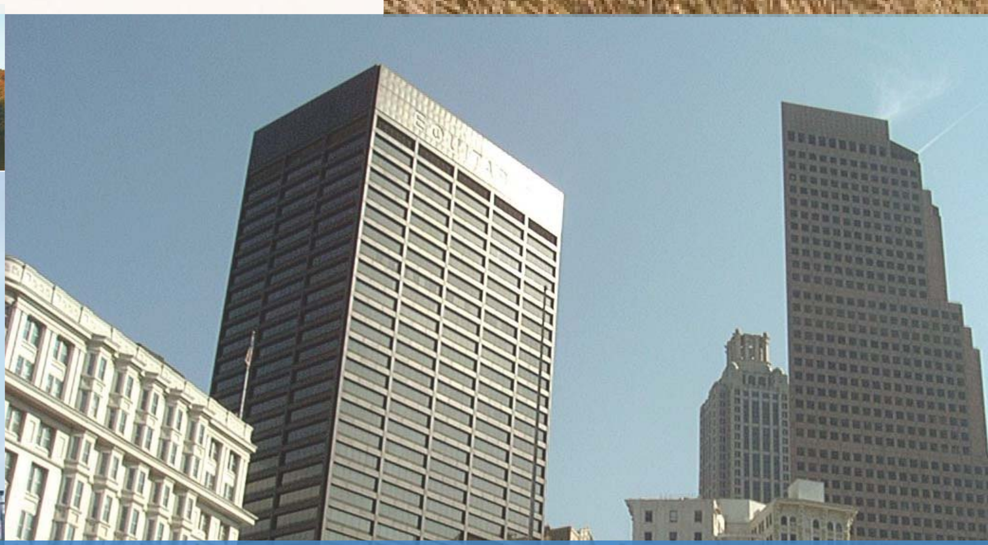
**Employees' Retirement System of Georgia**

# Comprehensive Annual Financial Report

2013



ERSGA
Employees' Retirement System of Georgia
*Serving those who serve Georgia*

***Fiscal Year Ended June 30, 2013***

***A component unit of the State of Georgia***

## Our Mission

Our mission is to be guardian of the retirement plans on behalf of the State of Georgia for the ultimate benefit of the members, retirees and beneficiaries.

Our vision is to use our passion for excellence to become the “Best Managed” retirement system in the country, utilizing state-of-the-art technology, and knowledgeable, customer-focused staff to best serve customers and to protect the retirement system for all of our current and future members.

## Our Values

Our Core Values are:

*Quality execution*
*Accurate results*
*Continuous improvement*
*Knowledgeable and customer focused staff*
*Sound and secure investment of funds*

ERSGA
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# Comprehensive Annual Financial Report

***Fiscal Year Ended June 30, 2013***

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Employees' Retirement System of Georgia
*Serving those who serve Georgia*

**James A. Potvin**
**Executive Director**

***A component unit of the State of Georgia***

# Table of Contents

# Introductory Section

# Boards of Trustees

ERSGA
Employees' Retirement System of Georgia
Serving those who serve Georgia

Two Northside 75
Atlanta, GA 30318

## Letter of Transmittal

December 20, 2013

I am pleased to present the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013 of the retirement systems and programs administered by the Employees' Retirement System of Georgia (the System). The management of the System is responsible for the accuracy, completeness and fairness of the presentation including all disclosures. It is to the best of our knowledge and belief that the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the System.

### Profile of the System

The Employees' Retirement System of Georgia was established to provide benefits for all State employees in 1949. Plans administered by the System include the Employees' Retirement System (ERS), the Legislative Retirement System (LRS) established in 1979, the Public School Employees Retirement System (PSERS) established in 1969, the Georgia Defined Contribution Plan (GDCP) established in 1992, the Georgia Judicial Retirement System (GJRS) established in 1998, and the Georgia Military Pension Fund (GMPF) established in 2002. In addition, the Board of Trustees is responsible for a Group Term Life Insurance Plan (SEAD), the 457 Plan established in 1974 and the 401(k) Plan which began in 1994. A summary of each plan can be found on pages 27 through 36 of this report. The investments of all plans are pooled together into one fund except for the three defined contribution plans, which are maintained individually.

The ERS, LRS, GDCP, GMPF, 401(k) and 457 plans are administered by a 7-member Board made up of 3 ex-officio members, 1 governor-appointed member, and 3 Board-appointed members. PSERS has the same Board as ERS with 2 additional governor-appointed members. GJRS has the same Board as ERS with 3 additional governor-appointed members.

As of June 30, 2013, the System's defined benefit plans served a total of 129,252 active members and 61,578 retirees/beneficiaries from 915 employers around the state. There were 42,349 participants in the 401(k) plan with a total account balance of $501 million. The 457 plan had 13,641 participants with a balance of $545 million. There are 484 participating employers from around the state in the 457 and 401(k) plans.

### Legislation

The 2013 session was a relatively quiet session for ERS and its Systems. In the first year of the two-year biennium, only three Acts were passed by the General Assembly and signed by the Governor: Acts 215, 216, and 220.

Act 215, for the GJRS, and Act 220, for the LRS, amended statute to clarify requirements for members returning to active service after their retirement. In addition, the Acts denoted the responsibilities of the Employers to report such rehired retirees to the System.

Act 216 restored certain necessary provisions to Title 47 concerning Common Law fiduciary duties of boards of trustees for public retirement systems. The Act also clarified that these duties are in addition to, and not replacing, fiduciary duties that may be found in other Titles in Georgia statute.

One additional bill was proposed for GJRS which, if enacted, would provide that part-time judges who transfer to a full-time status will not lose any service for purposes of determining their vesting status in GJRS. Since this bill is a fiscal bill, it was held over for an actuarial cost study and will be considered for possible passage in the 2014 session of the General Assembly.

### Summary of Financial Information

The Management of the System is charged with the responsibility of maintaining a sound system of internal accounting controls. The objectives of such a system are to provide management with reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorizations, and that they are recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. The concept of reasonable assurance recognizes that first, the cost of a control should not exceed the benefits likely to be derived, and second, the valuation of the cost and benefits requires estimates and judgments by management. Even though there are inherent limitations in any system of internal control, the management of the System makes every effort to ensure that through systematic reporting and internal reviews, errors or fraud would be quickly detected and corrected.

Please refer to the Management's Discussion and Analysis starting on page 15 of this report for an overview of the financial status of the System, including a summary of the System's Fiduciary Net Position, Changes in Fiduciary Net Position, and Asset Allocations.

In FY2013, the pooled fund generated a return of 13.3%. The fund continues to invest in a mix of high quality bonds and stocks which allows the System to participate in rising markets while controlling the downside risks. This has proven to be a successful strategy for other markets and for our System. For further information on investments of the pooled fund, please refer to pages 52 through 56 of this report.

The objective of ERS pension trust funds is to meet long-term benefit promises through contributions that remain approximately level as a percent of member payroll over time while maintaining an actuarially sound system. Historical information relating to the progress in meeting this objective is presented on pages 44-45. The latest actuarial valuations conducted as of June 30, 2012 show the funded ratio of most systems decreasing except for the smaller funds, GMPF and LRS. The decrease is primarily due to unfavorable investment experience. The following table shows the change in funding percentage for each of the pension systems:

| | FY2011 | FY2012 |
|---|---|---|
| ERS | 76.0% | 73.1% |
| PSERS | 81.2% | 79.4% |
| LRS | 116.0% | 116.1% |
| GJRS | 112.7% | 108.5% |
| GMPF | 32.5% | 35.7% |

Further information regarding the funding condition of the pension plans can be found in the Actuarial Section of this report.

## Excellence in Financial Reporting

For the third consecutive year, the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Employees' Retirement System of Georgia for its comprehensive annual financial report for the fiscal year ended June 30, 2012. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

## Initiatives

ERS continued to focus our administrative improvements in FY2013 in Technology Enhancements and Communication.

**Technology Enhancements**

ERS is committed to continuous improvement of our tools and technology as a means to improve our ability to interact with our members and employers. We added two new modules to our web site during the year. The first allows our employers to certify members' Forfeited Leave totals online rather than by using a paper form. The second allows members, former members, and retirees to do a simple search to see if the System has any unclaimed property, such as an uncashed check or an unrefunded account balance.

ERS was very pleased in FY2013 to bring our new online refund application process live for terminated and inactive members of the Georgia Defined Contribution Plan (GDCP). By June 2013, approximately half of all GDCP refund applications were being submitted online, providing an easy application experience for our members and saving ERS from processing hundreds of paper applications each month. This was step one of a multi-year project during which we plan to introduce online refund applications to our other major plans, as well as create an online retirement application process.

Our Information Technology Division was also instrumental in supporting many of the projects described in the following paragraphs.

**Communication**

Completing a project that began last year, our Financial Management Division created a series of online employer manuals, which our employers will be able to use as a training guide and reference materials for all processes where the System relies on their support and information. Also continuing an ongoing project, our Member Services Division distributed personalized Benefit Statements to all active members of the Public School Employees Retirement System (PSERS), and we are looking forward to distributing similar Statements to our active ERS members later this fall.

For our new hires, we have enhanced our Peach State Reserves 401(k) enrollment processing, relying not only on our employer HR personnel but also providing online tools and information to help them manage their new 401(k) accounts. Our terminating employees now receive letters from ERS letting them know of benefits that they may have available to them so they are not forgotten.

All of this outstanding effort, and more, was completed against the backdrop of a change in Board policy wherein the Board decided to discontinue the payment of the Tax

Offset Adjustment for several of our plans, which caused a large increase in phone calls, refund requests, estimate requests, and retirement applications. Each of these areas saw increases of 15-20% in annual volume over the previous year. I'm very proud of the way that our staff stepped forward and worked to provide a seamless and satisfying member experience despite the increase in demands on their time.

## Acknowledgements

This report reflects the combined effort of our staff under the Board's leadership. Copies of this report, along with other valuable plan information, can be downloaded from the System's website.

I would like to express my sincere thanks to the Boards of Trustees for their leadership and support. Many thanks are also extended to the offices of the Governor, Lieutenant Governor, members of the House and Senate Retirement Committees and their staff, members of the House and Senate, and the department officials whose support and assistance have helped ERS accomplish its mission over the years.

Respectfully submitted,

James A. Potvin, Executive Director
Employees' Retirement System of Georgia

Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## Employees' Retirement System of Georgia

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO

PPCC

Public Pension Coordinating Council

## *Recognition Award for Funding 2013*

Presented to

## *Employees' Retirement System of Georgia*

In recognition of meeting professional standards for
plan funding as
set forth in the Public Pension Standards.

*Presented by the Public Pension Coordinating Council, a confederation of*

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

Alan H. Winkle

Alan H. Winkle
Program Administrator

## Administrative Staff and Organization

James A. Potvin
Executive Director

Charles W. Cary, Jr.
CIO - Investment Services

Gregory J. Rooks
Controller

Chris Hackett
Director
Information Technology

Nicole Paisant
Director
Human Resources

Susan Anderson
Chief Operating
Officer

Carlton Lenoir
Chief Financial
Officer

Angie Surface
Director
Peach State Reserves
Quality Assurance

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### Consulting Services

Cavanaugh Macdonald Consulting, LLC - Actuary
KPMG LLP - Auditor
JPMorgan Chase Bank, N. A. - Defined Contribution Custodian
Aon Hewitt - Defined Contribution Consultant

### Medical Advisors

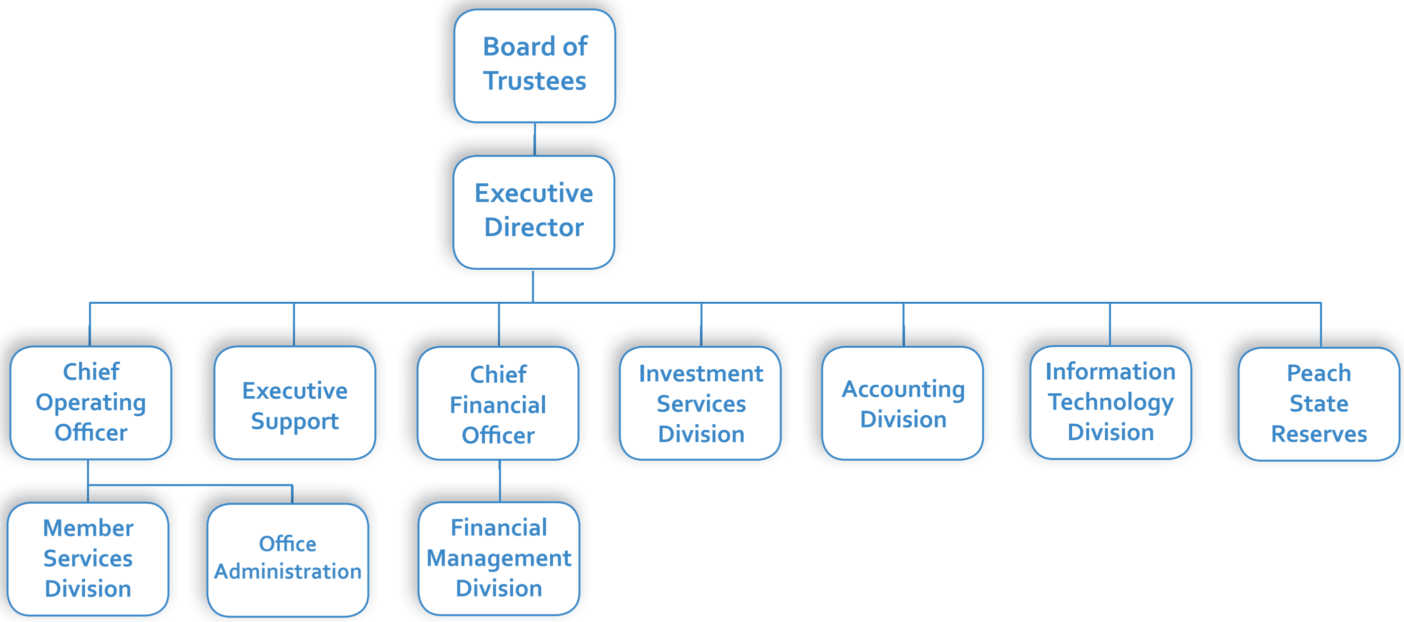
Harold E. Sours, M.D., Atlanta, GA
Benjamin B. Okel, M.D., Decatur, GA
G. Lee Cross, M.D., Atlanta, GA
Douglas Smith, M.D., Smyrna, GA
Richard Tyler, M.D., Atlanta, GA
William H. Biggers, M.D., Atlanta, GA
Jeffrey T. Nugent, M.D., Atlanta, GA
Pedro F. Garcia, M.D., Atlanta, GA
H. Rudolph Warren, M.D., Dunwoody, GA

### Investment Advisors*

Albritton Capital Management
Barrow, Hanley, Mewhinney & Strauss
Cooke & Bieler
Denver Investment Advisors
Fisher Investments
Mondrian Investment Partners Limited
Munder Capital Management
PENN Capital Management
RidgeWorth Capital Management
Sands Capital Management

*See page 55 in the Investment Section for a summary of fees paid to Investment Advisors.

# Organizational Chart



# Financial Section

ERSGA
Employees' Retirement System of Georgia
*Serving those who serve Georgia*

KPMG LLP
Suite 2000
303 Peachtree Street, NE
Atlanta, GA 30308-3210

# Independent Auditors' Report

The Board of Trustees
Employees' Retirement System of Georgia:

**Report on the Financial Statements**

We have audited the accompanying financial statements of the Employees' Retirement System of Georgia (the System), a component unit of the State of Georgia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the System as of June 30, 2013, and the changes in financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

**Other Matters**

*Required Supplementary Information*

U.S. generally accepted accounting principles require that the *management's discussion and analysis*, *schedules of funding progress* and *schedules of employer contributions* on pages 15-20 and 44-46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

KPMG

*Supplementary and Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the System's basic financial statements. The schedules of administrative expenses and investment expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules of administrative expenses and investment expenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of administrative expenses and investment expenses are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory, investment, actuarial, and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide an assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2013 on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

KPMG LLP

Atlanta, GA
December 20, 2013

# Management's Discussion and Analysis (Unaudited)

*June 30, 2013*

This section provides a discussion and analysis of the financial performance of the Employees' Retirement System of Georgia (the System) for the year ended June 30, 2013. The discussion and analysis of the System's financial performance is within the context of the accompanying basic financial statements, notes to the financial statements, required supplementary schedules, and additional information following this section.

The System is responsible for administering a cost-sharing, multiple-employer defined benefit pension plan for various employer agencies of Georgia, along with six other defined benefit pension plans, two defined other post-employment benefit plans, and three defined contribution plans.

