



October 30, 2025

The Honorable John Carson
 Chairman, House Retirement Committee
 State Capitol, Room 401-E
 Atlanta, GA 30334

SUBJECT: Actuarial Investigation
 House Bill 438 (LC 56 0281)
 Employees' Retirement System of Georgia

Dear Chairman Carson:

This bill would amend provisions relating to eligibility for retirement benefits for certain law enforcement personnel covered under the Employees' Retirement System of Georgia. Under current law, the normal retirement age for most members of the System is 60 years of age. However, the normal retirement age for certain law enforcement personnel is 55 years of age provided they have at least 10 years of creditable service.

This legislation expands the list of law enforcement personnel who would be eligible for a normal retirement benefit at 55 years of age to include all members who are in service with the Department of Public Safety as a sworn law enforcement officer, noncommissioned officer, or trooper, as well as the commissioner and the deputy commissioner of the Department of Public Safety. Such members would also be covered by the creditable service and disability benefits provisions provided to other law enforcement personnel.

Based on the provisions of House Bill 438, an additional 250 members of the ERS would be covered by the enhanced benefits offered to 'law enforcement officers' and the estimated first-year cost of this bill would be \$661,000 to meet the concurrent funding requirements of O.C.G.A. §47-20-50. This cost includes \$124,000 each year for the next 20 years to amortize the \$1,250,000 increase in the unfunded actuarial accrued liability and \$537,000 each year to fund the normal cost. The estimated cost would result in a 0.10 percent increase in the employer contribution rate for non-GSEPS and GSEPS members of the ERS who are impacted by this bill. As shown in the following table, the actuary does not anticipate the provisions of this bill would impact the projected funded ratio of the ERS for the next five years.

Fiscal Year	Funded Ratio Before HB 438	Funded Ratio with HB 438	Change in Funded Ratio*
2027	75.9%	75.9%	0%
2028	83.2%	83.2%	0%
2029	85.1%	85.1%	0%
2030	90.1%	90.1%	0%
2031	94.4%	94.4%	0%

This cost estimate is based on current member data, an estimated payroll of \$124,000,000 for all members who would be eligible reduced normal retirement age and enhanced disability benefits, 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 is a summary of the relevant findings of the actuarial investigation for this bill pursuant to a request from the House 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>1,250,000</u>
(2)	The amount of the annual amortization of the unfunded actuarial accrued liability which will result from the bill.	\$ <u>124,000</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>537,000</u>
(5)	The employer contribution rate currently in effect for affected non-GSEPS members in ERS.	<u>37.60%*</u>
(6)	The non-GSEPS employer contribution rate recommended for affected members (in conformity with minimum funding standards specified in O.C.G.A. §47-20-10).	<u>37.70%</u>
(7)	The employer contribution rate currently in effect for affected GSEPS members in ERS.	<u>28.16%*</u>
(8)	The GSEPS employer contribution rate recommended for affected members (in conformity with minimum funding standards specified in O.C.G.A. §47-20-10).	<u>28.26%</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>661,000</u>

**This rate represents the employer contribution rate that has been recommended by the actuary beginning July 1, 2026, for the affected members under the Employees' Retirement System 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 House Bill 438 (LC 56 0281). Any subsequent changes in the retirement bill could invalidate the actuarial investigation and the findings included therein.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Greg S. Griffin".

Greg S. Griffin
State Auditor

GSG/cs



October 23, 2025

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

HOUSE BILL 438 (LC 56 0281)

Dear Mr. Griffin:

As requested, we have made an actuarial investigation of the impact of House Bill 438 (LC 56 0281) 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 sworn law enforcement officers serving in the Department of Public Safety and the commissioner and deputy commissioner of the Department of Public Safety shall be eligible to retire after attaining age 55 and receive the regular retirement benefits under the existing provisions of ERS, subject to a minimum monthly retirement benefit equal to two percent of highest average compensation per year of creditable service. Such participants shall be eligible to obtain up to an additional five years of creditable service in ERS for the period of local full-time service, not to exceed actual service under the local governing authority.

In order to be granted past creditable service under this legislation, the member must (1) not be eligible for a defined benefit or defined contribution retirement or pension plan while employed by the local governing authority (excluding membership in the Peace Officers' Annuity and Benefit Fund), (2) have been a member of ERS for at least ten years and (3) pay to the board of trustees of ERS an amount determined to cover the full actuarial cost of granting the past creditable service.

