



# 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 143 (LC 56 0297)  
Georgia Firefighters' Pension Fund

Dear Chairman Williams:

This bill would amend provisions relating to retirement allowances under the Georgia Firefighters' Pension Fund. If this bill is enacted, members would become eligible for the maximum retirement allowance at the point in which the sum of their age and years of service equals 80. Currently, members become eligible for the maximum retirement allowance once they reach 55 years of age and have earned 25 years of service. Furthermore, this bill would allow members to continue working as a firefighter after they retire with the maximum retirement allowance. Such members would not be required to make any further contributions, nor would they earn any additional creditable service. Under the provisions of this bill, members who have earned 15 years of creditable service and terminate their service as a firefighter would become eligible for a retirement allowance upon reaching 55 years of age.

This bill would also amend provisions relating to the Public Retirement Systems Investment Authority Law as this law applies to the Georgia Firefighters' Pension Fund. Specifically, this bill would authorize the Fund to invest up to 10 percent of the total assets of the Fund in forms of assets rated below investment grade by nationally recognized rating agencies. Current statute prohibits any retirement system from making such investments. This bill would also authorize the Fund to increase its investment in alternative investments from 15 percent to 20 percent.

According to information from the most recent valuation, the actuary estimates that approximately 570 (4%) of the approximately 14,000 active members of the Georgia Firefighters' Pension Fund would immediately be eligible to take advantage of these provisions upon the effective date of this bill. Additionally, since members would be authorized to continue their employment while receiving a retirement allowance, this cost estimate assumes all 570 will take advantage of these provisions upon the effective date of this bill and going forward. As a result, future retirement patterns could change, which will impact future assumptions used by the actuary for determining the liabilities of the Fund.

Based on the assumption that all eligible members elect to receive their retirement allowances, the estimated first-year cost to the Georgia Firefighters' Pension Fund is \$5,735,000. This amount includes \$5,237,000 each year for the next 20 years to amortize the increase in the unfunded actuarial accrued liability and \$498,000 each year to fund the normal cost. According to the actuary, the required employer contribution would increase to \$50,270,000 to meet the minimum funding standards. However, since the revenue received into the Fund for insurance premium taxes and membership dues currently exceeds the estimated required contribution, no additional funding would be needed to cover the cost of Senate Bill 143. It should be noted that this bill would not have any significant impact on the health of the Fund over the next five years. As shown in the following table, the current funded ratio is 81.4%. While this bill would cause the funded ratio to decline slightly, the actuary estimates that the funded ratio for the Georgia Firefighters' Pension Fund would approximate 94.9% in five years, even if this legislation is enacted. This information is based upon 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 from the tax on premiums charged by the fire insurance companies.

Fiscal Year	Funded Ratio Without SB 143	Funded Ratio with SB 143	Change in Funded Ratio*
2025	81.4%	78.2%	-3.2%
2026	86.7%	83.6%	-3.1%
2027	89.1%	85.7%	-3.4%
2028	94.3%	90.5%	-3.9%
2029	99.1%	94.9%	-4.2%

\*Numbers may not sum due to rounding.

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>61,312,000</u>                                    |
| (2) | The amount of the annual amortization of the unfunded actuarial accrued liability which will result from the bill. | \$ <u>5,237,000</u>                                     |
| (3) | The number of years that the unfunded actuarial accrued liability created by the bill would be amortized.          | <u>20</u>   |
| (4) | The amount of the annual normal cost which will result from the bill.  | \$ <u>498,000</u>                                       |
| (5) | The employer contribution rate currently in effect for the Georgia Firefighters' Pension Fund.                     | <u>1% tax on premiums from fire insurance companies</u> |

(6)	The employer contribution rate recommended (in conformity with minimum funding standards specified in O.C.G.A. §47-20-10).	<u>1% tax on premiums from fire insurance companies</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 \$5,735,000, which would increase the required employer contribution to \$50,270,000. However, current revenue generated from the 1% tax on insurance premiums and member contributions approximates \$61 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.*

This bill also includes provisions that would allow the Georgia Firefighters' Pension Plan to invest a larger amount of their assets in alternative investments and to begin investing in assets that are rated below grade. These provisions of the bill are nonfiscal provisions, and there was no requirement for the actuary to consider the potential impact on earnings to the Fund. However, the actuary did note that they did not believe these changes would have a material impact on the long-term assumed rate of return for the Fund, which is 5.75 percent.