The defined benefit pension plans include:

- Employees' Retirement System (ERS)
- Public School Employees Retirement System (PSERS)
- Legislative Retirement System (LRS)
- Georgia Judicial Retirement System (GJRS)
- Georgia Military Pension Fund (GMPF)
- Superior Court Judges Retirement Fund (SCJRF)
- District Attorneys Retirement Fund (DARF)

The defined other post-employment benefit plans include:

- State Employees' Assurance Department Active Members Trust Fund (SEAD-Active)
- State Employees' Assurance Department Retired and Vested Inactive Members Trust Fund (SEAD-OPEB)

The defined contribution retirement plans include:

- Georgia Defined Contribution Plan (GDCP)
- 401(k) Deferred Compensation Plan (401(k))
- 457 Deferred Compensation Plan (457)

## *Financial Highlights*

The following highlights are discussed in more detail later in this analysis:

- The net position of the System increased by $0.8 billion, or 5.9%, from $14.8 billion at June 30, 2012 to $15.6 billion at June 30, 2013. The increase in net position from 2012 to 2013 was primarily due to the increase in the equity markets in 2013.

- For the year ended June 30, 2013, the total additions to net position were an increase of $2.4 billion compared to an increase of $712 million for the year ended June 30, 2012. For the year ended June 30, 2013, the additions consisted of employer and member contributions totaling $533 million, insurance premiums of $5.8 million, net investment income of $1.9 billion, and participant fees of $0.9 million.

  For the year ended June 30, 2012, the total additions to net position were an increase of $712 million compared to an increase of $3.2 billion for the year ended June 30, 2011. For the year ended June 30, 2012, the additions consisted of employer and member contributions totaling $420 million, insurance premiums of $6.3 million, net investment income of $285 million, and participant fees of $0.8 million.

- Net investment income of $1.9 billion in 2013 (comprised of interest and dividend income, the change in fair value of investments, and other, reduced by investment expenses) represents a $1.6 billion increase, compared to the net investment income of $285 million for the year ended June 30, 2012. The increase in net investment income from 2012 to 2013 is due primarily to the increase in equity markets in 2013.

- The total deductions were $1.54 billion and $1.44 billion for the years ended June 30, 2013 and 2012, respectively. For the year ended June 30, 2013, the deductions consisted of benefit payments of $1.5 billion, refunds of $22.5 million, death benefits of $32 million, and administrative expenses of $20.2 million. For the year ended June 30, 2012, the deductions consisted of benefit payments of $1.4 billion, refunds of $21 million, death benefits of $31 million, and administrative expenses of $19 million.

# Management's Discussion and Analysis (Unaudited)

- Benefit payments paid to retirees and beneficiaries increased by $97 million, or 7.1%, from $1.4 billion in 2012 to $1.5 billion in 2013. This increase was the result of increases in the number of retirees and beneficiaries receiving benefits across all plans.

## *Overview of the Financial Statements*

The basic financial statements include (1) the combined statement of fiduciary net position and changes in fiduciary net position, (2) the combining statements of fiduciary net position and changes in fiduciary net position, and (3) notes to the financial statements. The System also includes in this report additional information to supplement the financial statements.

In addition, the System presents two types of required supplementary schedules, which provide historical trend information about the plans' funding. The two types of schedules include (1) a schedule of funding progress and (2) a schedule of employer contributions.

The System prepares its financial statements on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. These statements provide information about the System's overall financial status.

## *Description of the Financial Statements*

The *Combined Statement of Fiduciary Net Position* is the statement of financial position presenting information that includes all of the System's assets and liabilities, with the balance representing the *Net Position Restricted for Pensions*. The investments of the System in this statement are presented at fair value. This statement is presented on page 21.

The *Combined Statement of Changes in Fiduciary Net Position* reports how the System's net position changed during the fiscal year. The additions and deductions to net position are summarized in this statement. The additions include contributions to the retirement plans from employers and members, group life insurance premiums, participant fees, and net investment income, which includes interest and dividends and the net increase in the fair value of investments. The deductions include benefit payments, life insurance death benefit payments, refunds of member contributions and interest, and administrative expenses. This statement is presented on page 22.

The *Combining Statement of Fiduciary Net Position* and the *Combining Statement of Changes in Fiduciary Net Position* present the financial position and change in financial position for each of the funds administered by the System, including the Pooled Investment Fund that holds and invests funds from each of the participating plans and funds. These statements begin on page 23.

*Notes to the Financial Statements* are presented to provide the information necessary for a full understanding of the financial statements. The notes to the financial statements begin on page 27.

There are two *Required Supplementary Schedules* included in this report. These required schedules are applicable to five of the defined benefit pension plans and the two other postemployment benefit plans: ERS, PSERS, LRS, GJRS, GMPF, SEAD-Active, and SEAD-OPEB. The *Schedule of Funding Progress* presents historical trend information about the actuarially determined funded status of the plans from a long-term, ongoing plan perspective, and the progress made in accumulating sufficient assets to fund benefit payments as they become due. The *Schedule of Employer Contributions* presents historical trend information about the annual required contributions of employers and percentage of such contributions in relation to actuarially determined requirements for the years presented. The required supplementary schedules begin on page 44.

*Notes to Required Supplementary Schedules* are presented to provide the information necessary for a full understanding of the supplementary schedules. The notes to required supplementary schedules begin on page 47.

Additional information is presented, beginning on page 49. This section includes the *Schedule of Administrative Expenses*. The *Schedule of Administrative Expenses* presents the expenses incurred in the administration of these plans and funds, and the contributions from each plan and fund to provide for these expenses.

# Management's Discussion and Analysis (Unaudited)

## *Financial Analysis of the System*

A summary of the System's net position at June 30, 2013 and 2012 is as follows:

| | Net Position (in thousands) | | | |
|---|---|---|---|---|
| | 2013 | 2012 | Amount Change | Percentage Change |
| **Assets:** | | | | |
| Cash, cash equivalents, and receivables | $ 419,213 | 226,207 | 193,006 | 85.3 % |
| Investments | 15,242,010 | 14,567,075 | 674,935 | 4.6 |
| Capital assets, net | 3,778 | 3,954 | (176) | (4.5) |
| **Total assets** | 15,665,001 | 14,797,236 | 867,765 | 5.9 |
| **Liabilities:** | | | | |
| Due to brokers and accounts payable | 40,720 | 44,535 | (3,815) | (8.6) |
| **Net position** | $ 15,624,281 | 14,752,701 | 871,580 | 5.9 % |

# Management's Discussion and Analysis (Unaudited)

The following table presents the investment allocation at June 30, 2013 and 2012:

| | 2013 | 2012 |
|---|---|---|
| **Asset allocation at June 30 (in percentages):** | | |
| Equities: | | |
| Domestic | 51.8% | 50.3% |
| International | 16.3 | 15.6 |
| Domestic obligations: | | |
| U.S. Treasuries | 13.2 | 15.7 |
| U.S. Agencies | 0.1 | 0.1 |
| Corporate and other bonds | 10.5 | 9.9 |
| International obligations: | | |
| Governments | 0.6 | 1.0 |
| Corporates | 0.6 | 0.6 |
| Mutual and common collective trust funds and separate accounts | 6.9 | 6.8 |
| **Asset allocation at June 30 (in thousands):** | | |
| Equities: | | |
| Domestic | $ 7,887,778 | $ 7,320,797 |
| International | 2,485,682 | 2,279,125 |
| Domestic obligations: | | |
| U.S. Treasuries | 2,019,495 | 2,286,690 |
| U.S. Agencies | 18,074 | 13,182 |
| Corporate and other bonds | 1,605,803 | 1,439,459 |
| International obligations: | | |
| Governments | 85,050 | 151,527 |
| Corporates | 82,707 | 81,180 |
| Mutual and common collective trust funds and separate accounts | 1,057,421 | 995,115 |
| | $ 15,242,010 | $ 14,567,075 |

The total investment portfolio increased by $675 million from 2012, which is primarily due to the increase in the equity markets in 2013.

The investment rate of return in fiscal year ended June 30, 2013 was 13.3% with a 19.4% return on equities and a (0.6)% return on fixed income investments. The five-year annualized rate of return on investments at June 30, 2013 was 6.3%, with a 5.5% return on equities and a 5.3% return on fixed income investments.

# Management's Discussion and Analysis (Unaudited)

A summary of the changes in the System's net position for the year ended June 30, 2013 is as follows:

| | Changes in Net Position (in thousands) | | | |
|---|---|---|---|---|
| | 2013 | 2012 | Amount Change | Percentage Change |
| **Additions:** | | | | |
| Employer contributions | $ 407,919 | 299,719 | 108,200 | 36.1 % |
| Member contributions | 125,131 | 120,267 | 4,864 | 4.0 |
| Participant fees | 948 | 800 | 148 | 18.5 |
| Insurance premiums | 5,774 | 6,303 | (529) | (8.4) |
| Net investment income | 1,872,098 | 285,296 | 1,586,802 | 556.2 |
| Other | 7 | 7 | — | — |
| **Total additions** | 2,411,877 | 712,392 | 1,699,485 | 238.6 |
| **Deductions:** | | | | |
| Benefit payments | 1,465,545 | 1,368,511 | 97,034 | 7.1 |
| Refunds | 22,490 | 21,085 | 1,405 | 6.7 |
| Death benefits | 32,044 | 30,873 | 1,171 | 3.8 |
| Administrative expenses | 20,218 | 18,936 | 1,282 | 6.8 |
| **Total deductions** | 1,540,297 | 1,439,405 | 100,892 | 7.0 |
| **Net increase (decrease) in net position** | $ 871,580 | (727,013) | 1,598,593 | (219.9)% |

*Additions* – The System accumulates resources needed to fund benefit payments through contributions and returns on invested funds. In fiscal year 2013, total contributions increased 27%, primarily because of an increase in employer contribution rates coupled with a prior year appropriation of state funds from the Department of Revenue that was statutorily required to cover employer contributions for a group of local tax commissioners. Net investment income increased by $1.6 billion, due to the increase in the equity markets in 2013.

*Deductions* – For fiscal year 2013, total deductions increased 7.0%, primarily because of a 7.1% increase in benefit payments. This was due to an increase of approximately 5.6% in the number of retirees receiving benefit payments across all defined benefit pension plans. Refunds increased by 6.7%, which was primarily due to an increase in the number of refunds processed during 2013. Death benefits increased by 3.8%, which was primarily due to an increase in the number of death claims processed during 2013. Administrative expenses increased by 6.8% over the prior year, primarily due to an increase in required employer retirement contributions, accounting and investment services, contractual services, and temporary services.

# Management's Discussion and Analysis (Unaudited)

## *Funded Status*

The schedules of funding progress and employer contributions provide information regarding how the plans are performing and funded from an actuarial perspective. The information is based upon actuarial valuations conducted by certified actuaries. The funded ratio, which is presented on the schedule of funding progress, indicates the ratio of the actuarial value of assets and the actuarial accrued liabilities. The higher this ratio, the better position the System is in with regards to its funding requirements. The June 30, 2012 and 2011 actuarial valuations, the latest valuations available, indicate the actuarial value of assets and funded ratios for the five applicable defined benefit pension plans and two defined other post-employment benefit plans were as follows:

| | Actuarial Value of Plan Assets (in thousands) | | Funded Ratio | |
|---|---|---|---|---|
| | June 30, 2012 | June 30, 2011 | June 30, 2012 | June 30, 2011 |
| ERS | $ 12,260,595 | $ 12,667,557 | 73.1 % | 76.0 % |
| PSERS | 710,915 | 719,601 | 79.4 | 81.2 |
| LRS | 28,990 | 29,278 | 116.1 | 116.0 |
| GJRS | 335,225 | 327,483 | 108.5 | 112.7 |
| GMPF | 10,087 | 8,702 | 35.7 | 32.5 |
| SEAD - Active | 183,390 | 184,783 | 466.4 | 460.3 |
| SEAD - OPEB | 818,284 | 807,893 | 116.1 | 119.1 |

In management's opinion, the System continues to operate on an actuarially sound basis, as evidenced by the funded ratios. A funded ratio over 100% indicates the plans, from an actuarial perspective, have more assets available than will be necessary to satisfy the obligations of the plans. GMPF is a relatively new plan that was established in 2002 and is being increasingly funded over time in accordance with contribution amounts recommended by the actuary.

## *Requests for Information*

This financial report is designed to provide a general overview of the System's finances for all those with interest in the System's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Employees' Retirement System of Georgia, Two Northside 75, Suite 300, Atlanta, GA 30318.

# Combined Statement of Fiduciary Net Position

June 30, 2013 (with comparative totals as of June 30, 2012)
(In thousands)

| Assets | 2013 | 2012 |
|---|---|---|
| **Cash and Cash Equivalents** | $ 335,347 | $ 148,250 |
| **Receivables:** | | |
| Employer and member contributions | 30,440 | 20,978 |
| Interest and dividends | 43,102 | 47,373 |
| Due from brokers for securities sold | 8,543 | 7,870 |
| Other | 1,781 | 1,736 |
| **Total receivables** | 83,866 | 77,957 |
| **Investments - at Fair Value:** | | |
| Domestic obligations: | | |
| U.S. Treasuries | 2,019,495 | 2,286,690 |
| U.S. Agencies | 18,074 | 13,182 |
| Corporate and other bonds | 1,605,803 | 1,439,459 |
| International obligations: | | |
| Governments | 85,050 | 151,527 |
| Corporates | 82,707 | 81,180 |
| Equities: | | |
| Domestic | 7,887,778 | 7,320,797 |
| International | 2,485,682 | 2,279,125 |
| Mutual funds, common collective trust funds, and separate accounts | 1,057,421 | 995,115 |
| **Total investments** | 15,242,010 | 14,567,075 |
| **Capital Assets, Net** | 3,778 | 3,954 |
| **Total assets** | 15,665,001 | 14,797,236 |
| **Liabilities** | | |
| Accounts payable and other | 31,751 | 34,546 |
| Due to brokers for securities purchased | 8,969 | 9,989 |
| **Total liabilities** | 40,720 | 44,535 |
| **Net Position Restricted for Pensions** | $ 15,624,281 | $ 14,752,701 |

See accompanying notes to financial statements.

# Combined Statement of Changes in Fiduciary Net Position

Year ended June 30, 2013 (with comparative totals for the year ended June 30, 2012)
(In thousands)

| | 2013 | 2012 |
|---|---|---|
| **Additions:** | | |
| Contributions: | | |
| Employer | $ 407,919 | $ 299,719 |
| Member | 125,131 | 120,267 |
| Participant fees | 948 | 800 |
| Insurance premiums | 5,774 | 6,303 |
| Administrative expense allotment | 7 | 7 |
| Investment income: | | |
| Net increase (decrease) in fair value of investments | 1,537,278 | (37,779) |
| Interest and dividends | 344,298 | 330,769 |
| Other | 1,204 | 1,496 |
| Total investment income | 1,882,780 | 294,486 |
| Less investment expenses | (10,682) | (9,190) |
| Net investment income | 1,872,098 | 285,296 |
| **Total additions** | 2,411,877 | 712,392 |
| **Deductions:** | | |
| Benefit payments | 1,465,545 | 1,368,511 |
| Refunds of member contributions and interest | 22,490 | 21,085 |
| Death benefits | 32,044 | 30,873 |
| Administrative expenses | 20,218 | 18,936 |
| Total deductions | 1,540,297 | 1,439,405 |
| Net increase (decrease) in net position | 871,580 | (727,013) |
| **Net Position Restricted for Pensions:** | | |
| **Beginning of Year** | 14,752,701 | 15,479,714 |
| **End of Year** | $ 15,624,281 | $ 14,752,701 |

See accompanying notes to financial statements.

