



DOAA

Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

October 30, 2025

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

SUBJECT: Actuarial Investigation
House Bill 818 (LC 56 0391)
Employees' Retirement System of Georgia
Georgia Judicial Retirement System

Dear Chairman Carson:

This bill would amend provisions relating to membership in the Georgia Judicial Retirement System (JRS). Specifically, this bill would authorize individuals employed as full-time Georgia Tax Court judges to become members of the JRS. Currently, such persons participate in the Employees' Retirement System of Georgia (ERS). If this legislation is enacted, all persons hired into this position on or after July 1, 2026 will automatically become members of the JRS. Under the provisions of this bill, any person who is serving in this position on the effective date may elect to transfer their membership to the JRS or they may elect to remain in the ERS.

Under the provisions of this bill, the transferring member would be eligible to obtain creditable service in the JRS equal to the amount of service time earned under the ERS. The ERS would be required to transfer all employee and employer contributions, with interest, to the JRS. The transferring member would be required to pay any additional amount necessary to fund the full actuarial cost of the creditable service granted. Currently, there is one tax court judge in Georgia and one additional person who has been appointed but has not yet assumed the position.

This legislation would impact the Employees' Retirement System of Georgia (ERS) only if any person serving as a tax court judge on June 30, 2026 elects to transfer their membership from ERS to the Georgia Judicial Retirement System (JRS). If such election is made, the ERS could realize an estimated increase in the unfunded actuarial accrued liability of \$498,000 because the System would lose the value of the contributions made by or on behalf of the members, the associated earnings, and future earnings from such contributions. However, there are currently only two members that could be eligible to transfer their membership. Therefore, the impact to the unfunded actuarial accrued liability is not large enough to require an increase in the annual amortization of the unfunded actuarial accrued liability. Therefore, this bill would not result in an increase in the employer contribution rate for the ERS. The cost estimate is based on current member data, an estimated payroll of \$3,500,000,000, 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.

This legislation should not have any fiscal impact on the Georgia Judicial Retirement System (JRS). The amount of creditable service awarded to a transferring member will be determined by the value of the contributions transferred from the ERS, along with any additional amount paid by the transferring member. All persons who become tax court judges on or after July 1, 2026 would be subject to the provisions available to all new members to the System. This bill will not result in an increase in the unfunded actuarial accrued liability or cause an increase in the employer contribution rate. The cost estimate is based on current member data, an estimated payroll of \$75,000,000, 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 investigations for this bill. The investigations were completed pursuant to a request from the House Retirement Committee. The investigations were to be conducted according to O.C.G.A. §47-20-36, which outlines the factors to be considered in an actuarial investigation.

Employees' Retirement System of Georgia

(1)	The amount of the unfunded actuarial accrued liability which will result from the bill.	\$ <u>498,000</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.*

Georgia Judicial Retirement System

(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 the Georgia Judicial Retirement System.	<u> 9.10%*</u>
(6)	The employer contribution rate recommended (in conformity with minimum funding standards specified in O.C.G.A. §47-20-10).	<u> 9.10%</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.*

It should be noted that these cost estimates are based upon the current provisions of the bill as outlined in House Bill 818 (LC 56 0391). 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



September 30, 2025

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

HOUSE BILL 818 (LC 56 0391)

Dear Mr. Griffin:

As requested, we have made an actuarial investigation of the impact of House Bill 818 (LC 56 0391) on the Employees' Retirement System of Georgia (ERS) in accordance with the requirements of Code Section 47-20-36.

Background

This bill provides that on or after July 1, 2026, any individual employed as a judge in the Georgia Tax Court shall become a member of the Judicial Retirement System of Georgia (JRS) but also provides that any member employed as such may elect to transfer creditable service with ERS to JRS. If such an election is made, the member must pay JRS any remaining amount necessary to cover the full actuarial cost of such transfer after ERS has transferred all employer and employee contributions with regular interest while a member of ERS.

Cost Impacts

This legislation would only impact ERS if the current chief judge and/or the judge that has been nominated to replace him elects to transfer either of their service from ERS to JRS. Our analysis indicates that such a transfer may be an attractive option to these members but ultimately it would be a decision to be made by the members. The following analysis assumes that both members would elect to make the transfer to JRS.

The cost to ERS would stem from the loss of the employer and employee contributions related to these members and the loss of future investment earnings on those amounts. However, this would be partially offset by the elimination of any pension liability to ERS on behalf of these members.

The estimated increase in the unfunded actuarial accrued liability would be \$498,000. However, when the accrued liability contribution rate is calculated to include this amount, the result, when rounded, comes out to the same rate as the baseline. In other words, the change in the rate is less than one basis point. Therefore, the cost of this bill would be approximately \$0 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 rates are in conformity with the minimum funding standards specified by Code Section 47-20-10.



Mr. Greg Griffin
September 30, 2025
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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. There were no changes in any of the current actuarial assumptions for this actuarial impact letter. 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.

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 818 (LC 56 0391)
(All amounts are in \$ thousands)

Cost	Before Legislation		After Legislation		Increase Due to Legislation	
Unfunded Actuarial Accrued Liability	\$5,156,679		\$5,157,177		\$498	
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		0	
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.



