



# 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 339 (LC 56 0371)  
Employees' Retirement System of Georgia

Dear Chairman Williams:

This bill would provide for semiannual postretirement benefit adjustments for all beneficiaries of the Employees' Retirement System of Georgia (ERS). If this legislation is enacted, each beneficiary would receive a postretirement benefit adjustment of 1.5 percent every six months. Such adjustments would begin on July 1, 2026 and be granted to all beneficiaries, including beneficiaries covered under the GSEPS plan.

The provisions of this bill would allow the Governor to suspend, in whole or in part, the postretirement benefit adjustment if state revenues decline. As written, the Governor would be authorized to suspend these adjustments if year-end revenue collections decrease by three percent or more below the original revenue estimate or if the State experiences a decline in revenue collections for three consecutive months. The Governor may not issue such an executive order for more than two consecutive years or more than three times in any period of ten consecutive calendar years. This legislation also gives the General Assembly the authority to revoke, revise, or extend the executive order through the adoption of a joint resolution.

The first-year cost of this legislation would be \$500,870,000 to meet the concurrent funding requirements of O.C.G.A. §47-20-50. This cost includes \$448,700,000 each year for the next 20 years to amortize the \$4,304,419,000 increase in the unfunded actuarial accrued liability and \$52,170,000 each year to fund the normal cost. If this legislation were enacted, the employer contribution rates for member agencies would increase to 43.91% for new plan members and 39.71% for GSEPS members in the first year. This information is based upon employee data, an estimated payroll of \$3,500,000,000 for the plan year, 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 table shows the projected funded ratios of the ERS for the next five years prior to the enactment of Senate Bill 339 and the projected ratios if the bill is enacted. It should be noted that a 1.05 percent post-retirement benefit is part of the actuarial assumptions and used to project costs for the ERS. The projected fund ratios noted in the first column assume that the post-retirement benefit adjustment would remain at 1.05 percent if this legislation is not enacted, regardless of the financial condition of the ERS.

<b>Fiscal Year</b>	<b>Projected Funded Ratio before SB 339</b>	<b>Projected Funded Ratio with SB 339</b>	<b>Projected Change in Funded Ratio</b>
<b>2027</b>	75.9%	63.2%	-12.7%
<b>2028</b>	83.2%	69.2%	-13.9%
<b>2029</b>	85.1%	69.6%	-15.2%
<b>2030</b>	90.1%	74.7%	-15.3%
<b>2031</b>	94.4%	78.9%	-15.5%

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. \$ 4,304,419,000
- (2) The amount of the annual amortization of the unfunded actuarial accrued liability which will result from the bill. \$ 448,700,000
- (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. \$ 52,170,000
- (5) The employer contribution rate currently in effect for non-GSEPS members. 29.28%\*
- (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). 43.91%
- (7) The employer contribution rate current in effect for GSEPS members. 25.51%\*
- (8) The employer contribution rate recommended for GSEPS members (in conformity with minimum funding standards specified in O.C.G.A. §47-20-10). 39.71%
- (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. \$ 500,870,000

*\*This rate represents the employer contribution rate that has been recommended by the actuary beginning July 1, 2026, for non-GSEPS and GSEPS members of the ERS 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 339 (LC 56 0371). Any subsequent changes in the retirement bill could invalidate the actuarial investigation and the findings included therein.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Greg S. Griffin". The signature is written in a cursive style with a horizontal line extending to the right.

Greg S. Griffin  
State Auditor

GSG/cs





September 30, 2025

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

**SENATE BILL 339 (LC 56 0371)**

Dear Mr. Griffin:

As requested, we have made an actuarial investigation of the impact of Senate Bill 339 (LC 56 0371) 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 members hired on or after July 1, 2009, shall be eligible for postretirement adjustments granted on or after July 1, 2026, and that each beneficiary of the Employees' Retirement System of Georgia (ERS) shall receive a postretirement benefit adjustment that increases his or her retirement allowance by 1.5% on July 1, 2026 and every six months thereafter.

However, if the revenue collected in the most recently completed fiscal year decreased by 3% or more below the revenue estimate for such fiscal year or if the state experiences a decline in revenue collected for three consecutive months during the current fiscal year, the Governor may by executive order suspend, in whole or in part, the next two postretirement benefit adjustments. Such an executive order may not be issued in more than two consecutive calendar years or more than three times in any period of ten consecutive calendar year and is subject to revocation, revision or extension by the General Assembly through the adoption of a joint resolution within one calendar year from the date of the issuance of the order.

***Cost Impacts***

The cost of this bill would be 14.31% of pay, or \$500,870,000, in the first year, based on an estimated projected payroll of \$3,500,000,000. The estimated increase in the unfunded accrued liability as a result of this legislation would be \$4,304,419,000.

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 rates 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 ERS. Under the bill, it is assumed that all members would receive two 1.5% postretirement benefit adjustments each year which is a change from the current assumption of a 1.05% annual adjustment for individuals who became a member of the System before July 1, 2009 only. The increase in liabilities due to the legislation are amortized over a 20-year period. As can be seen in column (n) of Exhibit B, the funding policy for ERS calls for the employer contribution rate to not decrease by more than 2% from one fiscal year to the next fiscal year.

We have made no assumption for the occurrence of the criteria for when the Governor may, but is not required to, suspend some future benefit increases. The cost of this bill assumes that all future post-retirement adjustments will be made.