# Combining Statement of Fiduciary Net Position

June 30, 2013
(In thousands)

| Assets | Defined Benefit Plans | Pooled Investment Fund | Defined Contribution Plans: Georgia Defined Contribution Plan | Defined Contribution Plans: 401(k) Plan | Defined Contribution Plans: 457 Plan | Eliminations | Total |
|---|---|---|---|---|---|---|---|
| **Cash and cash equivalents** | $ 29,367 | 254,588 | 51,346 | 23 | 23 | — | 335,347 |
| **Receivables:** | | | | | | | |
| Employer and member contributions | 27,977 | — | 1,124 | 1,087 | 252 | — | 30,440 |
| Interest and dividends | — | 42,971 | 131 | — | — | — | 43,102 |
| Due from brokers for securities sold | — | 8,543 | — | — | — | — | 8,543 |
| Other | 1,254 | — | — | 380 | 147 | — | 1,781 |
| Unremitted insurance premiums | 2,482 | — | — | — | — | (2,482) | — |
| **Total receivables** | 31,713 | 51,514 | 1,255 | 1,467 | 399 | (2,482) | 83,866 |
| **Investments - at fair value:** | | | | | | | |
| Domestic obligations: | | | | | | | |
| U.S. Treasuries | — | 2,019,495 | — | — | — | — | 2,019,495 |
| U.S. Agencies | — | — | 18,074 | — | — | — | 18,074 |
| Corporate and other bonds | — | 1,571,391 | 34,412 | — | — | — | 1,605,803 |
| International obligations: | | | | | | | |
| Governments | — | 79,999 | 5,051 | — | — | — | 85,050 |
| Corporates | — | 82,707 | — | — | — | — | 82,707 |
| Equities: | | | | | | | |
| Domestic | — | 7,887,778 | — | — | — | — | 7,887,778 |
| International | — | 2,485,682 | — | — | — | — | 2,485,682 |
| Mutual funds, common collective trust funds, and separate accounts | — | — | — | 509,279 | 548,142 | — | 1,057,421 |
| Equity in pooled investment fund | 14,422,462 | — | — | — | — | (14,422,462) | — |
| **Total investments** | 14,422,462 | 14,127,052 | 57,537 | 509,279 | 548,142 | (14,422,462) | 15,242,010 |
| **Capital assets, net** | 3,778 | — | — | — | — | — | 3,778 |
| **Total assets** | 14,487,320 | 14,433,154 | 110,138 | 510,769 | 548,564 | (14,424,944) | 15,665,001 |
| **Liabilities** | | | | | | | |
| Accounts payable and other | 23,640 | 1,723 | 575 | 5,082 | 731 | — | 31,751 |
| Due to brokers for securities purchased | — | 8,969 | — | — | — | — | 8,969 |
| Insurance premiums payable | 2,482 | — | — | — | — | (2,482) | — |
| Due to participating systems | — | 14,422,462 | — | — | — | (14,422,462) | — |
| **Total liabilities** | 26,122 | 14,433,154 | 575 | 5,082 | 731 | (14,424,944) | 40,720 |
| **Net position restricted for pensions** | $ 14,461,198 | — | 109,563 | 505,687 | 547,833 | — | 15,624,281 |

See accompanying notes to financial statements.

# Defined Benefit Plans – Combining Statement of Fiduciary Net Position

June 30, 2013
(In thousands)

| | Defined Benefit Pension Plans | | | | | | | Defined Benefit OPEB Plans | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Assets** | Employees' Retirement System | Public School Employees Retirement System | Legislative Retirement System | Georgia Judicial Retirement System | Georgia Military Pension Fund | Superior Court Judges Retirement Fund | District Attorneys Retirement Fund | State Employees' Assurance Department Active | State Employees' Assurance Department OPEB | Defined Benefit Plans Total |
| **Cash and cash equivalents** | $ 28,613 | 100 | 71 | 422 | 48 | 28 | 3 | 58 | 24 | 29,367 |
| **Receivables:** | | | | | | | | | | |
| Employer and member contributions | 27,653 | — | 35 | 289 | — | — | — | — | — | 27,977 |
| Interest and dividends | — | — | — | — | — | — | — | — | — | — |
| Due from brokers for securities sold | — | — | — | — | — | — | — | — | — | — |
| Other | 1,254 | — | — | — | — | — | — | — | — | 1,254 |
| Unremitted insurance premiums | — | — | — | — | — | — | — | 136 | 2,346 | 2,482 |
| **Total receivables** | 28,907 | — | 35 | 289 | — | — | — | 136 | 2,346 | 31,713 |
| **Investments - at fair value:** | | | | | | | | | | |
| Domestic obligations: | | | | | | | | | | |
| U.S. Treasuries | — | — | — | — | — | — | — | — | — | — |
| U.S. Agencies | — | — | — | — | — | — | — | — | — | — |
| Corporate and other bonds | — | — | — | — | — | — | — | — | — | — |
| International obligations: | | | | | | | | | | |
| Governments | — | — | — | — | — | — | — | — | — | — |
| Corporates | — | — | — | — | — | — | — | — | — | — |
| Equities: | | | | | | | | | | |
| Domestic | — | — | — | — | — | — | — | — | — | — |
| International | — | — | — | — | — | — | — | — | — | — |
| Mutual funds, common collective trust funds, and separate accounts | — | — | — | — | — | — | — | — | — | — |
| Equity in pooled investment fund | 12,191,096 | 728,236 | 29,428 | 351,562 | 12,094 | — | — | 204,585 | 905,461 | 14,422,462 |
| **Total investments** | 12,191,096 | 728,236 | 29,428 | 351,562 | 12,094 | — | — | 204,585 | 905,461 | 14,422,462 |
| **Capital assets, net** | 3,778 | — | — | — | — | — | — | — | — | 3,778 |
| **Total assets** | 12,252,394 | 728,336 | 29,534 | 352,273 | 12,142 | 28 | 3 | 204,779 | 907,831 | 14,487,320 |
| **Liabilities** | | | | | | | | | | |
| Accounts payable and other | 22,122 | 1,068 | 50 | 363 | 11 | 25 | 1 | — | — | 23,640 |
| Due to brokers for securities purchased | — | — | — | — | — | — | — | — | — | — |
| Insurance premiums payable | 2,458 | — | 3 | 21 | — | — | — | — | — | 2,482 |
| Due to participating systems | — | — | — | — | — | — | — | — | — | — |
| **Total liabilities** | 24,580 | 1,068 | 53 | 384 | 11 | 25 | 1 | — | — | 26,122 |
| **Net position restricted for pensions** | $ 12,227,814 | 727,268 | 29,481 | 351,889 | 12,131 | 3 | 2 | 204,779 | 907,831 | 14,461,198 |

See accompanying notes to financial statements.

# Combining Statement of Changes in Fiduciary Net Position

Year ended June 30, 2013
(In thousands)

| | Defined Benefit Plans | Pooled Investment Fund | Defined Contribution Plans: Georgia Defined Contribution Plan | Defined Contribution Plans: 401(k) Plan | Defined Contribution Plans: 457 Plan | Total |
|---|---|---|---|---|---|---|
| **Additions:** | | | | | | |
| Contributions: | | | | | | |
| Employer | $ 389,640 | — | — | 18,279 | — | 407,919 |
| Member | 45,274 | — | 16,676 | 44,428 | 18,753 | 125,131 |
| Participant fees | — | — | — | 948 | — | 948 |
| Insurance premiums | 5,774 | — | — | — | — | 5,774 |
| Administrative expense allotment | 7 | — | — | — | — | 7 |
| **Investment income:** | | | | | | |
| Net increase (decrease) in fair value of investments | — | 1,428,400 | (515) | 53,767 | 55,626 | 1,537,278 |
| Interest and dividends | — | 343,589 | 709 | — | — | 344,298 |
| Other | — | — | — | 502 | 702 | 1,204 |
| Less investment expenses | (1,449) | (7,151) | (57) | (1,434) | (591) | (10,682) |
| Allocation of investment income | 1,764,838 | (1,764,838) | — | — | — | — |
| Net investment income | 1,763,389 | — | 137 | 52,835 | 55,737 | 1,872,098 |
| **Total additions** | 2,204,084 | — | 16,813 | 116,490 | 74,490 | 2,411,877 |
| **Deductions:** | | | | | | |
| Benefit payments | 1,344,797 | — | 9 | 57,351 | 63,388 | 1,465,545 |
| Refunds of member contributions and interest | 8,075 | — | 14,415 | — | — | 22,490 |
| Death benefits | 32,044 | — | — | — | — | 32,044 |
| Administrative expenses | 15,605 | — | 1,160 | 2,457 | 996 | 20,218 |
| **Total deductions** | 1,400,521 | — | 15,584 | 59,808 | 64,384 | 1,540,297 |
| **Transfers to (from) other plans** | — | — | — | — | — | — |
| Net increase in net position | 803,563 | — | 1,229 | 56,682 | 10,106 | 871,580 |
| **Net position restricted for pensions:** | | | | | | |
| Beginning of year | 13,657,635 | — | 108,334 | 449,005 | 537,727 | 14,752,701 |
| End of year | $ 14,461,198 | — | 109,563 | 505,687 | 547,833 | 15,624,281 |

See accompanying notes to financial statements.

# Defined Benefit Plans – Combining Statement of Changes in Fiduciary Net Position

Year ended June 30, 2013
(In thousands)

| | Defined Benefit Pension Plans | | | | | | | Defined Benefit OPEB Plans | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Employees' Retirement System | Public School Employees Retirement System | Legislative Retirement System | Georgia Judicial Retirement System | Georgia Military Pension Fund | Superior Court Judges Retirement Fund | District Attorneys Retirement Fund | State Employees' Assurance Department Active | State Employees' Assurance Department OPEB | Defined Benefit Plans Total |
| **Additions:** | | | | | | | | | | |
| Contributions: | | | | | | | | | | |
| Employer | $ 358,992 | 24,829 | 128 | 2,279 | 1,703 | 1,629 | 80 | — | — | 389,640 |
| Member | 38,955 | 1,538 | 373 | 4,408 | — | — | — | — | — | 45,274 |
| Participant fees | — | — | — | — | — | — | — | — | — | — |
| Insurance premiums | — | — | — | — | — | — | — | 699 | 5,075 | 5,774 |
| Administrative expense allotment | — | — | — | — | — | 6 | 1 | — | — | 7 |
| Investment income : | | | | | | | | | | |
| Net increase (decrease) in fair value of investments | — | — | — | — | — | — | — | — | — | — |
| Interest and dividends | — | — | — | — | — | — | — | — | — | — |
| Other | — | — | — | — | — | — | — | — | — | — |
| Less investment expenses | (1,449) | — | — | — | — | — | — | — | — | (1,449) |
| Allocation of investment income | 1,497,298 | 88,067 | 3,573 | 42,104 | 1,374 | — | — | 24,274 | 108,148 | 1,764,838 |
| Net investment income | 1,495,849 | 88,067 | 3,573 | 42,104 | 1,374 | — | — | 24,274 | 108,148 | 1,763,389 |
| **Total additions** | 1,893,796 | 114,434 | 4,074 | 48,791 | 3,077 | 1,635 | 81 | 24,973 | 113,223 | 2,204,084 |
| **Deductions:** | | | | | | | | | | |
| Benefit payments | 1,269,201 | 55,041 | 1,824 | 16,250 | 772 | 1,629 | 80 | — | — | 1,344,797 |
| Refunds of member contributions and interest | 7,390 | 492 | 88 | 105 | — | — | — | — | — | 8,075 |
| Death benefits | — | — | — | — | — | — | — | 3,562 | 28,482 | 32,044 |
| Administrative expenses | 12,889 | 2,021 | 119 | 313 | 31 | 6 | 1 | 22 | 203 | 15,605 |
| **Total deductions** | 1,289,480 | 57,554 | 2,031 | 16,668 | 803 | 1,635 | 81 | 3,584 | 28,685 | 1,400,521 |
| **Transfers to (from) other plans** | (5,009) | — | — | — | — | — | — | — | 5,009 | — |
| Net increase in net position | 599,307 | 56,880 | 2,043 | 32,123 | 2,274 | — | — | 21,389 | 89,547 | 803,563 |
| **Net position restricted for pensions:** | | | | | | | | | | |
| Beginning of year | 11,628,507 | 670,388 | 27,438 | 319,766 | 9,857 | 3 | 2 | 183,390 | 818,284 | 13,657,635 |
| End of year | $ 12,227,814 | 727,268 | 29,481 | 351,889 | 12,131 | 3 | 2 | 204,779 | 907,831 | 14,461,198 |

See accompanying notes to financial statements.

# Notes to Financial Statements

*June 30, 2013*

## (1) *General*

The accompanying basic financial statements of the Employees' Retirement System of Georgia, including all plans and funds administered by the Employees' Retirement System of Georgia (collectively, the System), is comprised of the Employees' Retirement System of Georgia (ERS), Public School Employees Retirement System (PSERS), Legislative Retirement System (LRS), Georgia Judicial Retirement System (GJRS), Georgia Military Pension Fund (GMPF), State Employees' Assurance Department Active Members Trust Fund (SEAD-Active), State Employees' Assurance Department Retired and Vested Inactive Members Trust Fund (SEAD-OPEB), Superior Court Judges Retirement Fund (SCJRF), District Attorneys Retirement Fund (DARF), Georgia Defined Contribution Plan (GDCP), 401(k) Deferred Compensation Plan (401(k) Plan), and the 457 Deferred Compensation Plan (457 Plan). All significant accounts and transactions among the various systems, departments, and funds have been eliminated.

In evaluating how to define the System for financial reporting purposes, the management of the System has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*. The concept underlying the definition of the reporting entity is that elected officials are financially accountable and there is a financial benefit or burden relationship present. The decision to include a potential component unit in the reporting entity is also made by applying specific criteria as outlined in GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, including consideration of the nature and significance of the relationship of potential component units. Based on those criteria, the System has not included any other entities in its reporting entity.

Although the System is a component unit of the State of Georgia's financial reporting entity, it is accountable for its own fiscal matters and presentation of its separate financial statements. The Board of Trustees, comprised of active and retired members, ex-officio state employees, and appointees by the Governor, are ultimately responsible for the administration of the System.

## (2) *Authorizing Legislation and Plan Descriptions*

Each plan and fund, including benefit and contribution provisions, was established and can be amended by state law. The following summarizes authorizing legislation and the plan description of each retirement fund:

*(a)* ERS is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State of Georgia and its political subdivisions. ERS is directed by a Board of Trustees and has the powers and privileges of a corporation.

**Membership**
As of June 30, 2013, participation in ERS is as follows:

| | |
|---|---|
| Retirees and beneficiaries currently receiving benefits | 44,546 |
| Terminated employees entitled to benefits but not yet receiving benefits | 78,966 |
| Active plan members | 61,554 |
| Total | 185,066 |
| Employers | 716 |

**Benefits**
Unless the employee elects otherwise, an employee who currently maintains membership with ERS based upon state employment that started prior to July 1, 1982 is an "old plan" member subject to the plan provisions in effect prior to July 1, 1982. Members hired on or after July 1, 1982 but prior to January 1, 2009 are "new plan" members, subject to the modified plan provisions. Effective January 1, 2009, newly hired state employees, as well as rehired state employees who did not maintain eligibility for the "old" or "new" plan, are members of the Georgia State Employees' Pension and Savings Plan (GSEPS). ERS members hired prior to January 1, 2009 also have the option to irrevocably change their membership to the GSEPS plan.

## Notes to Financial Statements

Under the old plan, the new plan, and GSEPS, a member may retire and receive normal retirement benefits after completion of 10 years of creditable service and attainment of age 60 or 30 years of creditable service regardless of age. Additionally, there are some provisions allowing for early retirement after 25 years of creditable service for members under age 60.

Retirement benefits paid to members are based upon the monthly average of the member's highest 24 consecutive calendar months, multiplied by the number of years of creditable service, multiplied by the applicable benefit factor. Annually, post-retirement cost-of-living adjustments may also be made to members' benefits, provided the members were hired prior to July 1, 2009. The normal retirement pension is payable monthly for life; however, options are available for distribution of the member's monthly pension, at reduced rates, to a designated beneficiary upon the member's death. Death and disability benefits are also available through ERS.

**Contributions and Vesting**

Member contributions under the old plan are 4% of annual compensation, up to $4,200, plus 6% of annual compensation in excess of $4,200. Under the old plan, the state pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these state contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The state is required to contribute at a specified percentage of active member payrolls, determined annually by actuarial valuation. The state contributions are not at any time refundable to the member or his/her beneficiary.

Employer contributions required for fiscal year 2013 were based on the June 30, 2010 actuarial valuation for the old plan, new plan, and GSEPS as follows:

| | Old Plan | New Plan | GSEPS |
|---|---|---|---|
| Employer: | | | |
| Normal | 1.57 % | 6.32 % | 2.96 % |
| Employer paid for member | 4.75 | — | — |
| Accrued liability | 8.58 | 8.58 | 8.58 |
| Total | 14.90 % | 14.90 % | 11.54 % |

Members become vested after ten years of membership service. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member. However, if an otherwise vested member terminates and withdraws his/her member contributions, the member forfeits all rights to retirement benefits.

The employer contributions are projected to liquidate the unfunded actuarial accrued liability within 30 years, based upon the actuarial valuation at June 30, 2012, on the assumption that the total payroll of active members will remain level each year.

On November 20, 1997, the ERS Board of Trustees created the Supplemental Retirement Benefit Plan of ERS (SRBP). SRBP was established as a qualified governmental excess benefit plan in accordance with Section 415 of the Internal Revenue Code (IRC §415) as a portion of ERS. The purpose of the SRBP is to provide retirement benefits to employees covered by ERS whose benefits are otherwise limited by IRC §415.

Beginning January 1, 1998, all members and retired former members in ERS are eligible to participate in this plan whenever their benefits under ERS exceed the limitation on benefits imposed by IRC §415.

There were 108 members eligible to participate in this portion of ERS for the year ended June 30, 2013. Employer contributions of $1,450,000 and benefit payments of $1,479,324 under the SRBP are included in the combined statement of changes in fiduciary net position for the year ended June 30, 2013. Cash of $24,062 under the SRBP is included in the combined statement of fiduciary net position as of June 30, 2013.

## Notes to Financial Statements

*(b)* PSERS is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly in 1969 for the purpose of providing retirement allowances for public school employees who are not eligible for membership in the Teachers Retirement System of Georgia. The ERS Board of Trustees, plus two additional trustees, administers PSERS.

