



DOAA
Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

February 24, 2026

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

SUBJECT: Actuarial Investigation
Substitute to Senate Bill 209 (LC 56 0619S)
Teachers Retirement System of Georgia
Public School Employees Retirement System

Dear Chairman Williams:

This substitute bill would amend provisions relating to membership in the Teachers Retirement System of Georgia (TRS). Specifically, this bill would authorize certain persons who would otherwise be members of the Public School Employees Retirement System (PSERS) to make an irrevocable election to become members of the TRS, provided the employer first makes an irrevocable election to become a 'participating employer' and grant such option to their affected employees. If such election is made, only persons who work not less than half time would become eligible to join the TRS. Once such election is made, the members would be covered under the same provisions and contribution requirements as other members of the TRS.

Under the provisions of this substitute bill, persons who make this election may not receive creditable service in the TRS for time worked as a member of the PSERS. Vested persons who transfer into the TRS may elect to keep their accumulated contributions with the PSERS and receive their earned pension upon reaching normal retirement age. Vested members who elect to withdraw their accumulated contributions would forfeit any right to a future benefit. Nonvested members who transfer into the TRS would be required to withdraw their accumulated contributions.

The substitute bill would only allow members of the PSERS to join the TRS if their employer elects to become a 'participating employer.' In making this election, employers would consider many factors, including possible benefits on recruiting and retention and cost of participation. Currently, the annual employer contribution for each PSERS member is \$1,076.05. Since the annual employer contribution for TRS is 22.32% of salary, the employer would incur increased costs for any salary greater than \$4,821.00 per year. As a result, it would be difficult to predict if any employer would make such election and their timing of such election since no persons would be entitled to transfer until January 1, 2027. Therefore, it is determined that there would be no required first-year cost to either the TRS or the PSERS because of this bill. This bill would not result in any increase in the unfunded actuarial accrued liability or employer contribution rate in the first year.

The following is a summary of the relevant findings included in the actuarial investigations completed for this bill. The investigations were completed pursuant to a request from the Senate Retirement Committee and were to be conducted according to O.C.G.A. §47-20-36, which outlines the factors to be considered in an actuarial investigation.

Teachers Retirement System of Georgia

(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 members.	<u> 22.32%*</u>
(6)	The employer contribution rate recommended (in conformity with minimum funding standards specified in O.C.G.A. §47-20-10).	<u> 22.32%</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>

**This rate represents the employer contribution rate that has been recommended by the actuary beginning July 1, 2026, to meet the minimum funding standards.*

Public School Employees Retirement System of Georgia

(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.	<u> \$1,076.05 per active member</u>

(6)	The employer contribution rate recommended (in conformity with minimum funding standards specified in O.C.G.A. §47-20-10).	\$1,076.05 per active member
(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

**This rate represents the employer contribution rate that has been recommended by the actuary beginning July 1, 2026, to meet the minimum funding standards.*

It should be noted that there are approximately 33,000 members of the Public School Employees Retirement System. Of this total, approximately 11,000 members are under the age of 50 and have less than 25 years of service. This is the pool of members that would most likely elect membership in the Teachers Retirement System if their employer elected to give them the opportunity to join. If all employers elected to participate, the Teachers Retirement System would see a .02% increase in the normal cost paid by employers. However, there would be no increase in the unfunded actuarial accrued liability since no transferring members would be entitled to creditable service. Conversely, there would be a reduction in total costs to the Public School Employees Retirement System if all 11,000 members transferred their membership to the Teachers Retirement System.

These cost estimates are based upon the current provisions of the bill as outlined in the Substitute for Senate Bill 209 (LC 56 0619S). Any subsequent changes in the retirement bill could invalidate the actuarial investigations and the findings included therein.

Respectfully Submitted,



Greg S. Griffin
State Auditor

GSG/cs



February 24, 2026

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

SUBSTITUTE OF SENATE BILL 209 (LC 56 0619S)

Dear Mr. Griffin:

As requested, we have made an actuarial investigation of the impact of the substitute to Senate Bill 209 (LC 56 0619S) on the Teachers Retirement System (TRS) in accordance with the requirements of Code Section 47-20-36.

Background

This bill amends TRS and the Public School Employees Retirement System (PSERS) to allow any public school employee employed not less than half time to elect TRS membership. However, the substitute to the original bill adds a requirement that the participating employer (local unit of administration or postsecondary vocational-technical schools governed by the Technical College System of Georgia) must make an irrevocable election to grant employees the ability to allow them to elect TRS membership.

Any person who elects this option shall begin making the employee contributions required under TRS and shall cease making contributions to PSERS, and no additional creditable service shall be allowed under PSERS.

Any PSERS member who elects TRS membership and who has less than ten years of creditable service shall withdraw his or her accumulated contributions and cease to be a member of PSERS.