This bill also provides that such a member of the of the Department of Public Safety who is a contributing members of ERS and who becomes permanently disabled due to an act of external violence or injury incurred in the line of duty shall, after making written application to the board of trustees and after a medical examination and upon certification by the medical board that such member is permanently disabled, be entitled to a monthly disability allowance as computed on the member's life expectancy without option. This monthly disability allowance shall be payable to the member only, during his or her life or length of disability, shall not exceed 80 percent of the service allowance that would have been payable to the member had he or she accumulated not more than 30 years of creditable service and had retired at age 65.

Such allowance shall be computed on the basis of the member's monthly earnable compensation for the month in which his or her permanent disability occurred and apply regardless of the length of service of any such member with the member deemed to have acquired 30 or more years of creditable service. In addition, a member so disabled in the line of duty shall receive a monthly supplemental benefit which shall be in the amount of \$5.00 per month for each year of creditable service as a member, not to exceed \$150.00 per month.



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Cost Impacts

The employers of members currently receiving the same benefits granted by this legislation (defined as police in the annual valuation report) pay a special contribution rate in addition to the actuarially determined contribution rates paid by other employers (8.32% of payroll for non-GSEPS members and 2.65% of payroll for GSEPS members). The increase in the normal cost due to this legislation would be equal to the additional special contribution rates currently in effect, multiplied by the payroll of the members covered under the bill (approximately \$16M), or approximately \$537,000 in the first year.

In addition, there is 0.10% of payroll increase to the special employer contribution rate, or \$124,000 in the first year, for the amortization of the additional unfunded actuarial accrued liability due to this legislation. This is based on an estimated total projected police payroll of \$124,000,000 (\$108,000,000 for current police members and \$16,000,000 for the additional police members due to the bill).

Therefore, the total cost of this legislation is \$661,000 in the first year. The estimated increase in the unfunded accrued liability as a result of this legislation would be \$1,250,000.

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.

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. Based on information we received from the Department of Public Safety, we have estimated that the bill would affect approximately 230 members. 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.



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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.

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

HOUSE BILL 438 (LC 56 0281)
(All amounts are in \$ thousands)

Cost	Before Legislation		After Legislation		Increase Due to Legislation	
Unfunded Actuarial Accrued Liability	\$5,156,679		\$5,157,929		\$1,250	
Amount of the Annual Amortization of the Unfunded Actuarial Accrued Liability	\$23,652		\$23,776		\$124	
Number of Years that the Unfunded Actuarial Accrued Liability would be Amortized	10.9		10.9		0	
Annual Contribution: Non-GSEPS	%	Annual Amount	%	Annual Amount	%	Annual Amount
	15.70 %	\$ 4,396	15.70 %	\$ 4,562	0.00 %	\$ 166
Normal Cost	21.90	6,132	22.00	6,162	0.10	30
Accrued Liability						
Employer Contribution Rate Currently in Effect	37.60 %	\$ 10,528	37.70 %	\$ 10,724	0.10 %	\$ 196
Non-GSEPS Employer Contribution Rate Recommended due to Minimum Funding Standards	37.60 %	\$ 10,528	37.70 %	\$ 10,724	0.10 %	\$ 196
Annual Contribution: GSEPS	%	Annual Amount	%	Annual Amount	%	Annual Amount
	6.26 %	\$ 5,008	6.26 %	\$ 5,379	0.00 %	\$ 371
Normal Cost	21.90	17,520	22.00	17,614	0.10	94
Accrued Liability						
Employer Contribution Rate Currently in Effect	28.16 %	\$ 22,528	28.26 %	\$ 22,993	0.10 %	\$ 465
GSEPS Employer Contribution Rate Recommended due to Minimum Funding Standards	28.16 %	\$ 22,528	28.26 %	\$ 22,993	0.10 %	\$ 465

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 108,000,000 was used for the 2026-2027 Plan Year for current police participants; of which \$28,000,000 was for Non-GSEPS members and \$80,000,000 was for GSEPS members. An estimated payroll of \$124,000,000 was used for the 2026-2027 Plan Year for police participants based on the legislation, of which \$30,000,000 was for Non-GSEPs members and \$94,000,000 was for GSEPs members.



