



DOAA

Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

March 25, 2026

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

SUBJECT: State Auditor's Certification
Substitute to Senate Bill 261 (LC 56 0697S)

Dear Chairman Carson:

This substitute bill would amend provisions relating to member contributions and retirement allowances under the Magistrates Retirement Fund of Georgia. Currently, each member pays monthly dues equal to 3.42 percent of their maximum average final monthly compensation. If this legislation is enacted, the monthly dues would be increased to four percent effective July 1, 2026. This substitute bill would also change the formula for calculating retirement allowances. Currently, members receive a benefit equal to four percent of their average final monthly compensation allowed for each year served, up to a maximum of 20 years. This bill would enhance the formula for calculating monthly retirement allowances by increasing the multiplier to five percent and by calculating the retirement allowance based on a maximum of 28 years of creditable service.

Furthermore, this substitute bill would make a change to the composition of the Board of Commissioners of the Magistrates Retirement Fund of Georgia. The Board consists of seven members, of which five members must be chief magistrate judges who are active in the Fund. If this legislation is enacted, the composition of the Board would be modified to include four active chief magistrate judges and one retired chief magistrate judge who is a member of the Fund. The requirements for the two final members would remain the same.

This is to certify that this substitute bill is a reduction in cost amendment as defined in the Public Retirement Systems Standards Law. An Actuarial Investigation and State Auditor's Summary for the Substitute to Senate Bill 261 (LC 56 0697S) is attached.

Respectfully,

Greg S. Griffin
State Auditor

GSG/cs



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March 25, 2026

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

SUBJECT: Actuarial Investigation
Substitute to Senate Bill 261 (LC 56 0697S)
Magistrates Retirement Fund of Georgia

Dear Chairman Carson:

This substitute bill would amend provisions relating to member contributions and retirement allowances under the Magistrates Retirement Fund of Georgia. Currently, each member pays monthly dues equal to 3.42 percent of their maximum average final monthly compensation. If this legislation is enacted, the monthly dues would be increased to four percent. This substitute bill would also change the formula for calculating retirement allowances. Currently, members receive a benefit equal to four percent of their average final monthly compensation allowed for each year served, up to a maximum of 20 years. This bill would enhance the formula for calculating monthly retirement allowances by increasing the multiplier to five percent and by calculating the retirement allowance based on a maximum of 28 years of creditable service.

Furthermore, this substitute bill would make a change to the composition of the Board of Commissioners of the Magistrates Retirement Fund of Georgia. The Board consists of seven members, of which five members must be chief magistrate judges who are active in the Fund. If this legislation is enacted, the composition of the Board would be modified to include four active chief magistrate judges and one retired chief magistrate judge who is a member of the Fund. The requirements for the two final members would remain the same.

The first-year cost of this legislation is estimated to be \$800,000. This estimate includes \$368,000 each year for the next 30 years to amortize the increase in the unfunded actuarial accrued liability and \$432,000 each year to fund the normal cost. However, since the anticipated revenue received into the Fund from court fees and membership dues would continue to exceed the projected required contribution if this legislation is enacted, no additional funding is needed to cover the first-year cost of Senate Bill 261 (LC 56 0697S). The cost estimate is based on actuarial methods and member data for the approximate 129 active members of the Fund. Changes to any of these variables could affect the cost of this legislation. Any future costs would be paid from fees paid in the Magistrate Court. It should be noted that the Magistrates Retirement Fund has a funded ratio of approximately 147 percent, based on the most recent information available. If this legislation is enacted, the actuary estimates that the funded ratio would remain above 100 percent but would be reduced to approximately 128.5 percent.

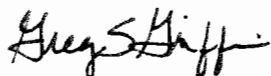
The following is a summary of the relevant findings included in the actuarial investigation for this bill. The investigation was completed pursuant to a request from the House Retirement Committee. The investigation was to be conducted according to O.C.G.A. §47-20-36, which outlines the factors to be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

(1)	The amount of the unfunded actuarial accrued liability which will result from the bill.	\$ <u>5,117,000</u>
(2)	The amount of the annual amortization of the unfunded actuarial accrued liability which will result from the bill.	\$ <u>368,000</u>
(3)	The number of years that the unfunded actuarial accrued liability created by the bill would be amortized.	<u>30</u>
(4)	The amount of the annual normal cost which will result from the bill.	\$ <u>432,000</u>
(5)	The employer contribution rate currently in effect for members.	<u>\$3 from each civil matter filed in the Magistrate Court</u>
(6)	The employer contribution rate recommended for members (in conformity with minimum funding standards specified in O.C.G.A. §47-20-10).	<u>\$3 from each civil matter filed in the Magistrate Court</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>

**If this legislation is enacted, the first-year cost to the Fund would total \$800,000, which would increase the required employer contribution to \$1,078,000. However, projected revenue from the \$3 fee for each civil matter filed in the Magistrate Court and member contributions approximates \$2 million, which is sufficient to cover existing commitments and the first-year cost of this bill. Therefore, no additional funding would be required to meet the concurrent funding requirements of O.C.G.A. §47-20-50.*