**EXHIBIT B
EMPLOYEES RETIREMENT SYSTEM
HOUSE BILL 818 (LC 56 0391)**

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 $(g) = (e) - (c)$	Unfunded Actuarial Accrued Liability Rate (h)	Normal Cost Rate (New Plan)	Total Employer Rate $(k) = (h) + (i)$	Normal Cost Rate (GSEPs)	Total Employer Rate (GSEPs) $(n) = (h) + (m)$
(a)	(b)	(c)	(d)	(e)	(f) = (c) / (e)	(g) = (e) - (c)	(h)	(i)	(k) = (h) + (i)	(m)	(n) = (h) + (m)
2024	2027	\$16,216	\$22,396	\$21,372	75.9%	\$5,156	21.90%	\$71	29.29%	\$92	25.51%
2025	2028	\$17,793	\$22,408	\$21,396	83.2%	\$3,603	19.88%	\$63	27.21%	\$97	23.51%
2026	2029	\$18,265	\$22,463	\$21,460	85.1%	\$3,195	17.87%	\$56	25.14%	\$103	21.51%
2027	2030	\$19,349	\$22,482	\$21,486	90.1%	\$2,137	15.85%	\$48	23.07%	\$108	19.51%
2028	2031	\$20,274	\$22,469	\$21,477	94.4%	\$1,203	13.85%	\$43	21.02%	\$113	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 Actuarial Accrued Liability $(g) = (e) - (c)$	Unfunded Actuarial Accrued Liability Rate (h)	Normal Cost Rate (New Plan)	Total Employer Rate $(k) = (h) + (i)$	Normal Cost Rate (GSEPs)	Total Employer Rate (GSEPs) $(n) = (h) + (m)$
(a)	(b)	(c)	(d)	(e)	(f) = (c) / (e)	(g) = (e) - (c)	(h)	(i)	(k) = (h) + (i)	(m)	(n) = (h) + (m)
2024	2027	\$16,216	\$22,396	\$21,372	75.9%	\$5,156	21.90%	\$71	29.29%	\$92	25.51%
2025	2028	\$17,793	\$22,408	\$21,396	83.2%	\$3,603	19.88%	\$63	27.21%	\$97	23.51%
2026	2029	\$18,265	\$22,463	\$21,460	85.1%	\$3,195	17.87%	\$56	25.14%	\$103	21.51%
2027	2030	\$19,349	\$22,482	\$21,486	90.1%	\$2,137	15.85%	\$48	23.07%	\$108	19.51%
2028	2031	\$20,274	\$22,469	\$21,477	94.4%	\$1,203	13.85%	\$43	21.02%	\$113	17.51%

* 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 $(g) = (e) - (c)$	Unfunded Actuarial Accrued Liability Rate (h)	Normal Cost Rate (New Plan)	Total Employer Rate $(k) = (h) + (i)$	Normal Cost Rate (GSEPs)	Total Employer Rate (GSEPs) $(n) = (h) + (m)$
(a)	(b)	(c)	(d)	(e)	(f) = (c) / (e)	(g) = (e) - (c)	(h)	(i)	(k) = (h) + (i)	(m)	(n) = (h) + (m)
2024	2027	\$0	(\$0)	(\$0)	0.0%	(\$0)	0.00%	(\$0)	0.00%	(\$0)	0.00%
2025	2028	(\$0)	(\$0)	(\$0)	0.0%	\$0	0.00%	(\$0)	0.00%	(\$0)	0.00%
2026	2029	(\$0)	(\$0)	(\$0)	0.0%	(\$0)	0.00%	(\$0)	0.00%	(\$0)	0.00%
2027	2030	\$0	\$0	\$0	0.0%	(\$0)	0.00%	(\$0)	0.00%	(\$0)	0.00%
2028	2031	\$0	(\$0)	\$0	0.0%	(\$0)	0.00%	(\$0)	0.00%	(\$0)	0.00%

* Dollar amounts reported in millions.



September 30, 2025

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

HOUSE BILL 818 (LC 56 0391)

Dear Mr. Griffin:

As requested, we have made an actuarial investigation of the impact of House Bill 818 (LC 56 0391) on the Judicial Retirement System of Georgia (JRS) in accordance with the requirements of Code Section 47-20-36.

Background

This bill provides that on or after July 1, 2026, any individual employed as a judge in the Georgia Tax Court shall become a member of JRS but also provides that any member employed as such may elect to transfer creditable service with the Employees' Retirement System (ERS) to JRS. If such an election is made, the member must pay JRS any remaining amount necessary to cover the full actuarial cost of such transfer after ERS has transferred all employer and employee contributions with regular interest while a member of ERS.

Cost Impacts

Since this legislation states that members must pay to the Board of Trustees an amount sufficient to cover the full actuarial cost of granting such creditable service, we believe there is no cost impact to JRS.

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



Mr. Greg Griffin
September 30, 2025
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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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Respectfully submitted,

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

Ben Mobley, ASA, FCA, MAAA
Consulting Actuary



EXHIBIT A

JUDICIAL RETIREMENT SYSTEM

HOUSE BILL 818 (LC 56 0391)
 (All amounts are in \$ thousands)

Cost	Before Legislation		After Legislation		Increase Due to Legislation	
Unfunded Actuarial Accrued Liability	\$ (27,413)		\$ (27,413)		\$ 0	
Amount of the Annual Amortization of the Unfunded Actuarial Accrued Liability	\$(3,735)		\$(3,735)		\$ 0	
Number of Years that the Unfunded Actuarial Accrued Liability would be Amortized	9.9		9.9		0	
Annual Contribution:	%	Annual Amount	%	Annual Amount	%	Annual Amount
Normal Cost	14.08 %	\$ 10,560	14.08 %	\$ 10,560	0.00 %	\$ 0
Accrued Liability	(4.98)	(3,735)	(4.98)	(3,735)	0.00	0
Employer Contribution Rate Currently in Effect	9.10 %	\$ 6,825	9.10 %	\$ 6,825	0.00 %	\$ 0
Employer Contribution Rate Recommended due to Minimum Funding Standards	9.10 %	\$ 6,825	9.10 %	\$ 6,825	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 \$75,000,000 was used for the 2026-2027 Plan Year for all participants.