**Membership**
As of June 30, 2013, participation in PSERS is as follows:

| | |
|---|---|
| Retirees and beneficiaries currently receiving benefits | 15,742 |
| Terminated employees entitled to benefits but not yet receiving benefits | 75,274 |
| Active plan members | 37,919 |
| Total | 128,935 |
| Employers | 187 |

**Benefits**
A member may retire and elect to receive normal monthly retirement benefits after completion of ten years of creditable service and attainment of age 65. A member may choose to receive reduced benefits after age 60 and upon completion of ten years of service.

Upon retirement, the member will receive a monthly benefit of $14.75, multiplied by the number of years of creditable service. Death and disability benefits are also available through PSERS. Additionally, PSERS may make periodic cost-of-living adjustments to the monthly benefits.

**Contributions and Vesting**
Individuals who became members prior to July 1, 2012 contribute $4 per month for nine months each fiscal year. Individuals who became members on or after July 1, 2012 contribute $10 per month for nine months each fiscal year. The State of Georgia, although not the employer of PSERS members, is required by statute to make employer contributions actuarially determined and approved and certified by the PSERS Board of Trustees.

Employer contributions required for the year ended June 30, 2013 were $621.31 per active member and were based on the June 30, 2010 actuarial valuation.

Members become vested after ten years of creditable service. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member. However, if an otherwise vested member terminates and withdraws his/her member contribution, the member forfeits all rights to retirement benefits.

*(c)* LRS is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly in 1979 for the purpose of providing retirement allowances for all members of the Georgia General Assembly. LRS is administered by the ERS Board of Trustees.

**Membership**
As of June 30, 2013, participation in LRS is as follows:

| | |
|---|---|
| Retirees and beneficiaries currently receiving benefits | 259 |
| Terminated employees entitled to benefits but not yet receiving benefits | 151 |
| Active plan members | 223 |
| Total | 633 |
| Employers | 1 |

# Notes to Financial Statements

**Benefits**

A member's normal retirement is after eight years of creditable service and attainment of age 65, or eight years of membership service (four legislative terms) and attainment of age 62. A member may retire early and elect to receive a monthly retirement benefit after completion of eight years of membership service and attainment of age 60; however, the retirement benefit is reduced by 5% for each year the member is under age 62.

Upon retirement, the member will receive a monthly service retirement allowance of $36, multiplied by the number of years of creditable service, reduced by age reduction factors, if applicable. Death benefits are also available through the plan.

**Contributions and Vesting**

Member contributions are 8.5% of annual salary. The state pays member contributions in excess of 4.75% of annual compensation. Employer contributions are actuarially determined and approved and certified by the ERS Board of Trustees.

There were no employer contributions required for the year ended June 30, 2013 based on the June 30, 2010 actuarial valuation.

Members become vested after eight years of creditable service. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member.

However, if an otherwise vested member terminates and withdraws his/her member contributions, the member forfeits all rights to retirement benefits.

*(d)* The GJRS is a system created to serve the members and beneficiaries of the Trial Judges and Solicitors Retirement Fund, the Superior Court Judges Retirement System, and the District Attorneys Retirement System (collectively, the Predecessor Retirement Systems). As of June 30, 1998, any person who was an active, inactive, or retired member or beneficiary of the Predecessor Retirement Systems was transferred to GJRS in the same status effective July 1, 1998. All assets of the Predecessor Retirement Systems were transferred to GJRS as of July 1, 1998. The ERS Board of Trustees and three additional trustees administer GJRS.

GJRS is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly for the purpose of providing retirement allowances for judges and solicitors general of the state courts and juvenile court judges in Georgia, and their survivors and other beneficiaries, superior court judges of the State of Georgia, and district attorneys of the State of Georgia.

**Membership**

As of June 30, 2013, participation in GJRS is as follows:

| | |
|---|---|
| Retirees and beneficiaries currently receiving benefits | 262 |
| Terminated employees entitled to benefits but not yet receiving benefits | 72 |
| Active plan members | 506 |
| Total | 840 |
| Employers | 97 |

**Benefits**

The normal retirement for GJRS is age 60, with 16 years of creditable service; however, a member may retire at age 60 with a minimum of 10 years of creditable service.

Annual retirement benefits paid to members are computed as 66⅔% of state paid salary at retirement for district attorneys and superior court judges and 66⅔% of the average over 24 consecutive months for trial judges and solicitors, plus 1% for each year of credited service over 16 years, not to exceed 24 years. Early retirement benefits paid to members are computed as the pro rata portion of the normal retirement benefit, based on service not to exceed 16 years. Death, disability, and spousal benefits are also available.

# Notes to Financial Statements

**Contributions and Vesting**

Members are required to contribute 7.5% of their annual salary. Those who became members prior to July 1, 2012 must also contribute an additional 2.5% of their annual salary if the spousal benefit is elected. Employer contributions are actuarially determined and approved and certified by the GJRS Board of Trustees.

Employer contributions required for fiscal year 2013 were based on the June 30, 2010 actuarial valuation as follows:

| | |
|---|---|
| Employer: | |
| Normal | 10.27 % |
| Accrued liability | (6.37) |
| Total | 3.90 % |

Members become vested after ten years of creditable service. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member. However, if an otherwise vested member terminates and withdraws his/her member contributions, the member forfeits all rights to retirement benefits.

The employer contributions are projected to liquidate the actuarial accrued funded excess within 10 years, based upon the actuarial valuation at June 30, 2012, assuming that the total payroll of active members increases 3.75% each year.

*(e)* The GMPF is a single-employer defined benefit pension plan established on July 1, 2002 by the Georgia General Assembly for the purpose of providing retirement allowances and other benefits for members of the Georgia National Guard (National Guard). The ERS Board of Trustees administers the GMPF.

**Membership**

As of June 30, 2013, GMPF had 739 retirees and beneficiaries currently receiving benefits. Active and inactive plan member information is maintained by one employer, the Georgia Department of Defense.

**Benefits**

A member becomes eligible for benefits upon attainment of age 60, with 20 or more years of creditable service (including at least 15 years of service as a member of the National Guard), having served at least 10 consecutive years as a member of the National Guard immediately prior to discharge, and having received an honorable discharge from the National Guard.

The retirement allowance is payable for life in the amount of $50 per month, plus $5 per month for each year of creditable service in excess of 20 years. The maximum benefit is $100 per month.

**Contributions and Vesting**

Employer contributions are actuarially determined and approved and certified by the ERS Board of Trustees. There are no member contributions required.

Employer contributions required for the year ended June 30, 2013 were $130.68 per active member and were based on the June 30, 2010 actuarial valuation.

A member becomes vested after 20 years of creditable service (including at least 15 years of service as a member of the National Guard), having served at least 10 consecutive years as a member of the National Guard immediately prior to discharge, and having received an honorable discharge from the National Guard.

The employer contributions are projected to liquidate the unfunded actuarial accrued liability within 20 years, based upon the actuarial valuation at June 30, 2012.

## Notes to Financial Statements

*(f)* SEAD-Active is a cost-sharing multiple-employer defined other post-employment benefit plan created in 2007 by the Georgia General Assembly to amend Title 47 of the Official Code of Georgia Annotated, relating to retirement, so as to establish a fund for the provision of term life insurance to active members of ERS, LRS, and GJRS. Effective July 1, 2009, no newly hired members of any Georgia public retirement system are eligible for term life insurance under SEAD. The SEAD-Active trust fund accumulates in the fund the premiums received from the aforementioned retirement systems, including interest earned on deposits and investments of such payments from active members.

As of June 30, 2013, participation in SEAD-Active is as follows:

| | |
|---|---|
| Retirees and beneficiaries | N/A |
| Terminated employees | — |
| Active plan members | 43,127 |
| Total | 43,127 |
| Employers | 811 |

Employee contribution rates of 0.05% and 0.02% of members' salaries for old plan members and new plan, LRS and GJRS members, respectively, were appropriated for the fiscal year ending June 30, 2013. There were no employer contribution rates required for the fiscal year ended June 30, 2013. Old plan members were hired prior to July 1, 1982, and new plan members were hired on or after July 1, 1982, but prior to January 1, 2009.

According to the policy terms covering the lives of members, insurance coverage is provided on a monthly, renewable term basis, and no return premiums or cash value are earned. The net position represents the excess accumulation of investment income and premiums over benefit payments and expenses and are held as a reserve for payment of death benefits under existing policies.

The amount of insurance coverage is equal to 18 times monthly earnable compensation frozen at age 60. For members with no creditable service prior to April 1, 1964, the amount decreases from age 60 by a half of 1% per month until age 65 at which point the member will be covered for 70% of the age 60 coverage. Life insurance proceeds are paid in lump sum to the beneficiary upon death of the member.

*(g)* SEAD-OPEB is a cost-sharing multiple-employer defined other post-employment benefit plan created in 2007 by the Georgia General Assembly to amend Title 47 of the Official Code of Georgia Annotated, relating to retirement, so as to establish a fund for the provision of term life insurance to retired and vested inactive members of ERS, LRS, and GJRS. Effective July 1, 2009, no newly hired members of any Georgia public retirement system are eligible for term life insurance under SEAD. The SEAD-OPEB trust fund accumulates in the fund the premiums received from the aforementioned retirement systems, including interest earned on deposits and investments of such payments from retired and vested inactive members.

As of June 30, 2013, participation in SEAD-OPEB is as follows:

| | |
|---|---|
| Retirees and beneficiaries | 39,636 |
| Terminated employees | 922 |
| Active plan members | 43,127 |
| Total | 83,685 |
| Employers | 811 |

Employee contribution rates of 0.45% and 0.23% of members' salaries for old plan members and new plan members, respectively, were appropriated for the fiscal year ending June 30, 2013. Based on the actuarial valuation as of June 30, 2010, an employer rate of 0.27% of members salaries was required for fiscal year ending June 30, 2013. The ERS Board of Trustees voted and approved that employer contributions would be paid from existing assets of the Survivors Benefit Fund instead of requiring payment by employers. This payment is reflected on the *Defined Benefit Plans – Combining Statement of Changes in Fiduciary Net Position* as a transfer between plans. Old plan members were hired prior to July 1, 1982, and new plan members were hired on or after July 1, 1982, but prior to January 1, 2009.

## Notes to Financial Statements

According to the policy terms covering the lives of members, insurance coverage is provided on a monthly, renewable term basis, and no return premiums or cash value are earned. The net position represents the excess accumulation of investment income and premiums over benefit payments and expenses and are held as a reserve for payment of death benefits under existing policies.

The amount of insurance for a retiree with creditable service prior to April 1, 1964 is the full amount of insurance under SEAD-Active in effect on the date of retirement. The amount of insurance for a service retiree with no creditable service prior to April 1, 1964 is 70% of the amount of insurance under SEAD-Active at age 60 or at termination, if earlier. Life insurance proceeds are paid in lump sum to the beneficiary upon death of the retiree.

*(h)* SCJRF is a single-employer defined benefit pension plan established by the Georgia General Assembly in 1945 for the purpose of providing retirement benefits to the superior court judges of the State of Georgia. SCJRF is directed by its own Board of Trustees. The Boards of Trustees for ERS and SCJRF entered into a contract for ERS to administer the plan effective July 1, 1995.

**Membership**
As of June 30, 2013, SCJRF had 22 retirees and beneficiaries currently receiving benefits and no active members. No new members are allowed into SCJRF.

**Benefits**
The normal retirement for SCJRF is age 68, with 19 years of creditable service, with a benefit of two thirds the salary paid to superior court judges. A member may also retire at age 65, with a minimum of 10 years of creditable service, with a benefit of one-half the salary paid to superior court judges. Death, disability, and spousal benefits are also available.

**Contributions and Vesting**
Employer contributions are not actuarially determined, but are provided on an as-needed basis to fund current benefits.

*(i)* DARF is a defined benefit pension plan established by the Georgia General Assembly in 1949 for the purpose of providing retirement benefits to the district attorneys of the State of Georgia. DARF is directed by its own Board of Trustees. The Boards of Trustees for ERS and DARF entered into a contract for ERS to administer the plan effective July 1, 1995.

**Membership**
As of June 30, 2013, DARF had 7 retirees and beneficiaries currently receiving benefits and no active members. No new members are allowed into DARF.

**Benefits**
Persons appointed as district attorney emeritus shall receive an annual benefit of $15,000, or one-half of the state salary received by such person as a district attorney for the calendar year immediately prior to the person's retirement, whichever is greater.

**Contributions and Vesting**
Employer contributions are not actuarially determined, but are provided on an as-needed basis to fund current benefits.

*(j)* GDCP is a defined contribution plan established by the Georgia General Assembly in July 1992 for the purpose of providing retirement allowances for state employees who are not members of a public retirement or pension system and do not participate in Social Security. GDCP is administered by the ERS Board of Trustees.

**Membership**
As of June 30, 2013, participation in GDCP is as follows:

| | |
|---|---|
| Retirees and beneficiaries currently receiving benefits | 1 |
| Terminated employees entitled to benefits but not yet receiving benefits | 115,135 |
| Active plan members | 15,511 |
| Total | 130,647 |
| Employers | 202 |

## Notes to Financial Statements

**Benefits**
A member may retire and elect to receive periodic payments after attainment of age 65. The payments will be based upon mortality tables and interest assumptions adopted by the ERS Board of Trustees. If a terminated member has less than $5,000 credited to his/her account, the ERS Board of Trustees has the option of requiring a lump sum distribution to the member. Upon the death of a member, a lump-sum distribution equaling the amount credited to his/her account will be paid to the member's designated beneficiary.

**Contributions**
Members are required to contribute 7.5% of their annual salary. There are no employer contributions. Earnings will be credited to each member's account as adopted by the ERS Board of Trustees. Upon termination of employment, the amount of the member's account is refundable upon request by the member.

*(k)* The 401(k) Plan was established by the State of Georgia Employee Benefit Plan Council (the Council) in accordance with Georgia Law 1985, as amended, Official Code of Georgia, Sections 45-18-50 through 45-18-58, and Section 401(k) of the Internal Revenue Code (IRC). On October 1, 1994, activity commenced when the 401(k) Plan became available to employees of the State of Georgia Community Service Boards (CSBs). On December 1, 1998, the 401(k) Plan became available to employees of the Georgia Lottery Corporation (GLC). On July 1, 2005, the Plan became available to employees of Fayette County Board of Education; on July 1, 2006, the Plan became available to employees of Walton County Board of Education; and on January 1, 2010, the Plan became available to employees of Henry County Board of Education.

Effective July 1, 1998, the State of Georgia Employee's Deferred Compensation Group Trust (Master Trust) was formed for the State of Georgia Deferred Compensation Program to serve as the funding medium for the 401(k) Plan. At that time, the 401(k) Plan began operating on an employee elective deferral basis for all state employees working at least 1,000 hours in a 12-month period. All assets of the 401(k) Plan are held in trust for the exclusive benefit of the participants and their beneficiaries. The assets of the 401(k) Plan and the State of Georgia Employees' Deferred Compensation 457 Plan are commingled in the Master Trust with the respective trusts owning units of the Master Trust. Participant contributions are invested according to the participant's investment election. If the participant does not make an election, investments are automatically defaulted to a Lifecycle fund based on the participant's date of birth.

Effective July 1, 2005 (HB275), ERS became the trustee of the 401(k) Plan. Aon Hewitt and JPMorgan Chase hold, administer, and invest the assets of the Master Trust.

**Contributions and Vesting**
Participating CSBs, the GLC, and Walton and Henry County Boards of Education offer employer contributions, some matching, some automatic, and some a combination of both, to eligible employees at various rates (limited to a maximum of $250,000 base salary for 2012 and $255,000 base salary for 2013). As of January 1, 2009, individual participants may defer up to 80% of eligible compensation, or up to limits prescribed by the IRC (whichever is less).

Effective January 1, 2009, in accordance with O.C.G.A. 47-2-350 through 47-2-360, newly hired state employees, as well as rehired state employees who did not maintain eligibility for the ERS "old" or "new" plan, are members of the Georgia State Employees' Pension and Savings Plan (GSEPS). The GSEPS plan includes automatic enrollment in the 401(k) plan at a contribution rate of 1% of salary, along with a matching contribution from the state. The state will match 100% of the employee's initial 1% contribution and 50% of contribution percents 2 through 5. Therefore, the state will match 3% of salary when an employee contributes at least 5% to the 401(k) plan. Employee contributions greater than 5% of salary do not receive any matching funds. Plan participants who are not employees of the GLC, a CSB, Walton and Henry County Boards of Education, or who are not GSEPS eligible, do not receive any employer contributions in their 401(k) plan.