### ***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**

**EMPLOYEES RETIREMENT SYSTEM**

**SENATE BILL 339 (LC 56 0371)**  
**(All amounts are in \$ thousands)**

Cost	Before Legislation		After Legislation		Increase Due to Legislation	
Unfunded Actuarial Accrued Liability	\$5,156,679		\$9,461,098		\$4,304,419	
Amount of the Annual Amortization of the Unfunded Actuarial Accrued Liability	\$766,500		\$1,215,200		\$448,700	
Number of Years that the Unfunded Actuarial Accrued Liability would be Amortized	10.9		13.6		2.7	
Annual Contribution: Non-GSEPS	%	Annual Amount	%	Annual Amount	%	Annual Amount
	Normal Cost	7.38 % \$ 66,420	9.19 % \$ 82,710	1.81 % \$ 16,290	21.90	197,100
Accrued Liability	34.72	312,480	12.82	115,380		
Employer Contribution Rate Currently in Effect	29.28 %	\$ 263,520	43.91 %	\$ 395,190	14.63 %	\$ 131,670
Non-GSEPS Employer Contribution Rate Recommended due to Minimum Funding Standards	29.28 %	\$ 263,520	43.91 %	\$ 395,190	14.63 %	\$ 131,670
Annual Contribution: GSEPS	%	Annual Amount	%	Annual Amount	%	Annual Amount
	Normal Cost	3.61 % \$ 93,860	4.99 % \$ 129,740	1.38 % \$ 35,880	21.90	569,400
Accrued Liability	34.72	902,720	12.82	333,320		
Employer Contribution Rate Currently in Effect	25.51 %	\$ 663,260	39.71 %	\$ 1,032,460	14.20 %	\$ 369,200
GSEPS Employer Contribution Rate Recommended due to Minimum Funding Standards	25.51 %	\$ 663,260	39.71 %	\$ 1,032,460	14.20 %	\$ 369,200

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.



**EXHIBIT B  
EMPLOYEES RETIREMENT SYSTEM  
SENATE BILL 339 (LC 56 0371)**

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 (f) = (c) / (e)	Unfunded Accrued Liability (g) = (e) - (c)	Unfunded Actuarial Liability Rate (h)	Normal Cost Rate (New Plan)	Total Employer Rate (k) = (h) + (j)	Normal Cost (GSEPs)	Normal Cost Rate (GSEPs)	Total Employer Rate (n) = (h) + (m)
2024	2027	\$16,216	\$22,396	\$21,372	75.9%	\$5,157	21.90%	7.38%	29.28%	\$92	3.61%	25.51%
2025	2028	\$17,793	\$22,408	\$21,396	83.2%	\$3,603	19.88%	7.33%	27.21%	\$97	3.63%	23.51%
2026	2029	\$18,265	\$22,463	\$21,450	85.1%	\$3,195	17.87%	7.27%	25.14%	\$103	3.64%	21.51%
2027	2030	\$19,349	\$22,482	\$21,486	90.1%	\$2,137	15.85%	7.22%	23.07%	\$108	3.66%	19.51%
2028	2031	\$20,274	\$22,469	\$21,477	94.4%	\$1,203	13.85%	7.17%	21.02%	\$113	3.66%	17.51%

\* Dollar amounts reported in millions.

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 (f) = (c) / (e)	Unfunded Accrued Liability (g) = (e) - (c)	Unfunded Actuarial Liability Rate (h)	Normal Cost Rate (New Plan)	Total Employer Rate (k) = (h) + (j)	Normal Cost (GSEPs)	Normal Cost Rate (GSEPs)	Total Employer Rate (n) = (h) + (m)
2024	2027	\$16,216	\$26,988	\$25,677	63.2%	\$9,461	34.72%	9.19%	43.91%	\$120	4.99%	39.71%
2025	2028	\$17,793	\$27,001	\$25,703	69.2%	\$7,910	32.69%	8.95%	41.67%	\$127	5.02%	37.1%
2026	2029	\$18,265	\$27,417	\$26,125	69.9%	\$7,860	32.10%	8.95%	41.05%	\$135	5.04%	37.14%
2027	2030	\$19,799	\$27,791	\$26,502	74.7%	\$6,703	30.08%	8.91%	38.99%	\$142	5.06%	35.14%
2028	2031	\$21,177	\$28,124	\$26,837	78.9%	\$5,660	28.06%	8.87%	36.93%	\$148	5.08%	33.14%

\* Dollar amounts reported in millions.

Changes after enactment of proposed legislation\*

Valuation Year	Fiscal Year End	Assets (Actuarial)	Present Value Future Benefits	Actuarial Accrued Liability	Funded Ratio (f) = (c) / (e)	Unfunded Accrued Liability (g) = (e) - (c)	Unfunded Actuarial Liability Rate (h)	Normal Cost Rate (New Plan)	Total Employer Rate (k) = (h) + (j)	Normal Cost (GSEPs)	Normal Cost Rate (GSEPs)	Total Employer Rate (n) = (h) + (m)
2024	2027	\$0	\$4,592	\$4,304	-12.7%	\$4,304	12.82%	1.81%	14.65%	\$28	1.38%	14.20%
2025	2028	\$0	\$4,594	\$4,308	-13.9%	\$4,308	12.81%	1.65%	14.46%	\$30	1.39%	14.20%
2026	2029	\$0	\$4,954	\$4,665	-15.2%	\$4,665	14.23%	1.66%	15.91%	\$32	1.40%	15.63%
2027	2030	\$450	\$5,308	\$5,016	-15.3%	\$4,566	14.23%	1.69%	15.92%	\$33	1.40%	15.63%
2028	2031	\$903	\$5,655	\$5,360	-15.5%	\$4,457	14.21%	1.70%	15.91%	\$35	1.42%	15.63%

\* Dollar amounts reported in millions.