Cost Impacts

The participating employers have to first elect to allow for their employees to elect into the Teachers Retirement System of Georgia. The determination of which participating employers would elect to allow their employees to elect into TRS is extremely difficult to predict, so therefore, we believe there is no cost impact to either system.

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.



**EXHIBIT A
TEACHERS RETIREMENT SYSTEM**

**SUBSTITUTE TO SENATE BILL 209 (LC 56 0619S)
(\$ IN THOUSANDS)**

Cost	Before Legislation		After Legislation		Increase Due to Legislation	
Unfunded Actuarial Accrued Liability	\$29,508,498		\$29,508,498		\$0	
Amount of the Annual Amortization of the Unfunded Actuarial Accrued Liability	\$2,161,600		\$2,161,600		\$0	
Number of Years that the Unfunded Actuarial Accrued Liability would be Amortized	20.6		20.6		20	
Annual Contribution:	%	Annual Amount	%	Annual Amount	%	Annual Amount
Normal Cost	8.81 %	\$ 1,409,600	8.81 %	\$ 1,409,600	0.00 %	\$ 0
Accrued Liability	13.51	2,161,600	13.51	2,161,600	0.00	0
Employer Contribution Rate Currently in Effect	22.32 %	\$ 3,571,200	22.32 %	\$ 3,571,200	0.00 %	\$ 0
Employer Contribution Rate Recommended due to Minimum Funding Standards	22.32 %	\$ 3,571,200	22.32 %	\$ 3,571,200	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 \$16,000,000,000 was used for the 2025-2026 Plan Year for all participants.



Mr. Greg Griffin
February 24, 2026
Page 2

Actuarial Assumptions

The cost estimates contained in this letter are based on the data, methods, assumptions, and provisions used in the June 30, 2024 actuarial valuations for PSERS and TRS.

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,

Handwritten signature of Edward J. Koebel in blue ink.

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

Handwritten signature of Ben Mobley in blue ink.

Ben Mobley, ASA, FCA, MAAA
Consulting Actuary



February 24, 2026

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

SUBSTITUTE OF SENATE BILL 209 (LC 56 0619S)

Dear Mr. Griffin:

As requested, we have made an actuarial investigation of the impact of the substitute to Senate Bill 209 (LC 56 0619S) on the Public School Employees Retirement System (PSERS) in accordance with the requirements of Code Section 47-20-36.

Background

This bill amends PSERS and the Teachers Retirement System (TRS) to allow any public school employee employed not less than half time to elect TRS membership. However, the substitute to the original bill adds a requirement that the participating employer (local unit of administration or postsecondary vocational-technical schools governed by the Technical College System of Georgia) must make an irrevocable election to grant employees the ability to allow them to elect TRS membership.

Any PSERS member who elects TRS membership and who has ten or more years of creditable service may elect to either a) withdraw his or her accumulated contributions and cease to be a member of PSERS or b) allow his or her accumulated contributions to remain in the fund and retain the vested rights established under PSERS. Any PSERS member who elects TRS membership shall cease making contributions to PSERS, and no additional creditable service shall be allowed under PSERS.

Any PSERS member who elects TRS membership and who has less than ten years of creditable service shall withdraw his or her accumulated contributions and cease to be a member of PSERS.

Cost Impacts

The participating employers have to first elect to allow for their employees to elect into the Teachers Retirement System of Georgia. The determination of which participating employers would elect to allow their employees to elect into TRS is extremely difficult to predict, so therefore, we believe there is no cost impact to either system.

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.



EXHIBIT A
PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM
SUBSTITUTE TO SENATE BILL 209 (LC 56 0619S)
(\$ IN THOUSANDS)

Cost	Before Legislation		After Legislation		Increase Due to Legislation	
Unfunded Actuarial Accrued Liability	\$198,200		\$198,200		\$0	
Amount of the Annual Amortization of the Unfunded Actuarial Accrued Liability	\$20,978		\$20,978		\$0	
Number of Years that the Unfunded Actuarial Accrued Liability would be Amortized	16.0		16.0		0.0	
Annual Contribution	\$ per Active Annual Member Amount		\$ per Active Annual Member Amount		\$ per Active Annual Member Amount	
Normal Cost	\$ 440.76	\$ 14,554	\$ 440.76	\$ 14,554	\$ 0.00	\$ 0
Accrued Liability	<u>635.29</u>	<u>20,978</u>	<u>635.29</u>	<u>20,978</u>	<u>0.00</u>	<u>0</u>
Employer Contribution Rate Currently in Effect	\$ 1,076.05	\$ 35,532	\$ 1,076.05	\$ 35,532	\$ 0.00	\$ 0
Employer Contribution Rate Recommended due to Minimum Funding Standards	\$ 1,076.05	\$ 35,532	\$ 1,076.05	\$ 35,532	\$ 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.



Mr. Greg Griffin
February 24, 2026
Page 2

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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.

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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

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