All employer contributions are subject to a vesting schedule, which determines eligibility to receive all or a portion of the employer contribution balance at the time of any distribution from the account after separation from all state service. Vesting is determined based on the following schedule:

## Notes to Financial Statements

| | |
|---|---|
| Less than 1 year | —% |
| 1 | 20 |
| 2 | 40 |
| 3 | 60 |
| 4 | 80 |
| 5 or more years | 100 |

For CSB/GLC participants whose services terminated prior to January 1, 2010 but after December 31, 2001, the following vesting schedule applies:

| | |
|---|---|
| Less than 2 years | —% |
| 2 | 20 |
| 3 | 40 |
| 4 | 60 |
| 5 | 80 |
| 6 or more years | 100 |

For CSB/GLC participants whose services terminated prior to January 1, 2002, the following vesting schedule applies:

| | |
|---|---|
| Less than 3 years | —% |
| 3 | 20 |
| 4 | 40 |
| 5 | 60 |
| 6 | 80 |
| 7 or more years | 100 |

Employee contributions and earnings thereon are 100% vested at all times. The 401(k) Plan also allows participants to roll over amounts from other qualified plans to their respective account in the 401(k) Plan on approval by the 401(k) Plan Administrator. Such rollovers are 100% vested at the time of transfer.

**Distributions**

The participant may receive the value of his or her vested accounts upon attaining age 59.5, qualifying financial hardship, or 30 days after retirement or other termination of service (employer contribution balances are only eligible for distribution upon separation from service). Upon the death of a participant, his or her beneficiary shall be entitled to the vested value of his or her accounts. Employees who die while actively employed and eligible for 401(k) employer matching contributions become fully vested in employer contributions upon death. Distributions are made in installments or in a lump sum.

*(l)* The 457 Plan was established by the State Personnel Board in accordance with Georgia laws 1974, page 198 as amended, Official Code of Georgia, Sections 45-18-30 through 45-18-36, and Section 457 of the Internal Revenue Code (IRC). The 457 Plan is available to employees of the State of Georgia and county health departments and permits such employees to defer a portion of their annual salary until future years. Employee contributions and earnings thereon are 100% vested at all times.

Effective July 1, 1998, the State of Georgia Employee's Deferred Compensation Group Trust (Master Trust) was formed for the State of Georgia Deferred Compensation Program to serve as the funding medium for the 457 Plan. All assets of the 457 Plan are held in trust for the exclusive benefit of the participants and their beneficiaries. The assets of the 457 Plan and the State of Georgia Employees' Deferred Compensation 401(k) Plan are commingled in the Master Trust with the respective trusts owning units of the Master Trust. Participant contributions are invested according to the participant's investment election. If the participant does not make an election, investments are automatically defaulted to a Lifecycle fund based on the participant's date of birth.

Effective July 1, 2005 (HB275), ERS became the trustee of the 457 Plan. Aon Hewitt and JPMorgan Chase hold, administer, and invest the assets of the Master Trust.

# Notes to Financial Statements

**Distributions**
The balance in the employee's account in the 457 Plan is not available to the employee until age 70.5, termination, retirement, death, or unforeseeable emergency as defined in the 457 Plan. Upon the death of a participant, his or her beneficiary shall be entitled to the vested value of his or her accounts. Distributions are made in installments or in a lump sum.

## (3) *Significant Accounting Policies and System Asset Matters*

*(a)* **Basis of Accounting**
The System's basic financial statements are prepared on the accrual basis of accounting. Contributions from the employers and members are recognized as additions when due, pursuant to formal commitments, as well as statutory or contractual requirements. Retirement benefits and refund payments are recognized as deductions when due and payable.

During fiscal year 2013, the System adopted the provisions of GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The objective of this Statement is to improve financial reporting by establishing recognition, measurement, and disclosure requirements for service concession arrangements for both transferors and governmental operators. There were no new applicable reporting requirements for the System in fiscal year 2013.

During fiscal year 2013, the System adopted the provisions of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity by modifying certain requirements for inclusion of component units in the financial reporting entity, amending the criteria for blended component units, and clarifying the reporting of equity interests in component units. The System did not have any component units for fiscal year 2013.

During fiscal year 2013, the System adopted the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and renames that measure as net position. The System changed its presentation of net assets to net position for fiscal year 2013. There were no other applicable changes to the System.

In June 2012, GASB issued Statement No. 67, F*inancial Reporting for Pension Plans*, an amendment of GASB Statement No. 25. This Statement improves financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement will be effective for the System in fiscal year 2014. Management of the System is evaluating the impact on the System's financial statements.

*(b)* **Cash and Cash Equivalents**
Cash and cash equivalents, reported at cost, include cash on deposit at banks, cash on deposit with the investment custodian earning a credit to offset fees and short-term highly liquid financial securities with original maturities of three months or less from the date of acquisition.

*(c)* **Investments**
Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price. Investment income is recognized as earned by the System. There are no investments in, loans to, or leases with parties related to the System.

The System utilizes various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

# Notes to Financial Statements

*(d)* **Capital Assets**
Capital assets, including software development costs, are stated at cost less accumulated depreciation. The capitalization thresholds are $100,000 for buildings and building improvements and $5,000 for equipment and vehicles. Depreciation on capital assets is computed using the straight-line method over estimated useful lives of five to forty years. Depreciation expense is included in administrative expenses. Maintenance and repairs are charged to administrative expenses when incurred. When assets are retired or otherwise disposed of, the costs and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the combined statement of changes in fiduciary net position in the period of disposal.

*(e)* **Use of Estimates**
The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of net position and changes therein. Actual results could differ from those estimates.

## (4) *Investment Program*

The System maintains sufficient cash to meet its immediate liquidity needs. Cash not immediately needed is invested as directed by the Board of Trustees. All investments are held by agent custodial banks in the name of the System. State statutes and the System's investment policy authorize the System to invest in a variety of short-term and long-term securities as follows:

*(a)* **Cash and Cash Equivalents**
The carrying amount of the System's deposits totaled $85,348,868 at June 30, 2013 with actual bank balances of $97,648,469. The System's bank balances of $97,610,419 are fully insured through the Federal Deposit Insurance Corporation, an independent agency of the U.S. Government. The remaining bank deposits of $38,050 are uninsured and uncollateralized.

Short-term highly liquid financial securities are authorized in the following instruments:

- Repurchase and reverse repurchase agreements, whereby the System and a broker exchange cash for direct obligations of the U.S. Government or obligations unconditionally guaranteed by agencies of the U.S. Government or U.S. corporations. The System or broker promises to repay the cash received, plus interest, at a specific date in the future in exchange for the same securities. The System held repurchase agreements of $250,000,000 at June 30, 2013.

Other short-term securities authorized, but not currently used, are as follows:

- U.S. Treasury obligations.

- Commercial paper, with a maturity of 180 days or less. Commercial paper is an unsecured promissory note issued primarily by corporations for a specific amount and maturing on a specific day. The System considers for investment only commercial paper of the highest quality, rated P-1 and/or A-1 by national credit rating agencies.

- Master notes, an overnight security administered by a custodian bank and an obligation of a corporation whose commercial paper is rated P-1 and/or A-1 by national credit rating agencies.

Investments in commercial paper or master notes are limited to no more than $500 million in any one name.

*(b)* **Investments**
Fixed income investments are authorized in the following instruments:

- U.S. and foreign government obligations. At June 30, 2013, the System held U.S. Treasury bonds of $2,019,494,590 and international government bonds of $85,050,200.

- Obligations unconditionally guaranteed by agencies of the U.S. Government. At June 30, 2013, the System held agency bonds of $18,074,250.

## Notes to Financial Statements

- Corporate bonds with at least an "A" rating by a national rating agency. At June 30, 2013, the System held U.S. corporate bonds of $1,605,803,565 and international corporate bonds of $82,707,480.

- Private placements are authorized under the same general restrictions applicable to corporate bonds. At June 30, 2013, the System did not hold private placements.

Mortgage investments are authorized to the extent that they are secured by first mortgages on improved real property located in the State of Georgia.

Equity securities are also authorized (in statutes) for investment as a complement to the System's fixed-income portfolio and as a long-term inflation hedge. By statute, no more than 75% of the total invested assets on a historical cost basis may be placed in equities. Equity holdings in any one corporation may not exceed 5% of the outstanding equity of the issuing corporation. The equity portfolio is managed by the Division of Investment Services (the Division), in conjunction with independent advisors. Buy/sell decisions are based on securities meeting rating criteria established by the Board of Trustees, in-house research considering such matters as yield, growth, and sales statistics, and analysis of independent market research. Equity trades are approved and executed by the Division's staff. Common stocks eligible for investment are approved by the Investment Committee of the Board of Trustees before being placed on an approved list.

Equity investments are authorized in the following instruments:

- Domestic equities are those securities considered by The Official Code of Georgia Annotated (O.C.G.A.) to be domiciled in the United States. At June 30, 2013, the System held domestic equities of $7,887,778,144.

- International equities, including American Depository Receipts (ADR), will be a diversified portfolio including both developed and emerging countries. These securities are not considered by the O.C.G.A. to be domiciled in the United States. At June 30, 2013, the System held international equities of $178,243,884 and ADRs of $2,307,437,754.

The State of Georgia Employee's Deferred Compensation Group Trust (Master Trust) invests in various mutual funds, common collective trust funds, and separate accounts, as selected by participants. Each participant is allowed to select and invest contributions into investment options that own one or more of 2 mutual funds, 11 common collective trust funds, and 2 separate accounts, as authorized by the Board of Trustees. Mutual funds, common collective trust funds, and separate accounts are reported at the fair value of participant balances.

Substantially all of the investments of ERS, PSERS, LRS, GJRS, GMPF, and SEAD are pooled into one common investment fund. Units in the pooled common investment fund are allocated to the respective plans, based upon the cost of assets contributed, and additional units are allocated to the participating plans, based on the market value of the pooled common investment fund at the date of contribution. Net income of the pooled common investment fund is allocated monthly to the participating plans, based upon the number of units outstanding during the month.

The units and fair value of each plan's equity in the pooled common investment fund at June 30, 2013 were as follows (dollars in thousands):

| | Fair Value | Units |
|---|---|---|
| Employees' Retirement System | $ 12,191,096 | 3,734,720 |
| Public School Employees Retirement System | 728,236 | 223,094 |
| Legislative Retirement System | 29,428 | 9,015 |
| Georgia Judicial Retirement System | 351,562 | 107,700 |
| State Employees' Assurance Department - Active | 204,585 | 62,674 |
| State Employees' Assurance Department - OPEB | 905,461 | 277,386 |
| Georgia Military Pension Fund | 12,094 | 3,705 |
| | $ 14,422,462 | 4,418,294 |

## Notes to Financial Statements

*Credit Risk*. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the Employees' Retirement System. State law limits investments to investment grade securities.

It is the System's investment policy to require that the bond portfolio be of high quality and chosen with respect to maturity ranges, coupon levels, refunding characteristics and marketability. The System's policy is to require that new purchases of bonds be restricted to high grade bonds rated no lower than "A" by any nationally recognized statistical rating organization. Obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk and do not require disclosure of credit quality. The quality ratings of investments in fixed income securities as described by Standard & Poor's and by Moody's Investors Service, which are nationally recognized statistical rating organizations, at June 30, 2013 are shown in the following chart:

**Quality Ratings of Fixed Income Investments**
**Held at June 30, 2013**

| Investment Type | Standard & Poor's/ Moody's Quality Rating | June 30,2013 Fair Value |
|---|---|---|
| Domestic obligations: | | |
| U.S. Treasuries | | $ 2,019,494,590 |
| U.S. Agencies | AA/Aaa | 18,074,250 |
| Corporates | AAA/Aaa | 158,752,290 |
| | AA/Aa | 282,199,750 |
| | AA/A | 403,821,950 |
| | A/Aa | 83,138,980 |
| | A/A | 677,890,595 |
| Total Corporates | | 1,605,803,565 |
| International obligations: | | |
| Governments | AAA/Aaa | 5,051,000 |
| | AA/Aa | 79,999,200 |
| Total Governments | | 85,050,200 |
| Corporates | AA/Aa | 82,707,480 |
| Total Fixed Income Investments | | $ 3,811,130,085 |

The investment policy requires that repurchase agreements be limited to the purchase of U.S. Treasury or Agency obligations or corporate bonds rated no lower than "A" by any nationally recognized statistical rating organization with a market value in excess of funds advanced. As of June 30, 2013, the System held repurchase agreements included in cash and cash equivalents of $250,000,000.

Mutual funds, common collective trust funds, and separate accounts investments of the deferred compensation plans are not considered to have credit risk and do not require disclosure of credit risk rating.

*Concentration of Credit Risk*. Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issue. On June 30, 2013, the System did not have debt or equity investments in any one organization, other than those issued or guaranteed by the U. S. Government or its agencies, which represented greater than 5% of plan net position.

*Interest Rate Risk*. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. While the System has no formal interest rate risk policy, active management of the bond portfolio incorporates interest rate risk to generate improved returns. This risk is managed within the portfolio using the effective duration method. This method is widely used in the management of fixed income portfolios and quantifies to a much greater degree the sensitivity to interest rate changes when analyzing a bond portfolio with call options, prepayment provisions, and any other cash flows. Effective duration makes assumptions regarding the most likely timing and

## Notes to Financial Statements

amounts of variable cash flows and is best utilized to gauge the effect of a change in interest rates on the fair value of a portfolio. It is believed that the reporting of effective duration found in the table below quantifies to the fullest extent possible the interest rate risk of the System's fixed income assets.

**Effective Duration of Fixed Income Assets and Repurchase Agreements by Security Type**

| Fixed Income and Repurchase Agreements Security Type | Fair Value June 30, 2013 | Percent of All Fixed Income Assets and Repurchase Agreements | Effective Duration (Years) |
|---|---|---|---|
| Domestic obligations: | | | |
| U.S. Treasuries | $ 2,019,494,590 | 49.7% | 4.4 |
| U.S. Agencies | 18,074,250 | 0.5 | 1.6 |
| Corporates | 1,605,803,565 | 39.5 | 4.8 |
| International obligations: | | | |
| Governments | 85,050,200 | 2.1 | 4.0 |
| Corporates | 82,707,480 | 2.0 | 2.0 |
| Repurchase agreements | 250,000,000 | 6.2 | — |
| Total | $ 4,061,130,085 | 100.0% | 4.5* |

**Total Effective Duration (Years) does not include Repurchase Agreements.*

Mutual funds, common collective trust funds, and separate investments of the deferred compensation plans are not considered to have interest rate risk and do not require disclosure of interest rate risk.

### (5) *Investment Lending Program*

State statutes and Board of Trustees policies permit the System to lend its securities to broker-dealers with a simultaneous agreement to return the collateral for the same securities in the future. The System is presently involved in a securities lending program with major brokerage firms. The System lends equity and fixed income securities for varying terms and receives a fee based on the loaned securities' value. During a loan, the System continues to receive dividends and interest as the owner of the loaned securities. The brokerage firms pledge collateral securities consisting of U.S. Government and agency securities, mortgage-backed securities issued by a U.S. Government agency, corporate bonds, and equities. The collateral value must be equal to at least 102% to 109% of the loaned securities' value, depending on the type of collateral security.

Securities loaned totaled $3,037,640,134 at fair value at June 30, 2013. The collateral value was equal to 104.2% of the loaned securities' value at June 30, 2013. The System's lending collateral was held in the System's name by the tri-party custodian.

Loaned securities are included in the accompanying combined statement of fiduciary net position since the System maintains ownership. The related collateral securities are not recorded as assets on the System's combined statement of fiduciary net position, and a corresponding liability is not recorded, since the System is deemed not to have the ability to pledge or trade the collateral securities. The System is deemed not to have the ability to pledge or sell the collateral securities, since the System's lending contracts do not address whether the lender can pledge or sell the collateral securities without a borrower default, the System has not previously demonstrated that ability, and there are no indications of the System's ability to pledge or sell the collateral securities.

