



**DOAA**  
Georgia Department  
of Audits & Accounts

**Greg S. Griffin**  
State Auditor

October 30, 2025

The Honorable Rick Williams  
Chairman, Senate Retirement Committee  
Coverdell Legislative Office Building, Room 327-B  
Atlanta, GA 30334

**SUBJECT:** Actuarial Investigation  
Senate Bill 261 (LC 56 0263)  
Magistrates Retirement Fund of Georgia

Dear Chairman Williams:

This bill would amend provisions relating to retirement eligibility, retirement allowances, and member contributions under the Magistrates Retirement Fund of Georgia. Currently, members are eligible to receive retirement benefits upon reaching the age of 60 years. This bill would authorize members to begin receiving a reduced retirement allowance at 55 years provided they have terminated their official capacity as chief magistrate or as the secretary-treasurer. The retirement allowance shall be reduced by one-twelfth of three percent for each month the member is under 60 years of age at the time of retirement. Members retiring on or after the age of 60 years will receive normal retirement benefits.

This bill would also change the formula for calculating retirement allowances. Currently, members receive a benefit equal to four percent of their average final monthly compensation for each year served, up to a maximum of 20 years. Current law also imposes restrictions on the maximum monthly compensation that may be used in the calculation. This bill would eliminate from statute the restrictions on the maximum monthly compensation allowed. Instead, this legislation would assign this responsibility to the board of commissioners. This bill would also enhance the formula for calculating monthly retirement allowances. If enacted, the formula for calculating monthly retirement allowances would become five percent of a member's average final monthly compensation for each year served, up to a maximum of 28 years.

Finally, this bill would increase the monthly dues paid by all active members of the Fund. Currently, members pay an amount equal to 3.42 percent of their maximum average final monthly compensation. If this legislation is enacted, the monthly dues would be increased to four percent.

The first-year cost of this legislation is estimated to be \$882,000. This estimate includes \$409,000 each year for the next 30 years to amortize the increase in the unfunded actuarial accrued liability and \$473,000 each year to fund the normal cost. However, since the revenue received into the

Fund from court fees and membership dues currently exceeds the projected contribution required if this legislation is enacted, no additional funding would be needed to cover the cost associated with Senate Bill 261. As of the last valuation, there were 129 active members of Fund. This cost estimate assumes that approximately 54 percent of the active members will elect to retire prior to age 60 and receive a reduced benefit. The cost estimate is also based on actuarial methods and member data. Changes to any of these variables could affect the cost of this legislation. Any future costs would be paid from fees paid in the Magistrate Court. It should be noted that the Magistrates Retirement Fund has a funded ratio of approximately 147 percent, based on the most recent information available. The actuary estimates that the funded ratio would decrease to 124.8 percent if this legislation is enacted.

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 Senate 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>5,686,000</u>
(2)	The amount of the annual amortization of the unfunded actuarial accrued liability which will result from the bill.	\$ <u>409,000</u>
(3)	The number of years that the unfunded actuarial accrued liability created by the bill would be amortized.	<u>30</u>
(4)	The amount of the annual normal cost which will result from the bill.	\$ <u>473,000</u>
(5)	The employer contribution rate currently in effect for members.	<u>\$3 from each civil matter filed in the Magistrate Court</u>
(6)	The employer contribution rate recommended for members (in conformity with minimum funding standards specified in O.C.G.A. §47-20-10).	<u>\$3 from each civil matter filed in the Magistrate Court</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>

*\*If this legislation is enacted, the first-year cost to the Fund would total \$882,000, which would increase the required employer contribution to \$1,186,000. However, current revenue generated from the \$3 fee for each civil matter filed in the Magistrate Court and member contributions approximates \$2 million, which is sufficient to cover the first-year cost of this bill. No additional funding would be required to meet the concurrent funding requirements of O.C.G.A. §47-20-50.*

It should be noted that these cost estimates are based upon the current provisions of the bill as outlined in Senate Bill 261 (LC 56 0263). Any subsequent changes in the retirement bill could invalidate the actuarial investigation and the findings included therein.

Respectfully Submitted,

A handwritten signature in blue ink that reads "Greg Griffin".

Greg S. Griffin  
State Auditor

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October 14, 2025

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

Re: Actuarial Investigation for Proposed Benefit Improvements for the Magistrates Retirement Fund ("Fund")

Dear Greg,

As requested, we have completed an actuarial investigation to determine the impact on the Fund's funding requirements associated with the following benefit improvements:

**Summary of Proposed Benefit Improvements (Effective July 1, 2026)**

- Increasing member dues from 3.42% to 4.0% of the salary limit
- Early retirement at age 55 with 8 years of service with benefits reduced by 3.0% per year in which benefits commence prior to age 60.
- Increasing the benefit multiplier from 4.0% to 5.0% of final monthly compensation.
- Increasing the cap on benefit service from 20 years to 28 years

**Actuarial Impact of Proposed Changes**

SB 261 is projected to meet the concurrent funding requirements of OCGA 47-20-50 with regards to the changes outlined above. In particular, the above changes result in an increase of approximately \$480,000 to the Fund's normal cost and an increase of approximately \$882,000 to the Fund's contribution requirement. The table on the following page provides further details based on key funding information projected to the effective date of July 1, 2026, both before and after reflecting SB 261. This analysis assumes the below rates for retirement with 54.07% of members retiring under the early retirement provisions between the ages of 55 to 59 and 45.93% retiring at the normal retirement age of 60. These are best estimates of expected member behavior based on our experience with other funds.