**EXHIBIT B
EMPLOYEES RETIREMENT SYSTEM
HOUSE BILL 438 (LC 56 0281)**

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 Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability Rate (h)	Normal Cost (non-GSEPs)	Normal Cost Rate (non-GSEPs)	Total Employer Rate (non-GSEPs)	Normal Cost (GSEPs)	Normal Cost Rate (GSEPs)	Total Employer Rate (GSEPs)
(a)	(b)	(c)	(d)	(e)	(f) = (c) / (e)	(g) = (e) - (c)	(h)	(i)	(j)	(k) = (h) + (j)	(l)	(m)	(n) = (h) + (m)
2024	2027	\$16,216	\$22,396	\$21,372	75.9%	\$5,157	21.90%	\$4	15.70%	37.60%	\$5	6.26%	28.16%
2025	2028	\$17,793	\$22,408	\$21,396	83.2%	\$3,603	19.88%	\$4	15.65%	35.53%	\$6	6.28%	26.16%
2026	2029	\$18,265	\$22,463	\$21,460	85.1%	\$3,195	17.87%	\$4	15.59%	33.46%	\$6	6.29%	24.16%
2027	2030	\$19,349	\$22,482	\$21,486	90.1%	\$2,137	15.85%	\$3	15.54%	31.39%	\$7	6.31%	22.16%
2028	2031	\$20,274	\$22,469	\$21,477	94.4%	\$1,203	13.85%	\$3	15.49%	29.34%	\$7	6.31%	20.16%

* 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 Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability Rate (h)	Normal Cost (non-GSEPs)	Normal Cost Rate (non-GSEPs)	Total Employer Rate (non-GSEPs)	Normal Cost (GSEPs)	Normal Cost Rate (GSEPs)	Total Employer Rate (GSEPs)
(a)	(b)	(c)	(d)	(e)	(f) = (c) / (e)	(g) = (e) - (c)	(h)	(i)	(j)	(k) = (h) + (j)	(l)	(m)	(n) = (h) + (m)
2024	2027	\$16,216	\$22,403	\$21,374	75.9%	\$5,158	22.00%	\$4	15.70%	37.70%	\$5	6.26%	28.26%
2025	2028	\$17,793	\$22,415	\$21,398	83.2%	\$3,605	19.97%	\$4	15.65%	35.62%	\$6	6.28%	26.25%
2026	2029	\$18,265	\$22,471	\$21,463	85.1%	\$3,198	17.96%	\$4	15.59%	33.55%	\$6	6.29%	24.25%
2027	2030	\$19,350	\$22,491	\$21,490	90.0%	\$2,140	15.93%	\$3	15.54%	31.47%	\$7	6.31%	22.24%
2028	2031	\$20,275	\$22,477	\$21,482	94.4%	\$1,206	13.93%	\$3	15.49%	29.42%	\$7	6.31%	20.24%

* 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 Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability Rate (h)	Normal Cost (non-GSEPs)	Normal Cost Rate (non-GSEPs)	Total Employer Rate (non-GSEPs)	Normal Cost (GSEPs)	Normal Cost Rate (GSEPs)	Total Employer Rate (GSEPs)
(a)	(b)	(c)	(d)	(e)	(f) = (c) / (e)	(g) = (e) - (c)	(h)	(i)	(j)	(k) = (h) + (j)	(l)	(m)	(n) = (h) + (m)
2024	2027	\$0	\$7	\$1	0.0%	\$1	0.10%	\$0	0.00%	0.10%	\$0	0.00%	0.10%
2025	2028	\$0	\$7	\$2	0.0%	\$2	0.09%	\$0	0.00%	0.09%	\$0	0.00%	0.09%
2026	2029	\$0	\$8	\$3	0.0%	\$3	0.09%	\$0	0.00%	0.09%	\$0	0.00%	0.09%
2027	2030	\$1	\$8	\$4	0.0%	\$3	0.08%	\$0	0.00%	0.08%	\$0	0.00%	0.08%
2028	2031	\$1	\$8	\$4	0.0%	\$3	0.08%	\$0	0.00%	0.08%	\$0	0.00%	0.08%

* Dollar amounts reported in millions.