



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 11 (LC 56 0215)
Employees' Retirement System of Georgia

Dear Chairman Williams:

This bill would amend provisions relating to creditable service under the Employees' Retirement System of Georgia. Specifically, this bill would allow eligible members to obtain up to 36 months of creditable service for active military service in the armed forces of the United States performed on or after January 1, 1990. Members with at least ten years of membership service would be eligible to make an application to the Board of Trustees.

All members applying for such creditable service would be required to provide proof of qualifying active military service and pay an amount equal to the full actuarial cost of such creditable service. Such payment could be made in full at the time of application, or members could have payments deducted from their earnable compensation for a specified period. It should be noted that such creditable service will only be granted to members who were honorably discharged from the military. Furthermore, creditable service will not be granted for reserve duty, any period for which the member has already obtained membership service in ERS, or for any time that will be used in determining eligibility for retirement benefits for any other state or federal retirement program, excluding social security.

This legislation would not result in any additional cost to the Employees' Retirement System of Georgia since any member wishing to purchase such creditable service would be required to pay the full actuarial cost of the service granted. There would be no increase in the unfunded actuarial accrued liability or the required employer contribution rate as a result of 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 through State appropriations.

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> 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 Non-GSEPS members.	<u> 29.28%*</u>
(6)	The employer contribution rate recommended for non-GSEPS members (in conformity with minimum funding standards specified in O.C.G.A. §47-20-10).	<u> 29.28%</u>
(7)	The employer contribution rate currently in effect for GSEPS members.	<u> 25.51%*</u>
(8)	The employer contribution rate recommended for GSEPS members (in conformity with minimum funding standards specified in O.C.G.A. §47-20-10)	<u> 25.51%</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>

**This rate represents the employer contribution rate that has been recommended by the actuary beginning July 1, 2026, for Non-GSEPS and GSEPS members, respectively, 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 Senate Bill 11 (LC 56 0215). 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



September 19, 2025

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

SENATE BILL 11 (LC 56 0215)

Dear Mr. Griffin:

As requested, we have made an actuarial investigation of the impact of Senate Bill 11 (LC 56 0215) on the Employees' Retirement System of Georgia (ERS) in accordance with the requirements of Code Section 47-20-36.

Background

This bill would provide that a member with at least ten years of membership service may obtain up to 36 months of creditable service to be awarded month for month for active military service in the armed forces of the United States performed on or after January 1, 1990. The member must submit proof of qualifying active military service and pay to the ERS Board of Trustees an amount determined by such board to be equal to the full actuarial cost of such creditable service.

Pursuant to this Code section, no member shall receive creditable service:

- 1) If such member was not honorably discharged;
- 2) For reserve duty;
- 3) For any period of time for which he or she has already obtained membership service in ERS; or
- 4) For any portion of such member's active military service in the armed forces of the United States that has been or will be used in the determination of eligibility for retirement benefits or allowances from any other state or federal retirement program, excluding social security.

Cost Impacts

This legislation is intended to only impact individuals with past military service. Since the member is responsible for paying the full actuarial cost of this past military service, we believe there is no cost impact to ERS.

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 ERS. There were no changes in any of the current actuarial assumptions for this actuarial impact letter.



Mr. Greg Griffin
September 19, 2025
Page 2

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.

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
EMPLOYEES RETIREMENT SYSTEM

SENATE BILL 11 (LC 56 0215)
(All amounts are in \$ thousands)

Cost	Before Legislation		After Legislation		Increase Due to Legislation	
Unfunded Actuarial Accrued Liability	\$5,156,679		\$5,156,679		\$0	
Amount of the Annual Amortization of the Unfunded Actuarial Accrued Liability	\$766,500		\$766,500		\$0	
Number of Years that the Unfunded Actuarial Accrued Liability would be Amortized	10.9		10.9		N/A	
Annual Contribution: Non-GSEPS	%	Annual Amount	%	Annual Amount	%	Annual Amount
	Normal Cost	7.38 % \$ 66,420	7.38 %	\$ 66,420	0.00 %	\$ 0
Accrued Liability	21.90	197,100	21.90	197,100	0.00	0
Employer Contribution Rate Currently in Effect	29.28 %	\$ 263,520	29.28 %	\$ 263,520	0.00 %	\$ 0
Non-GSEPS Employer Contribution Rate Recommended due to Minimum Funding Standards	29.28 %	\$ 263,520	29.28 %	\$ 263,520	0.00 %	\$ 0
Annual Contribution: GSEPS	%	Annual Amount	%	Annual Amount	%	Annual Amount
	Normal Cost	3.61 % \$ 93,860	3.61 %	\$ 93,860	0.00 %	\$ 0
Accrued Liability	21.90	569,400	21.90	569,400	0.00	0
Employer Contribution Rate Currently in Effect	25.51 %	\$ 663,260	25.51 %	\$ 663,260	0.00 %	\$ 0
GSEPS Employer Contribution Rate Recommended due to Minimum Funding Standards	25.51 %	\$ 663,260	25.51 %	\$ 663,260	0.00 %	\$ 0

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 System. An estimated payroll of \$3,500,000,000 was used for the 2026-2027 Plan Year for all participants; \$900,000,000 for Non-GSEPS and \$2,600,000,000 for GSEPS members.