Age	Retirement Rate	Cumulative Rate*
55	30%	30.00%
56	10%	7.00%
57	10%	6.30%
58	10%	5.67%
59	10%	5.10%
60	100%	45.93%

\* These retirement rates are not factoring in pre-retirement mortality or disability rates as these rates are low probabilities that would have minimal impact on the cumulative rate above.

Dollars in Thousands	Before SB 261	After SB 261	Increase Due to SB 261
<b>A. Unfunded Actuarial Accrued Liability ("UAAL")</b> (negative numbers indicate surplus assets)	(\$15,030)	(\$9,344)	\$5,686
<b>B. Amount of the Annual Amortization of the UAAL</b>	(\$1,081)	(\$672)	\$409
<b>C. Number of Years the UAAL would be Amortized</b>	30	30	
<b>D. Normal Cost</b>			
i. Normal Cost	\$1,436	\$1,916	\$480
ii. Administrative Expenses	143	143	0
iii. Expected Member Dues	(206)	(241)	(35)
iv. Interest	<u>12</u>	<u>40</u>	<u>28</u>
v. Total Normal Cost (i. + ii. + iii. + iv.)	\$1,385	\$1,858	\$473
<b>E. Annual Contribution</b> (B. + D.)	\$304	\$1,186	\$882
<b>F. Contribution Amount Recommended Due to Minimum Funding Standards</b> (E.)	\$304	\$1,186	\$882
<b>G. Expected Court Revenues Amount in Effect</b> (expected revenues from fines and forfeitures)	\$1,844	\$1,844	\$0
<b>H. Expected Contribution Shortfall / (Surplus)</b> (F. – G.)	(\$1,540)	(\$658)	\$882
<b>I. Funded Percentage</b>	147.1%	124.8%	(22.3%)

Under a worst-case scenario, where we assume 100% of membership retired early at age 55, the Fund projects to have the following impacts compared to the Before SB 261 column:

- The Unfunded Actuarial Accrued Liability would increase by \$10.385 million to a surplus of \$4.645 million.
- The Funded Percentage would decrease 36.1% to 111.0%.

#### Data, Assumptions, Methods, and Plan Provisions

This analysis is based on liabilities from the June 30, 2024 actuarial valuation of the Fund. All assumptions, methods, and plan provisions are consistent with those used to prepare the June 30, 2024 Actuarial Valuation Report dated November 18, 2024 except for the early retirement rates mentioned on the previous page.

### Actuarial Notes and Certification

This analysis is performed to assist the Board in determining whether the assets and future revenues are sufficient to provide the proposed plan changes. This analysis may not be appropriate for use by other parties and/or other purposes. Where shown, the funded ratios are based on the projected actuarial value of assets and will differ from funded ratios based on the market value of assets. The results of this analysis are not appropriate for use in determining whether or not the Plan has sufficient assets to settle all or a portion of its liabilities.

Future actuarial measurements may differ significantly from the current measurements presented herein for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations. Due to the limited scope, we did not perform an analysis of the potential range of such future measurements. The June 30, 2024 Actuarial Valuation Report for the Fund provides a detailed discussion of key risks that should also be considered when reviewing the results. There have been no additional risks identified specific to this analysis.

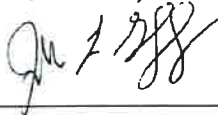
In performing the analysis, we used third-party software to model (calculate) the underlying liabilities and costs. These results are reviewed in the aggregate and for individual sample lives. The output from the software is either used directly or input into internally developed models to generate the costs. All internally developed models are reviewed as part of the process. As a result of this review, we believe that the models have produced reasonable results. We do not believe there are any material inconsistencies among assumptions or unreasonable output produced due to the aggregation of assumptions.

To our knowledge, no associate of Foster & Foster, Inc. has any direct financial interest or indirect material interest in the Board, nor does anyone at Foster & Foster, Inc. act as a member of the Board. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report. The undersigned is familiar with the immediate and long-term aspects of pension valuations and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein.

This analysis has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to Georgia Public Retirement System Law, Code Title 47, Chapter 20, as well as applicable federal laws and regulations. In my opinion, the assumptions used in this report, as adopted by the Board, represent reasonable expectations of anticipated plan experience.

Respectfully submitted,

FOSTER & FOSTER, INC.



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Joseph L. Griffin, ASA, EA, MAAA