cost	Before Legislation**	After Legislation	Increase Due to Legislation
Unfunded Actuarial Accrued Liability	($2,388,619)	($1,263,162)	$1,125,457
Amount of the Annual Amortization of the Unfunded Actuarial Accrued Liability	($118,395)	($25,826)	$92,569
Number of Years that the Unfunded Actuarial Accrued Liability would be Amortized	22.0	21.9	20.0
Annual Contribution (Actuarially Determined Contribution)			
Normal Cost	$1,967,250	$1,911,176	$(56,074)
Accrued Liability***	0	0	0
Employer Contribution Recommended due to Minimum Funding Standards	$1,967,250	$1,911,176	$(56,074)
Employer Contribution Currently in Effect	$1,773,375	$3,990,375	$2,217,000

* As provided by SRF staff, the increase in fees collected from $1 per civil case to $5.00 per civil case for superior court and any court of the state including magistrate courts where a Sheriff serves is estimated to be $2,217,000 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, 2022 actuarial valuation of the Fund. This includes 157 active sheriffs in the Fund.

** Includes 1.5% COLA adjustment granted on January 1, 2023.

*** Per the Funding Policy, the Actuarially Determined Contribution cannot be less than the employer normal cost plus the contribution amount for administrative expenses, so therefore, the Accrued Liability contribution has been set to zero.