# Notes to Financial Statements

## (6) *Capital Assets*

The following is a summary of capital assets and depreciation information as of and for the year ended June 30, 2013:

| | Balance at June 30, 2012 | Additions | Disposals | Balance at June 30, 2013 |
|---|---|---|---|---|
| Capital assets: | | | | |
| Land | $ 944,225 | — | — | 944,225 |
| Building | 2,800,000 | — | — | 2,800,000 |
| Equipment | 2,135,070 | 185,940 | — | 2,321,010 |
| Vehicles | 13,381 | — | — | 13,381 |
| Computer software | 14,344,610 | — | — | 14,344,610 |
| | 20,237,286 | 185,940 | — | 20,423,226 |
| Accumulated depreciation for: | | | | |
| Building | (560,000) | (70,000) | — | (630,000) |
| Equipment | (1,383,684) | (274,795) | — | (1,658,479) |
| Vehicles | (10,370) | (1,912) | — | (12,282) |
| Computer software | (14,329,224) | (15,385) | — | (14,344,609) |
| | (16,283,278) | (362,092) | — | (16,645,370) |
| Capital assets, net | $ 3,954,008 | (176,152) | — | 3,777,856 |

During fiscal year 2013, the System did not experience any capital asset impairment loss with respect to the provisions of GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries.*

## (7) *Funded Status and Funding Progress*

The funded status of each plan as of June 30, 2012, the most recent actuarial valuation date, is as follows (dollar amounts in thousands):

| | Actuarial value of plan assets (a) | Actuarial accrued liability (AAL) entry age (b) | Unfunded AAL/(funded excess) (b-a) | Funded ratio (a/b) | Annual covered payroll (c) | Unfunded AAL/ (funded excess) as percentage of covered payroll [(b-a)/c] |
|---|---|---|---|---|---|---|
| ERS | $ 12,260,595 | 16,777,922 | 4,517,327 | 73.1 % | $ 2,414,884 | 187.1 % |
| PSERS[1] | 710,915 | 895,324 | 184,409 | 79.4 | N/A | N/A |
| LRS | 28,990 | 24,966 | (4,024) | 116.1 | 3,815 | (105.5) |
| GJRS | 335,225 | 308,862 | (26,363) | 108.5 | 51,898 | (50.8) |
| GMPF[2] | 10,087 | 28,231 | 18,144 | 35.7 | N/A | N/A |

| | Actuarial value of plan assets (a) | Actuarial accrued liability (AAL) projected unit credit (b) | Unfunded AAL/(funded excess) (b-a) | Funded ratio (a/b) | Annual covered payroll (c) | Unfunded AAL/ (funded excess) as percentage of covered payroll [(b-a)/c] |
|---|---|---|---|---|---|---|
| SEAD - Active | $ 183,390 | 39,317 | (144,073) | 466.4 % | $ 1,962,800 | (7.3) % |
| SEAD - OPEB | 818,284 | 704,617 | (113,667) | 116.1 | 1,962,800 | (5.8) |

1 No statistics regarding covered payroll are available. Contributions are not based upon members' salaries, but are $4.00 per member, for nine months, for members who joined the System prior to July 1, 2012, and $10 per member, for nine months, for members who joined after July 1, 2012.

2 No statistics regarding covered payroll are available. Active and inactive plan member information is maintained by the Georgia Department of Defense.

## Notes to Financial Statements

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plans assets are increasing or decreasing over time relative to the AALs for benefits.

Additional information as of the latest actuarial valuation follows:

| | ERS | PSERS | LRS |
|---|---|---|---|
| Valuation date | June 30, 2012 | June 30, 2012 | June 30, 2012 |
| Actuarial cost method | Entry age | Entry age | Entry age |
| Amortization method | Level dollar, open | Level dollar, open | Level dollar, open |
| Remaining amortization period | 30 years | 30 years | N/A |
| Asset valuation method | 7-year smoothed market | 7-year smoothed market | 7-year smoothed market |
| Actuarial assumptions: | | | |
| Investment rate of return[1] | 7.50% | 7.50% | 7.50% |
| Projected salary increases[1] | | N/A | N/A |
| Fiscal Years 2012-2013 | 2.725-4.625% | | |
| Fiscal Years 2014+ | 5.45-9.25% | | |
| Post-retirement cost-of-living adjustment | None | 1.5% semi-annually | 3.00% annually |

| | GJRS | GMPF |
|---|---|---|
| Valuation date | June 30, 2012 | June 30, 2012 |
| Actuarial cost method | Entry age | Entry age |
| Amortization method | Level percent of pay, open | Level dollar, open |
| Remaining amortization period | 10 years | 20 years |
| Asset valuation method | 7-year smoothed market | 7-year smoothed market |
| Actuarial assumptions: | | |
| Investment rate of return[1] | 7.50% | 7.50% |
| Projected salary increases[1] | | N/A |
| Fiscal Years 2012-2013 | 3.00% | |
| Fiscal Years 2014+ | 6.00% | |
| Post-retirement cost-of-living adjustment | None | None |

## Notes to Financial Statements

| | SEAD - Active | SEAD - OPEB |
|---|---|---|
| Valuation date | June 30, 2012 | June 30, 2012 |
| Actuarial cost method | Projected Unit Credit | Projected Unit Credit |
| Amortization method | Level dollar, open | Level dollar, open |
| Remaining amortization period | 30 years | 30 years |
| Asset valuation method | Market value of assets | Market value of assets |
| Actuarial assumptions: | | |
| Investment rate of return[1] | 7.50% | 7.50% |
| Projected salary increases | | |
| ERS[1] | 5.45-9.25% | 5.45-9.25% |
| GJRS[1] | 6.00% | 6.00% |
| LRS | 0.00% | 0.00% |
| Post-retirement cost-of-living adjustment | N/A | N/A |

1 Includes inflation rate of 3.00%.

# Required Supplementary Schedules (UNAUDITED)

## Schedules of Funding Progress

(In thousands)

| | Actuarial valuation date | Actuarial value of plan assets (a) | Actuarial accrued liablility (AAL) entry age (b) | Unfunded AAL/ (funded excess) (b-a) | Funded ratio (a/b) | Annual covered payroll (c) | Unfunded AAL/ (funded excess) as percentage of covered payroll [(b-a)/c] |
|---|---|---|---|---|---|---|---|
| Employees' Retirement System | 6/30/2007 | $ 13,843,689 | 14,885,179 | 1,041,490 | 93.0 % | $ 2,680,972 | 38.8 % |
| | 6/30/2008 | 14,017,346 | 15,680,857 | 1,663,511 | 89.4 | 2,809,199 | 59.2 |
| | 6/30/2009 | 13,613,606 | 15,878,022 | 2,264,416 | 85.7 | 2,674,155 | 84.7 |
| | 6/30/2010 | 13,046,193 | 16,295,352 | 3,249,159 | 80.1 | 2,571,042 | 126.4 |
| | 6/30/2011 | 12,667,557 | 16,656,905 | 3,989,348 | 76.0 | 2,486,780 | 160.4 |
| | 6/30/2012 | 12,260,595 | 16,777,922 | 4,517,327 | 73.1 | 2,414,884 | 187.1 |
| Public School Employees Retirement System[1] | 6/30/2007 | 785,460 | 746,078 | (39,382) | 105.3 | N/A | N/A |
| | 6/30/2008 | 791,855 | 770,950 | (20,905) | 102.7 | N/A | N/A |
| | 6/30/2009 | 769,618 | 823,232 | 53,614 | 93.5 | N/A | N/A |
| | 6/30/2010 | 737,406 | 875,396 | 137,990 | 84.2 | N/A | N/A |
| | 6/30/2011 | 719,601 | 885,927 | 166,326 | 81.2 | N/A | N/A |
| | 6/30/2012 | 710,915 | 895,324 | 184,409 | 79.4 | N/A | N/A |
| Legislative Retirement System | 6/30/2007 | 30,049 | 24,357 | (5,692) | 123.4 | 3,688 | (154.3) |
| | 6/30/2008 | 30,706 | 24,454 | (6,252) | 125.6 | 3,778 | (165.5) |
| | 6/30/2009 | 30,303 | 23,523 | (6,780) | 128.8 | 3,780 | (179.4) |
| | 6/30/2010 | 29,581 | 25,003 | (4,578) | 118.3 | 3,745 | (122.2) |
| | 6/30/2011 | 29,278 | 25,245 | (4,033) | 116.0 | 3,780 | (106.7) |
| | 6/30/2012 | 28,990 | 24,966 | (4,024) | 116.1 | 3,815 | (105.5) |
| Georgia Judicial Retirement System | 6/30/2007 | 297,090 | 249,278 | (47,812) | 119.2 | 48,621 | (98.3) |
| | 6/30/2008 | 313,315 | 268,516 | (44,799) | 116.7 | 51,102 | (87.7) |
| | 6/30/2009 | 317,624 | 282,474 | (35,150) | 112.4 | 52,083 | (67.5) |
| | 6/30/2010 | 320,050 | 281,496 | (38,554) | 113.7 | 51,293 | (75.2) |
| | 6/30/2011 | 327,483 | 290,486 | (36,997) | 112.7 | 52,331 | (70.7) |
| | 6/30/2012 | 335,225 | 308,862 | (26,363) | 108.5 | 51,898 | (50.8) |
| Georgia Military Pension Fund[2] | 6/30/2007 | 4,165 | 19,887 | 15,722 | 20.9 | N/A | N/A |
| | 6/30/2008 | 5,269 | 19,124 | 13,855 | 27.6 | N/A | N/A |
| | 6/30/2009 | 6,413 | 21,021 | 14,608 | 30.5 | N/A | N/A |
| | 6/30/2010 | 7,558 | 23,773 | 16,215 | 31.8 | N/A | N/A |
| | 6/30/2011 | 8,702 | 26,767 | 18,065 | 32.5 | N/A | N/A |
| | 6/30/2012 | 10,087 | 28,231 | 18,144 | 35.7 | N/A | N/A |

(continued)

# Required Supplementary Schedules (UNAUDITED) cont'd

## Schedules of Funding Progress

(In thousands)

| | Actuarial valuation date | Actuarial value of plan assets (a) | Actuarial accrued liability (AAL) projected unit credit (b) | Unfunded AAL/ (funded excess) (b-a) | Funded ratio (a/b) | Annual covered payroll (c) | Unfunded AAL/ (funded excess) as percentage of covered payroll [(b-a)/c] |
|---|---|---|---|---|---|---|---|
| **State Employees' Assurance Department-** | 6/30/2007 | $ 185,335 | 59,509 | (125,826) | 311.4 % | $ 2,720,772 | (4.6) % |
| **Active** | 6/30/2008 | 172,595 | 62,171 | (110,424) | 277.6 | 2,850,850 | (3.9) |
| | 6/30/2009 | 144,161 | 61,351 | (82,810) | 235.0 | 2,653,527 | (3.1) |
| | 6/30/2010 | 156,132 | 40,523 | (115,609) | 385.3 | 2,401,974 | (4.8) |
| | 6/30/2011 | 184,783 | 40,145 | (144,638) | 460.3 | 2,166,982 | (6.7) |
| | 6/30/2012 | 183,390 | 39,317 | (144,073) | 466.4 | 1,962,800 | (7.3) |
| **State Employees' Assurance Department-** | 6/30/2007 | 778,048 | 642,530 | (135,518) | 121.1 | 2,720,772 | (5.0) |
| **OPEB** | 6/30/2008 | 737,114 | 699,884 | (37,230) | 105.3 | 2,850,850 | (1.3) |
| | 6/30/2009 | 628,199 | 733,671 | 105,472 | 85.6 | 2,653,527 | 4.0 |
| | 6/30/2010 | 680,449 | 691,001 | 10,552 | 98.5 | 2,401,974 | 0.4 |
| | 6/30/2011 | 807,893 | 678,421 | (129,472) | 119.1 | 2,166,982 | (6.0) |
| | 6/30/2012 | 818,284 | 704,617 | (113,667) | 116.1 | 1,962,800 | (5.8) |

This data, except for annual covered payroll, was provided by the System's actuary.

[1] No statistics regarding covered payroll are available. Contributions are not based on members' salaries, but are simply $4.00 per month, per member for nine months each fiscal year if hired prior to July 1,2012 and $10 per month, per member for nine months if hired after July 1, 2012.
[2] No statistics regarding covered payroll are available. Active and inactive plan member information is maintained by the Georgia Department of Defense.

See accompanying notes to required supplementary schedules and accompanying independent auditors' report.

# Required Supplementary Schedules (UNAUDITED)

## Schedules of Employer Contributions

(In thousands)

| | Year ended June 30 | State annual required contribution | Percentage contributed |
|---|---|---|---|
| Employees' Retirement System | 2007 | $ 270,141 | 100.0% |
| | 2008 | 286,256 | 100.0 |
| | 2009[1] | 282,103 | 99.9 |
| | 2010 | 263,064 | 100.0 |
| | 2011 | 261,132 | 100.0 |
| | 2012[1] | 273,623 | 100.2 |
| Public School Employees Retirement System | 2007 | 6,484 | 100.0 |
| | 2008 | 2,866 | 100.0 |
| | 2009 | 5,529 | 100.0 |
| | 2010 | 5,529 | 100.0 |
| | 2011 | 7,509 | 100.0 |
| | 2012 | 15,884 | 100.0 |
| Legislative Retirement System | 2007 | — | N/A |
| | 2008 | — | N/A |
| | 2009 | — | N/A |
| | 2010 | — | N/A |
| | 2011 | — | N/A |
| | 2012 | — | N/A |
| Georgia Judicial Retirement System | 2007 | 1,778 | 100.0 |
| | 2008 | 2,395 | 100.0 |
| | 2009 | 1,703 | 100.0 |
| | 2010 | 2,600 | 100.0 |
| | 2011 | 1,932 | 100.0 |
| | 2012 | 2,083 | 100.0 |
| Georgia Military Pension Fund | 2007 | 1,005 | 100.0 |
| | 2008 | 1,103 | 100.0 |
| | 2009 | 1,323 | 100.0 |
| | 2010 | 1,434 | 100.0 |
| | 2011 | 1,282 | 100.0 |
| | 2012 | 1,521 | 100.0 |
| State Employees' Assurance Department-Active | 2007 | — | N/A |
| | 2008 | — | N/A |
| | 2009 | — | N/A |
| | 2010 | — | N/A |
| | 2011 | — | N/A |
| | 2012 | — | N/A |
| State Employees' Assurance Department-OPEB | 2007 | — | N/A |
| | 2008 | — | N/A |
| | 2009 | — | N/A |
| | 2010 | — | N/A |
| | 2011 | — | N/A |
| | 2012[2] | 12,724 | 100.0 |

This data was provided by the System's actuary.

[1]An employer group within ERS did not contribute the full annual required contribution (ARC) every year
This employer is making additional contributions to repay this shortfall.

[2]In fiscal year 2007, separate trusts were established for SEAD-Active and SEAD-OPEB with assets split based on actuarial acccrued liabilities and assets in excess of what were actuarially required trasnferred to ERS Survivor Benefit Fund. During fiscal year 2013, in lieu of a required employer contribution, $12,724,000 was transferred from ERS Survivor Benefit Fund to SEAD-OPEB.

See accompanying notes to required supplementary schedules and accompanying independent auditors' report.

# Notes to Required Supplementary Schedules (UNAUDITED)

*June 30, 2013*

(1) **Schedule of Funding Progress**
The actuarial value of assets recognizes a portion of the difference between the fair value of assets and the expected actuarial value of assets, based on the assumed valuation rate of return. The amount recognized each year is 1/7th of the difference between fair value and expected actuarial value.

(2) **Schedule of Employer Contributions**
The required employer contributions and percent of those contributions actually made are presented in the schedule.

(3) **Actuarial Assumptions**
The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information from the actuarial valuations for the most recent two-year period is as follows:

| | | |
|---|---|---|
| Employees' Retirement System: | | |
| Valuation date | June 30, 2012 | June 30, 2011 |
| Actuarial cost method | Entry age | Entry age |
| Amortization method | Level dollar, open | Level percent of pay, open |
| Remaining amortization period of the unfunded actuarial accrued liability | 30 years | 30 years |
| Asset valuation method | 7-year smoothed market | 7-year smoothed market |
| Actuarial assumptions: | | |
| Investment rate of return[1] | 7.50% | 7.50% |
| Projected salary increases[1] | | |
| Fiscal Year 2011 | N/A | 0.00% |
| Fiscal Years 2012-2013 | 2.725 - 4.625% | 2.725 - 4.625% |
| Fiscal Years 2014+ | 5.45 - 9.25% | 5.45 - 9.25% |
| Post-retirement cost-of-living adjustment | None | None |

| | | |
|---|---|---|
| Public School Employees Retirement System: | | |
| Valuation date | June 30, 2012 | June 30, 2011 |
| Actuarial cost method | Entry age | Entry age |
| Amortization method | Level dollar, open | Level dollar, open |
| Remaining amortization period of the unfunded actuarial accrued liability | 30 years | 30 years |
| Asset valuation method | 7-year smoothed market | 7-year smoothed market |
| Actuarial assumptions: | | |
| Investment rate of return[1] | 7.50% | 7.50% |
| Projected salary increases | N/A | N/A |
| Post-retirement cost-of-living adjustment | 1.50% semi-annually | 1.5% semi-annually |

| | | |
|---|---|---|
| Legislative Retirement System: | | |
| Valuation date | June 30, 2012 | June 30, 2011 |
| Actuarial cost method | Entry age | Entry age |
| Amortization method | Level dollar, open | Level dollar, open |
| Remaining amortization period of the funded excess | N/A | N/A |
| Asset valuation method | 7-year smoothed market | 7-year smoothed market |
| Actuarial assumptions: | | |
| Investment rate of return[1] | 7.50% | 7.50% |
| Projected salary increases | N/A | N/A |
| Post-retirement cost-of-living adjustment | 3% annually | 3% annually |