It should be noted that these cost estimates are based upon the current provisions of the bill as outlined in Senate Bill 261 (LC 56 0697S). 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



March 25, 2026

Honorable Greg S. Griffin, State Auditor
Georgia Department of Audits and Accounts
270 Washington Street, Suite 4-101
Atlanta, GA 30334

Re: Actuarial Investigation for Proposed Benefit Improvements for the Magistrates Retirement Fund ("Fund")

Dear Greg,

As requested, we have completed an actuarial investigation for the substitute bill for Senate Bill 261 (Substitute Bill) to determine the impact on the Fund's funding requirements associated with the following benefit improvements:

Summary of Proposed Benefit Improvements (Effective July 1, 2026)

- Increasing member dues from 3.42% to 4.0% of the salary limit.
- Increasing the benefit multiplier from 4.0% to 5.0% of final monthly compensation.
- Increasing the cap on benefit service from 20 years to 28 years.

Actuarial Impact of Proposed Changes

The Substitute Bill is projected to meet the concurrent funding requirements of OCGA 47-20-50 with regard to the changes outlined above. In particular, the above changes result in an increase of approximately \$432,000 to the Fund's normal cost and an increase of approximately \$800,000 to the Fund's contribution requirement. The table on the following page provides further details based on key funding information projected to the effective date of July 1, 2026, both before and after reflecting the Substitute Bill.



	2025	2024	2023
Dollars in Thousands			

A. Unfunded Actuarial Accrued Liability ("UAAL") (negative numbers indicate surplus assets)	(\$16,489)	(\$11,372)	\$5,117
B. Amount of the Annual Amortization of the UAAL	(\$1,186)	(\$818)	\$368
C. Number of Years the UAAL would be Amortized	30	30	
D. Normal Cost			
i. Normal Cost	\$1,501	\$1,942	\$441
ii. Administrative Expenses	170	170	0
iii. Expected Member Dues	(217)	(253)	(36)
iv. Interest	<u>10</u>	<u>37</u>	<u>27</u>
v. Total Normal Cost (i. + ii. + iii. + iv.)	\$1,464	\$1,896	\$432
E. Annual Contribution (B. + D.)	\$278	\$1,078	\$800
F. Contribution Amount Recommended Due to Minimum Funding Standards (E.)	\$278	\$1,078	\$800
G. Expected Court Revenues Amount in Effect (expected revenues from fines and forfeitures)	\$1,916	\$1,916	\$0
H. Expected Contribution Shortfall / (Surplus) (F. – G.)	(\$1,638)	(\$838)	\$800
I. Funded Percentage	147.4%	128.5%	(18.9%)

Data, Assumptions, Methods, and Plan Provisions

This analysis is based on liabilities from the June 30, 2025 actuarial valuation of the Fund. All assumptions, methods, and plan provisions are consistent with those used to prepare the June 30, 2025 Actuarial Valuation Report dated November 17, 2025.

Actuarial Notes and Certification

This analysis is performed to assist the Board in determining whether the assets and future revenues are sufficient to provide the proposed plan changes. This analysis may not be appropriate for use by other parties and/or other purposes. Where shown, the funded ratios are based on the projected actuarial value of assets and will differ from funded ratios based on the market value of

assets. The results of this analysis are not appropriate for use in determining whether or not the Plan has sufficient assets to settle all or a portion of its liabilities.

Future actuarial measurements may differ significantly from the current measurements presented herein for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations. Due to the limited scope, we did not perform an analysis of the potential range of such future measurements. The June 30, 2025 Actuarial Valuation Report for the Fund provides a detailed discussion of key risks that should also be considered when reviewing the results. There have been no additional risks identified specific to this analysis.

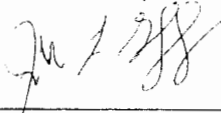
In performing the analysis, we used third-party software to model (calculate) the underlying liabilities and costs. These results are reviewed in the aggregate and for individual sample lives. The output from the software is either used directly or input into internally developed models to generate the costs. All internally developed models are reviewed as part of the process. As a result of this review, we believe that the models have produced reasonable results. We do not believe there are any material inconsistencies among assumptions or unreasonable output produced due to the aggregation of assumptions.

To our knowledge, no associate of Foster & Foster, Inc. has any direct financial interest or indirect material interest in the Board, nor does anyone at Foster & Foster, Inc. act as a member of the Board. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report. The undersigned is familiar with the immediate and long-term aspects of pension valuations and meets the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein.

This analysis has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to Georgia Public Retirement System Law, Code Title 47, Chapter 20, as well as applicable federal laws and regulations. In my opinion, the assumptions used in this report, as adopted by the Board, represent reasonable expectations of anticipated plan experience.

Respectfully submitted,

FOSTER & FOSTER, INC.



Joseph L. Griffin, ASA, EA, MAAA