It should be noted that these cost estimates are based upon the current provisions of the bill as outlined in Senate Bill 143 (LC 56 0297). 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



October 9, 2025

Mr. Greg Griffin  
State Auditor  
270 Washington St SW, Room 4-101  
Atlanta, GA 30334-8400

**SENATE BILL 143 (LC 56 0297)**

Dear Mr. Griffin:

As requested, we have made an actuarial investigation of the impact of Senate Bill 143 (LC 56 0297) on the Georgia Firefighters' Pension Fund (GFPF) in accordance with the requirements of Code Section 47-20-36.

***Background***

This bill provides that members who attain the age of 50 and whose age in years and creditable service in years when combined equal at least 80 will be eligible to begin receiving their retirement benefit. Members will be allowed to continue in active service while in receipt of their benefit and will not be required to pay monthly dues, however, they will not earn any additional creditable service.

***Cost Impacts***

As of the last valuation, there are approximately 570 current active firefighters (4% of active population) who would be immediately eligible to take advantage of these provisions. We would expect that there would be a large number of retirements right away upon these provisions becoming effective. After that initial swell of retirements, the expected number of additional retirements relative to the current plan provisions would be smaller than the amount above, however, we believe it would be higher than current expectations.

The impact to GFPF would come from a significant number of current members beginning to receive their monthly pension benefits sooner than currently assumed and thus receiving those benefits over a longer period of time over their remaining lifetimes. The estimated increase in the unfunded actuarial accrued liability would be \$61,312,000. The annual normal cost and amortization of the increase in the unfunded accrued liability is estimated to be \$5,735,000 in the first year.

Exhibit A shows the unfunded actuarial accrued liability and recommended employer contributions under the System before and after the proposed legislation. The recommended employer contribution amounts are in conformity with the minimum funding standards specified by Code Section 47-20-10.

The five-year impact of this bill for various actuarial metrics is shown on Exhibit B.



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### ***Actuarial Assumptions***

The cost estimates, if applicable, contained in this letter are based on the data, methods, assumptions, and provisions used in the June 30, 2024 actuarial valuation for GPF except that both the "Before" and "After" legislation results reflect the two 1.5% benefit increases granted as of January 1, 2025 and July 1, 2025 bringing the current benefit amount from \$1,012 to \$1,042 per month of service. No future benefit increases, unless otherwise indicated, are assumed.

We believe that it will be very attractive to members to receive a monthly pension while continuing to work and receive a salary in their current position. To model the cost of this legislation we have modified the assumed rates of retirement used in the annual valuation so that 100% of members will retire upon meeting the retirement eligibilities under this bill. Actual experience may turn out to be less than this but we believe this approach provides the most conservative cost impact of what might happen.

Section 3 of the bill also allows the fund to invest up to 10% of total assets in forms of assets rated below investment grade by nationally recognized rating agencies. We do not believe this provision of the bill will have a material impact on the long-term assumed rate of return for GPF of 5.75% and therefore, we have assumed no change in the long-term assumed rate of return assumption.

The increase in liabilities due to the legislation are amortized over a 20-year period.

### ***Disclosures and Caveats***

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 comments and analysis contained in this letter are not intended to give exact calculations of costs. They should be considered to be estimates. The emerging costs will vary from those presented in this letter to the extent that actual experience differs from that projected by the actuarial assumptions. This cost analysis has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board (ASB) and the Code of Professional Conduct and Qualification Standards for Public Statement of Actuarial Opinion of the American Academy of Actuaries.

We have not explored any legal issues with respect to the proposed plan analysis. We are not attorneys and cannot give legal advice on such issues. We recognize that the proposed changes may be affected by federal law and strongly suggest that you review this proposal with counsel.



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The undersigned are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,

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

Ben Mobley, ASA, FCA, MAAA  
Consulting Actuary



EXHIBIT A

GEORGIA FIREFIGHTERS' PENSION FUND

SENATE BILL 143 (LC 56 0297)

Cost	Before Legislation	After Legislation	Increase Due to Legislation
Unfunded Actuarial Accrued Liability	\$278,578,000	\$339,890,000	\$61,312,000
Amount of the Annual Amortization of the Unfunded Actuarial Accrued Liability	\$22,735,000	\$27,972,000	\$5,237,000
Number of Years that the Unfunded Actuarial Accrued Liability would be Amortized	21.8	21.5	-0.3
Annual Contribution (Actuarially Determined Contribution)			
Normal Cost	\$21,800,000	\$22,298,000	\$498,000
Accrued Liability	<u>22,735,000</u>	<u>27,972,000</u>	<u>5,237,000</u>
Employer Contribution Recommended due to Minimum Funding Standards	\$44,535,000	\$50,270,000	\$5,735,000

The preceding figures are based on the employee data, actuarial assumptions, and actuarial methods used to prepare the June 30, 2024 actuarial valuation of the Fund except that both the "Before" and "After" legislation results reflect the two 1.5% benefit increases granted as of January 1, 2025 and July 1, 2025 bringing the current benefit amount from \$1,012 to \$1,042 per month of service.