## Notes to Required Supplementary Schedules

| | | |
|---|---|---|
| Georgia Judicial Retirement System: | | |
| Valuation date | June 30, 2012 | June 30, 2011 |
| Actuarial cost method | Entry age | Entry age |
| Amortization method | Level percent of pay, open | Level percent of pay, open |
| Remaining amortization period of the funded excess | 10 years | 10 years |
| Asset valuation method | 7-year smoothed market | 7-year smoothed market |
| Actuarial assumptions: | | |
| Investment rate of return[1] | 7.50% | 7.50% |
| Projected salary increases[1] | | |
| Fiscal Year 2011 | N/A | 0.00% |
| Fiscal Years 2012-2013 | 3.00% | 3.00% |
| Fiscal Years 2014+ | 6.00% | 6.00% |
| Post-retirement cost-of-living adjustment | None | None |

| | | |
|---|---|---|
| Georgia Military Pension Fund: | | |
| Valuation date | June 30, 2012 | June 30, 2011 |
| Actuarial cost method | Entry age | Entry age |
| Amortization method | Level dollar, open | Level dollar, open |
| Remaining amortization period of the unfunded actuarial accrued liability | 20 years | 20 years |
| Asset valuation method | 7-year smoothed market | 7-year smoothed market |
| Actuarial assumptions: | | |
| Investment rate of return[1] | 7.50% | 7.50% |
| Projected salary increases | N/A | N/A |
| Post-retirement cost-of-living adjustment | None | None |

| | | |
|---|---|---|
| SEAD - Active: | | |
| Valuation date | June 30, 2012 | June 30, 2011 |
| Actuarial cost method | Projected unit credit | Projected unit credit |
| Amortization method | Level dollar, open | Level dollar, open |
| Remaining amortization period of the funded excess | 30 years | 30 years |
| Asset valuation method | Market value of assets | Market value of assets |
| Actuarial assumptions: | | |
| Investment rate of return[1] | 7.50% | 7.50% |
| Projected salary increases | | |
| ERS[1] | 5.45-9.25% | 5.45-9.25 % |
| GJRS [1] | 6.00% | 6.00% |
| LRS | 0.00% | 0.00% |

| | | |
|---|---|---|
| SEAD - OPEB: | | |
| Valuation date | June 30, 2012 | June 30, 2011 |
| Actuarial cost method | Projected unit credit | Projected unit credit |
| Amortization method | Level dollar, open | Level dollar, open |
| Remaining amortization period of the funded excess | 30 years | 30 years |
| Asset valuation method | Market value of assets | Market value of assets |
| Actuarial assumptions: | | |
| Investment rate of return[1] | 7.50% | 7.50% |
| Projected salary increases | | |
| ERS[1] | 5.45-9.25% | 5.45-9.25 % |
| GJRS [1] | 6.00% | 6.00% |
| LRS | 0.00% | 0.00% |

[1] *Includes inflation rate of 3.00% in the 2012 valuation and 3.00% in the 2011 valuation.*

# Additional Information

## Schedule of Administrative Expenses - Contributions and Expenses

Year ended June 30, 2013 (with comparative amounts for the year ended June 30, 2012)
(In thousands)

| | 2013 | 2012 |
|---|---|---|
| Contributions: | | |
| Employees' Retirement System | $ 12,889 | $ 12,051 |
| Public School Employees Retirement System | 2,021 | 2,040 |
| Legislative Retirement System | 119 | 110 |
| Georgia Judicial Retirement System | 313 | 310 |
| State Employees' Assurance Department - Active | 22 | 22 |
| State Employees' Assurance Department - OPEB | 203 | 203 |
| Georgia Defined Contribution Plan | 1,160 | 1,138 |
| 401(k) Plan | 2,457 | 2,111 |
| 457 Plan | 996 | 910 |
| Georgia Military Pension Fund | 31 | 34 |
| Superior Court Judges Retirement Fund | 6 | 6 |
| District Attorneys Retirement Fund | 1 | 1 |
| Total contributions | 20,218 | 18,936 |
| Expenses: | | |
| Personal services: | | |
| Salaries and wages | 5,060 | 5,139 |
| Retirement contributions | 775 | 560 |
| FICA | 355 | 365 |
| Health insurance | 1,523 | 1,549 |
| Miscellaneous | 76 | 49 |
| | 7,789 | 7,662 |
| Communications: | | |
| Postage | 206 | 173 |
| Publications and printing | 9 | 11 |
| Telecommunications | 71 | 80 |
| Travel | 12 | 12 |
| | 298 | 276 |
| Professional services: | | |
| Accounting and investment services | 6,387 | 5,791 |
| Computer services | 632 | 667 |
| Contracts | 2,687 | 2,321 |
| Actuarial services | 213 | 281 |
| Medical services | 158 | 167 |
| Professional fees | 169 | 158 |
| Legal services | 32 | 32 |
| | 10,278 | 9,417 |
| Management fees: | | |
| Building maintenance | 636 | 636 |
| Other services and charges: | | |
| Temporary services | 675 | 419 |
| Supplies and materials | 106 | 103 |
| Repairs and maintenance | 22 | 22 |
| Courier services | 3 | 3 |
| Depreciation | 362 | 345 |
| Miscellaneous | 46 | 49 |
| Office equipment | 3 | 4 |
| | 1,217 | 945 |
| Total expenses | 20,218 | 18,936 |
| Net income | $ — | $ — |

See accompanying independent auditors' report.

# Additional Information

## Schedule of Investment Expenses

Year ended June 30, 2013 (with comparative amounts for the year ended June 30, 2012)

| | 2013 | 2012 |
|---|---|---|
| Investment Advisory and Custodial Fees | $ 7,153,611 | $ 5,622,239 |
| Miscellaneous | 3,529,116 | 3,566,649 |
| Total Investment Expenses | $ 10,682,727 | $ 9,188,888 |

See accompanying independent auditors' report.

# Investment Section

ERSGA
Employees' Retirement System of Georgia
*Serving those who serve Georgia*

## Investment Overview

If one were to tell you that over the next year, the real growth rate of U.S. GDP would only be 1.6%, the European Union would have negative growth and 10-year interest rates would increase 50%, you would probably assume large losses in your investment portfolio. That is exactly what happened to the economy over the past fiscal year (although the increase in rates was only 0.8%, from 1.6 to 2.4 percent), yet U.S. stock markets were up over 20%.

It is difficult not to get caught up in the headlines, but as a pension plan it is more important to stay focused on the long-term. The System continues to invest in a mix of liquid, high-quality bonds and stocks. These types of investments allow the System to participate in rising markets while moderating the risks on the downside. A high-quality balanced fund has proven to be a successful strategy in a variety of markets over long periods of time.

As in previous years, the bias to quality was a primary goal and was successfully met. "Conservation of Capital" and "Conservatism" continue to be the principal guides in investment decisions. The Board of Trustees continues to use a diversified portfolio to accomplish these objectives.

Economic growth continued to be relatively slow and uneven. Housing and consumer expenditures on durable items continued their rebound. Employment growth continued its relatively slow improvement and Europe was beginning to recover. The most compelling factor driving the markets seems to be the world's central bankers pumping money into the economy, which is finding its way into the markets.

Studies undertaken to evaluate the investment returns of pension funds over very long time horizons indicate that the asset allocation decision has the largest impact on the fund's returns. Although the returns for the various asset categories vary from year to year, over the long term equities usually outperform fixed income and cash by a very wide margin. For that reason, the System has generally maintained a significant equity exposure with the remainder of the fund invested in fixed income securities designed to generate income and preserve capital.

Returns for one, three, five, ten and twenty year periods are presented in this section. Longer time periods, such as the twenty-year period, allow for more valid evaluation of returns, both in absolute terms and relative to an asset class index, by reducing emphasis on the short-term volatility of markets. The Daily Valuation Method was used to calculate rates of return which is in accordance with the CFA Institute's objectives as stated in its publication "Global Investment Performance Standards Handbook," third edition.

As mentioned earlier, the equity markets had a very good year. The return for the S&P 500 was 20.6% and the Dow Jones Industrial Average rose 18.9%. Among individual companies, returns varied depending upon the company's size, industry, and exposure to global markets. The MSCI EAFE Index had an 18.6% return and the MSCI Emerging Market Index had a return of 2.9%.

U.S. small and mid-cap stocks outperformed large cap stocks last year. Both the S&P 400 Mid Capitalization and the S&P 600 Small Capitalization Indexes had an identical 25.2% return.

Many of the problems that have plagued world economies for the past several fiscal years continue to exist. The weaknesses are improving, however, with the possible exception of the emerging countries. These continued improvements along with very accommodative monetary conditions provided the boost to the equity markets.

Bonds finally stumbled. After exceptionally strong fixed income returns in fiscal year 2012, the total return on the 10-year Treasury Note was -4.2% and the 30 year Treasury Bond had a -10.4% return. Most of the losses occurred in May and June as fears of an end to the Federal Reserve's Quantitative Easing caused rates to jump. The return on short-term Treasury bills was negligible again due to the Federal Reserve's actions.

We look at two fixed income indexes to measure the bond market's performance. The Barclays Government / Credit Index had a return of -0.6%. It is a broad index containing higher yielding corporate bonds as well as Treasuries. The Citigroup Treasury/Sponsored/AAA/AA had a return of -1.29% and is also a broad index containing higher rated corporate bonds as well as Treasuries and Government securities. Higher quality bonds underperformed lower quality bonds as evidenced by the -0.46% return for AAA & AA rated bonds versus 2.59% for BBB rated bonds.

In summary, the investment status of the System is excellent. The high quality of the System's investments is in keeping with the continued policy of "Conservatism" and "Conservation of Capital."

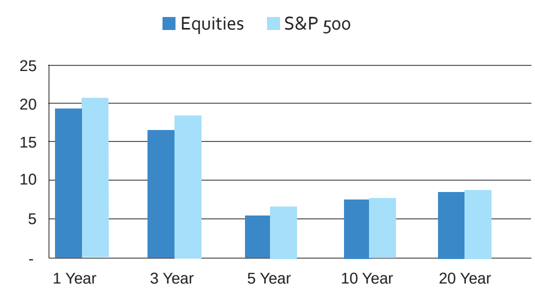
**Prepared by the Division of Investment Services**

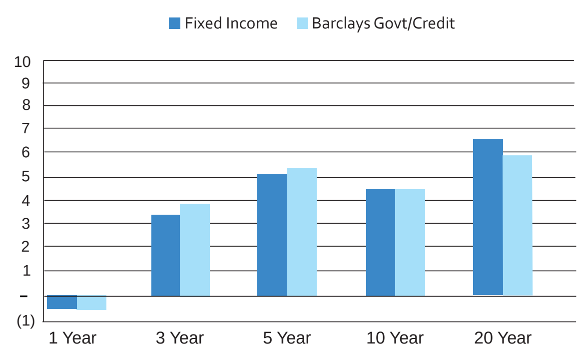
## Pooled Investment Fund

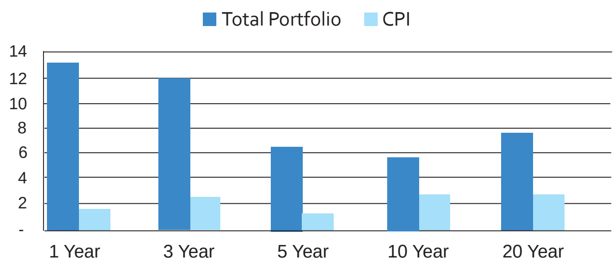
*As of June 30, 2013*

| | | |
|---|---|---|
| Employees' Retirement System (ERS) | $ | 12,191,096,482 |
| Public School Employees Retirement System (PSERS) | | 728,235,975 |
| Legislative Retirement System (LRS) | | 29,427,854 |
| Georgia Judicial Retirement System (GJRS) | | 351,561,883 |
| State Employees' Assurance Department (SEAD) - Active | | 204,585,273 |
| State Employees' Assurance Department (SEAD) - OPEB | | 905,460,682 |
| Georgia Military Pension Fund (GMPF) | | 12,094,114 |
| **Total** | $ | 14,422,462,263 |

## Rates of Return



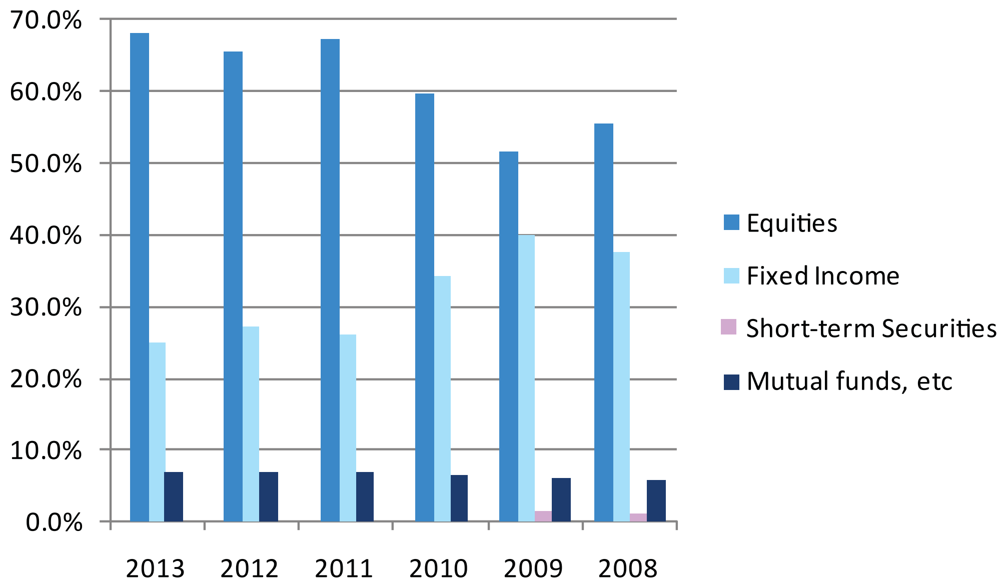




| | Equities | S&P 500 | Fixed Income | Barclay's Govt/ Credit | Total Portfolio | CPI |
|---|---|---|---|---|---|---|
| **1 year** | 19.31 % | 20.60 % | (0.58)% | (0.62)% | 13.33 % | 1.75 % |
| **3 year** | 16.30 % | 18.45 % | 3.27 % | 3.88 % | 12.00 % | 2.32 % |
| **5 year** | 5.49 % | 7.01 % | 5.12 % | 5.29 % | 6.30 % | 1.31 % |
| **10 year** | 7.27 % | 7.30 % | 4.47 % | 4.43 % | 6.56 % | 2.43 % |
| **20 year** | 8.41 % | 8.66 % | 6.42 % | 5.88 % | 7.80 % | 2.43 % |

**Note: Rates of return are calculated using the Daily Valuation Method, a time-weighted rate of return, based on market rates of return.**

## Asset Allocation at Fair Value




## Investment Summary

### Asset Allocation as of June 30 (in percentages)

| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|---|---|---|---|---|---|
| Equities | 68.1% | 65.9 | 67.2 | 59.4 | 52.3 | 55.6 |
| Fixed Income | 25.0 | 27.3 | 26.2 | 34.1 | 39.8 | 37.2 |
| Short-Term Securities | — | — | — | — | 1.8 | 1.5 |
| Mutual and Common Collective Trust Funds and Separate Accounts | 6.9 | 6.8 | 6.6 | 6.5 | 6.1 | 5.7 |
| **Total** | **100%** | **100** | **100** | **100** | **100** | **100** |

### Asset Allocation as of June 30 (in millions)

| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|---|---|---|---|---|---|
| Equities | $ 10,374 | 9,600 | 10,060 | 7,870 | 6,857 | 8,947 |
| Fixed Income | 3,811 | 3,972 | 3,902 | 4,506 | 5,212 | 6,000 |
| Short-Term Securities | — | — | — | — | 236 | 244 |
| Mutual and Common Collective Trust Funds and Separate Accounts | 1,057 | 995 | 992 | 867 | 799 | 915 |
| **Total** | **$ 15,242** | **14,567** | **14,954** | **13,243** | **13,104** | **16,106** |

## Schedule of Fees and Commissions

*For the Year Ended June 30, 2013*

| | | |
|---|---|---|
| **Investment Advisors' Fees:*** | | |
| U.S. Equity | $ | 3,846,798 |
| International Equity | | 2,866,718 |
| Fixed Income | | — |
| **Investment Commissions:** | | |
| U.S. Equity | | 3,023,902 |
| International Equity | | 909,096 |
| **Transaction Fees:** | | 171,490 |
| **Miscellaneous:*** | | 3,969,211 |
| **Total Fees and Commissions** | $ | 14,787,215 |

*Amount included in total investment expenses shown on page 50.