**EXHIBIT B**

**GEORGIA FIREFIGHTERS' PENSION FUND**

**SENATE BILL 143 (LC 56 0297)**

Projected values by year before enactment of proposed pension legislation\*

Valuation Year	Fiscal Year End	Assets (Actuarial)	Present Value Future Benefits	Actuarial Accrued Liability	Funded Ratio	Unfunded Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability Contribution	Normal Cost	Total Actuarially Determined Employer Contribution
(a)	(b)	(c)	(d)	(e)	(f) = (c) / (e)	(g) = (e) - (c)	(h)	(i)	(j) = (h) + (i)
2024	2025	\$1,222,311	\$1,670,260	\$1,500,889	81.4%	\$278,578	\$22,735	\$21,800	\$44,535
2025	2026	\$1,327,921	\$1,702,102	\$1,532,226	86.7%	\$204,305	\$17,575	\$21,804	\$39,379
2026	2027	\$1,392,235	\$1,732,083	\$1,562,119	89.1%	\$169,884	\$15,391	\$21,757	\$37,148
2027	2028	\$1,499,911	\$1,760,507	\$1,590,390	94.3%	\$90,479	\$8,756	\$21,728	\$31,484
2028	2029	\$1,603,426	\$1,787,423	\$1,617,206	99.1%	\$13,780	\$4,245	\$21,689	\$25,934

\* Dollar amounts reported in thousands.

Projected values by year after enactment of proposed pension legislation\*

Valuation Year	Fiscal Year End	Assets (Actuarial)	Present Value Future Benefits	Actuarial Accrued Liability	Funded Ratio	Unfunded Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability Contribution	Normal Cost	Total Actuarially Determined Employer Contribution
(a)	(b)	(c)	(d)	(e)	(f) = (c) / (e)	(g) = (e) - (c)	(h)	(i)	(j) = (h) + (i)
2024	2025	\$1,222,311	\$1,723,083	\$1,562,201	78.2%	\$339,890	\$27,972	\$22,298	\$50,270
2025	2026	\$1,327,921	\$1,757,638	\$1,588,977	83.8%	\$261,056	\$22,595	\$23,087	\$45,682
2026	2027	\$1,383,691	\$1,784,023	\$1,614,792	85.7%	\$231,101	\$20,234	\$23,004	\$43,238
2027	2028	\$1,481,999	\$1,808,579	\$1,638,373	90.5%	\$158,374	\$14,378	\$23,039	\$37,417
2028	2029	\$1,575,887	\$1,831,155	\$1,660,586	94.9%	\$84,699	\$6,659	\$22,978	\$31,637

\* Dollar amounts reported in thousands.

Changes after enactment of proposed legislation\*

Valuation Year	Fiscal Year End	Assets (Actuarial)	Present Value Future Benefits	Actuarial Accrued Liability	Funded Ratio	Unfunded Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability Contribution	Normal Cost	Total Actuarially Determined Employer Contribution
(a)	(b)	(c)	(d)	(e)	(f) = (c) / (e)	(g) = (e) - (c)	(h)	(i)	(j) = (h) + (i)
2024	2025	\$0	\$52,823	\$61,312	-3.2%	\$61,312	\$5,237	\$498	5,735
2025	2026	\$0	\$55,536	\$56,751	-3.1%	\$56,751	\$5,020	\$1,283	6,303
2026	2027	(\$8,544)	\$51,940	\$52,673	-3.4%	\$61,217	\$4,843	\$1,247	6,090
2027	2028	(\$17,912)	\$48,072	\$47,983	-3.9%	\$65,895	\$4,622	\$1,311	5,933
2028	2029	(\$27,539)	\$43,732	\$43,380	-4.2%	\$70,919	\$4,414	\$1,289	5,703

\* Dollar amounts reported in thousands.