## Twenty Largest Equity Holdings †

*As of June 30, 2013*

| Shares | Company | | Fair Value |
|---|---|---|---|
| 2,035,313 | Exxon Mobil Corp. | $ | 183,890,530 |
| 363,648 | Apple Inc. | | 144,197,341 |
| 4,037,694 | Microsoft Corp. | | 139,482,139 |
| 1,446,260 | Johnson & Johnson | | 124,175,884 |
| 1,043,119 | Chevron Corp. | | 123,442,702 |
| 139,140 | Google Inc. | | 122,494,682 |
| 1,352,788 | Procter & Gamble Co. | | 104,151,148 |
| 4,008,570 | General Electric Co. | | 92,958,738 |
| 2,225,343 | Wells Fargo & Co. | | 91,839,906 |
| 1,731,588 | JPMorgan Chase & Co. | | 91,410,530 |
| 2,117,690 | Coca Cola Co. | | 84,940,546 |
| 718,700 | Berkshire Hathaway Inc. | | 80,436,904 |
| 420,461 | International Business Machines Corp. | | 80,354,302 |
| 2,855,327 | Pfizer Inc. | | 79,977,709 |
| 2,168,919 | AT&T Inc. | | 76,779,733 |
| 1,023,514 | Wal-Mart Stores Inc. | | 76,241,558 |
| 2,871,824 | Intel Corp. | | 69,584,295 |
| 833,286 | PepsiCo Inc. | | 68,154,462 |
| 350,300 | Visa Inc. | | 64,017,325 |
| 721,580 | Philip Morris International Inc. | | 62,503,260 |
| | **Top 20 Equities** | $ | **1,961,033,694** |
| | **Remaining Equities** | | **8,412,426,088** |
| | **Total Equities** | $ | **10,373,459,782** |

†A complete listing is available upon written request, subject to restrictions of O.C.G.A. Section 47-1-14.

# Fixed Income Holdings*

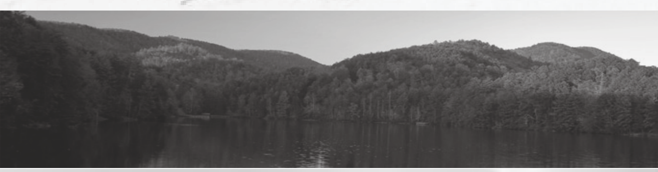
*As of June 30, 2013*

| Issuer | Year of Maturity | Interest Rate | Par Value | Fair Value |
|---|---|---|---|---|
| US TREAS. NOTE | 2017 | 1.8750 | $ 267,000,000 | $ 274,927,230 |
| US TREAS. NOTE | 2013 | 0.7500 | 177,000,000 | 177,242,490 |
| US TREAS. NOTE | 2013 | 0.5000 | 175,000,000 | 175,253,750 |
| US TREAS. NOTE | 2021 | 2.1250 | 165,000,000 | 164,330,100 |
| US TREAS. NOTE | 2015 | 0.2500 | 156,000,000 | 155,463,360 |
| US TREAS. NOTE | 2016 | 2.1250 | 143,000,000 | 148,910,190 |
| GENERAL ELECTRIC CO | 2022 | 2.7000 | 153,000,000 | 144,797,670 |
| US TREAS. BOND | 2028 | 5.2500 | 109,000,000 | 138,566,250 |
| US TREAS. NOTE | 2013 | 1.0000 | 133,000,000 | 133,046,550 |
| PFIZER INC | 2015 | 5.3500 | 121,000,000 | 130,292,800 |
| US TREAS. NOTE | 2018 | 2.7500 | 122,000,000 | 130,177,660 |
| US TREAS. NOTE | 2017 | 3.1250 | 114,000,000 | 122,977,500 |
| EMC CORP | 2020 | 2.6500 | 116,000,000 | 114,350,480 |
| GENERAL ELECTRIC CAP CORP | 2026 | 5.5500 | 98,000,000 | 108,569,300 |
| US TREAS. NOTE | 2014 | 1.0000 | 108,000,000 | 108,510,840 |
| US TREAS. BOND | 2036 | 4.5000 | 91,000,000 | 108,360,980 |
| GENERAL ELECTRIC CAP CORP | 2017 | 2.4500 | 101,000,000 | 100,988,890 |
| COMCAST-NBC | 2018 | 1.6620 | 100,000,000 | 97,334,000 |
| PRAXAIR INC | 2018 | 1.2000 | 100,000,000 | 96,265,000 |
| US TREAS. NOTE | 2021 | 3.1250 | 83,000,000 | 89,127,890 |
| MICROSOFT CORP | 2015 | 1.6250 | 86,000,000 | 87,943,600 |
| UNITED PARCEL SERVICE | 2021 | 3.1250 | 82,000,000 | 83,138,980 |
| ROYAL BANK OF CANADA | 2015 | 1.9200 | 81,000,000 | 82,707,480 |
| ONTARIO (PROVINCE OF) | 2017 | 1.1000 | 82,000,000 | 79,999,200 |
| WALT DISNEY COMPANY | 2017 | 1.1250 | 81,000,000 | 79,617,330 |
| AT&T INC | 2017 | 1.4000 | 81,000,000 | 78,747,390 |
| VERIZON COMMUNICATIONS INC | 2014 | 1.9500 | 71,000,000 | 71,714,970 |
| WAL-MART STORES INC | 2016 | 2.8000 | 61,000,000 | 64,118,930 |
| SCHLUMBERGER INVESTMENT | 2021 | 3.3000 | 62,000,000 | 62,316,200 |
| INTEL CORP | 2021 | 3.3000 | 62,000,000 | 62,228,780 |
| US TREAS. NOTE | 2022 | 1.6250 | 64,000,000 | 60,044,800 |
| PFIZER INC | 2018 | 1.5000 | 61,000,000 | 59,958,120 |
| COCA COLA CO | 2018 | 1.1500 | 60,000,000 | 58,200,000 |
| JOHNSON & JOHNSON | 2014 | 1.2000 | 51,000,000 | 51,387,090 |
| US TREAS. NOTE | 2019 | 1.0000 | 34,000,000 | 32,555,000 |
| MICROSOFT CORP | 2017 | 0.8750 | 20,000,000 | 19,421,600 |
| **ERS Fixed Income Securities** | | | **$ 3,671,000,000** | **$ 3,753,592,400** |
| **Defined Contribution Fixed Income Securities** | | | **57,500,000** | **57,537,685** |
| **Total ERS and Defined Contribution Fixed Income Securities** | | | **$ 3,728,500,000** | **$ 3,811,130,085** |

*A complete listing is available upon written request, subject to restrictions of O.C.G.A. Section 47-1-14.

# Actuarial Section





ERSGA
Employees' Retirement System of Georgia
*Serving those who serve Georgia*

Cavanaugh Macdonald
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The experience and dedication you deserve

3550 Busbee Pkwy, Suite 250
Kennesaw, GA 30144
Phone (678) 388-1700 • Fax (678) 388-1730
www.CavMacConsulting.com

April 18, 2013

Board of Trustees
Employees' Retirement System of Georgia
Two Northside 75, Suite 300
Atlanta, GA 30318-7701

Attn: Mr. James Potvin, Executive Director

Members of the Board:

Section 47-2-26 of the law governing the operation of the Employees' Retirement System of Georgia provides that the actuary shall make annual valuations of the contingent assets and liabilities of the Retirement System on the basis of regular interest and the tables last adopted by the Board of Trustees. We have submitted the report giving the results of the actuarial valuation of the System prepared as of June 30, 2012. The report indicates that annual employer contributions at the rate of 17.21% of compensation for Old Plan Members, 21.96% of compensation for New Plan Members, and 18.87% for GSEPS Members for the fiscal year ending June 30, 2015 are sufficient to support the benefits of the System.

In preparing the valuation, the actuary relied on data provided by the System. While not verifying data at the source, the actuary performed tests for consistency and reasonableness. Our firm, as actuary, is responsible for all of the actuarial trend data in the financial section of the annual report and the supporting schedules in the actuarial section of the annual report.

Since the previous valuation, the one-time 3% increase on the first $37,500 of members' allowances made at retirement has been discontinued for all members who retire on or after July 1, 2013.

In our opinion, the valuation is complete and accurate, and the methodology and assumptions are reasonable as a basis for the valuation. The valuation takes into account the effect of all amendments to the System enacted through the 2012 session of the General Assembly.

The System is funded on an actuarial reserve basis. The actuarial assumptions recommended by the actuary and adopted by the Board are in the aggregate reasonably related to the experience under the System and to reasonable expectations of anticipated experience under the System. The assumptions and methods used for funding purposes meet the parameters set for the disclosures presented in the financial section by Governmental Accounting Standards Board (GASB) Statement Nos. 25 and 27. The funding objective of the plan is that contribution rates over time will remain level as a percent of payroll. The valuation method used is the entry age normal cost method. The normal contribution rate to cover current cost has been determined as a level percent of payroll. Gains and losses are reflected in the unfunded accrued liability which is being amortized on a level dollar basis within a 30-year period.

The System is being funded in conformity with the minimum funding standard set forth in Code Section 47-20-10 of the Public Retirement Systems Standards Law. In our opinion the System is operating on an actuarially sound basis. Assuming that contributions to the System are made by the employer from year to year in the future at the rates recommended on the basis of the successive valuations, the continued sufficiency of the retirement fund to provide the benefits called for under the System may be safely anticipated.

This is to certify that the independent consulting actuary is a member of the American Academy of Actuaries and has experience in performing valuations for public retirement systems, that the valuation was prepared in accordance with principles of practice prescribed by the Actuarial Standards Board, and that the actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the System and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the System.

Future actuarial results may differ significantly from the current results presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Since the potential impact of such factors is outside the scope of a normal annual actuarial valuation, an analysis of the range of results is not presented herein.

Sincerely yours,

Edward A. Macdonald, ASA, FCA MAAA
President

Edward J. Koebel, EA, FCA, MAAA
Principal and Consulting Actuary

Cathy Turcot
Principal and Managing Director

Cavanaugh Macdonald
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www.CavMacConsulting.com

April 18, 2013

Board of Trustees
Georgia Public School Employees Retirement System
Two Northside 75, Suite 300
Atlanta, GA 30318-7701

Attn: Mr. James Potvin, Executive Director

Members of the Board:

Section 47-4-60 of the law governing the operation of the Georgia Public School Employees Retirement System provides that the employer contribution shall be actuarially determined and approved by the Board of Trustees. We have submitted the report giving the results of the actuarial valuation of the System prepared as of June 30, 2012. Based on a monthly benefit accrual rate of $14.75, the valuation indicates that annual employer contributions of $28,461,000 or $736.31 per active member for the fiscal year ending June 30, 2015 are sufficient to support the benefits of the System.

Since the previous valuation, the one-time 1.75% increase on members' allowances made at retirement has been discontinued for all members who retire on or after July 1, 2013 and legislation has been enacted by the General Assembly to increase the employee contribution rate from $4 to $10 per month for members joining the System on or after July 1, 2012. In addition, the results of the valuation reflect that the Board did not grant the anticipated cost-of-living increases (COLAs) to retired members July 1, 2012 and January 1, 2013.

In preparing the valuation, the actuary relied on data provided by the System. While not verifying data at the source, the actuary performed tests for consistency and reasonableness. Our firm, as actuary, is responsible for all of the actuarial trend data in the financial section of the annual report and the supporting schedules in the actuarial section of the annual report.

In our opinion, the valuation is complete and accurate, and the methodology and assumptions are reasonable as a basis for the valuation. The valuation takes into account the effect of all amendments to the System enacted through the 2012 session of the General Assembly.

The System is funded on an actuarial reserve basis. The actuarial assumptions recommended by the actuary and adopted by the Board are in the aggregate reasonably related to the experience under the System and to reasonable expectations of anticipated experience under the System. The assumptions and methods used for funding purposes meet the parameters set for the disclosures presented in the financial section by Governmental Accounting Standards Board (GASB) Statement Nos. 25 and 27. The funding objective of the plan is that contribution rates over time will remain level as a dollar per active member. The valuation method used is the entry age normal cost method. The normal contribution rate to cover current cost has been determined as a dollar per active member. Gains and losses are reflected in the unfunded accrued liability which is being amortized as a level dollar per active member within a 30-year period.

The System is currently being funded in conformity with the minimum funding standard set forth in Code Section 47-20-10 of the Public Retirement Systems Standards Law. In our opinion the System is currently operating on an actuarially sound basis. Assuming that contributions to the System are made by the employer from year to year in the future at the rates recommended on the basis of the successive actuarial valuations, the continued sufficiency of the retirement fund to provide the benefits called for under the System may be safely anticipated.

This is to certify that the independent consulting actuary is a member of the American Academy of Actuaries and has experience in performing valuations for public retirement systems, that the valuation was prepared in accordance with principles of practice prescribed by the Actuarial Standards Board, and that the actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the retirement system and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the System.

Future actuarial results may differ significantly from the current results presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Since the potential impact of such factors is outside the scope of a normal annual actuarial valuation, an analysis of the range of results is not presented herein.

Sincerely yours,

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www.CavMacConsulting.com

April 18, 2013

Board of Trustees
Georgia Judicial Retirement System
Two Northside 75, Suite 300
Atlanta, GA 30318-7701

Attn: Mr. James Potvin, Executive Director

Members of the Board:

Section 47-23-21 of the law governing the operation of the Georgia Judicial Retirement System provides that the actuary shall make annual valuations of the contingent assets and liabilities of the Retirement System on the basis of regular interest and the tables last adopted by the Board of Trustees. We have submitted the report giving the results of the actuarial valuation of the System prepared as of June 30, 2012. The report indicates that annual employer contributions at the rate of 6.98% of compensation for the fiscal year ending June 30, 2015 are sufficient to support the benefits of the System.

Since the previous valuation, the one-time 1.75% increase on members' allowances made at retirement has been discontinued for all members who retire on or after July 1, 2013. In addition, legislation has been enacted by the General Assembly for members who join the System on and after July 1, 2012. These members will not be eligible to elect spouse's benefit coverage, and instead will be allowed to elect actuarial equivalent joint and survivor benefits at retirement.

In preparing the valuation, the actuary relied on data provided by the System. While not verifying data at the source, the actuary performed tests for consistency and reasonableness. Our firm, as actuary, is responsible for all of the actuarial trend data in the financial section of the annual report and the supporting schedules in the actuarial section of the annual report.

In our opinion, the valuation is complete and accurate, and the methodology and assumptions are reasonable as a basis for the valuation. The valuation takes into account the effect of all amendments to the System enacted through the 2012 session of the General Assembly.

The System is funded on an actuarial reserve basis. The actuarial assumptions recommended by the actuary and adopted by the Board are in the aggregate reasonably related to the experience under the System and to reasonable expectations of anticipated experience under the System. The assumptions and methods used for funding purposes meet the parameters set for the disclosures presented in the financial section by Governmental Accounting Standards Board (GASB) Statement Nos. 25 and 27. The funding objective of the plan is that contribution rates over time will remain level as a percent of payroll. The valuation method used is the entry age normal cost method. The normal contribution rate to cover current cost has been determined as a level percent of payroll. Gains and losses are reflected in the unfunded accrued liability which is negative and being amortized as a level percent of payroll within a 10-year period.

The System is being funded in conformity with the minimum funding standard set forth in Code Section 47-20-10 of the Public Retirement Systems Standards Law. In our opinion the System is operating on an actuarially sound basis. Assuming that contributions to the System are made by the employer from year to year in the future at the rates recommended on the basis of the successive actuarial valuations, the continued sufficiency of the retirement fund to provide the benefits called for under the System may be safely anticipated.

This is to certify that the independent consulting actuary is a member of the American Academy of Actuaries and has experience in performing valuations for public retirement systems, that the valuation was prepared in accordance with principles of practice prescribed by the Actuarial Standards Board, and that the actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the retirement system and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the System.

Future actuarial results may differ significantly from the current results presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Since the potential impact of such factors is outside the scope of a normal annual actuarial valuation, an analysis of the range of results is not presented herein.

Sincerely yours,

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www.CavMacConsulting.com

April 18, 2013

Board of Trustees
Legislative Retirement System of Georgia
Two Northside 75, Suite 300
Atlanta, GA 30318-7701

Attn: Mr. James Potvin, Executive Director

Members of the Board:

Section 47-6-22 of the law governing the operation of the Georgia Legislative Retirement System provides that the actuary shall make periodic valuations of the contingent assets and liabilities of the Retirement System on the basis of regular interest and the tables last adopted by the Board of Trustees. We have submitted the report giving the results of the actuarial valuation of the System prepared as of June 30, 2012. The report indicates that no annual employer contributions for the fiscal year ending June 30, 2015 are required to support the benefits of the System.

Since the previous valuation, the one-time 1.75% increase on members' allowances made at retirement has been discontinued for all members who retire on or after July 1, 2013. In addition, the results of the valuation reflect that the Board did not grant the anticipated cost-of-living increases (COLAs) to retired members July 1, 2012 and January 1, 2013.

In preparing the valuation, the actuary relied on data provided by the System. While not verifying data at the source, the actuary performed tests for consistency and reasonableness. Our firm, as actuary, is responsible for all of the actuarial trend data in the financial section of the annual report and the supporting schedules in the actuarial section of the annual report.

In our opinion, the valuation is complete and accurate, and the methodology and assumptions are reasonable as a basis for the valuation. The valuation takes into account the effect of all amendments to the System enacted through the 2012 session of the General Assembly.

The System is funded on an actuarial reserve basis. The actuarial assumptions recommended by the actuary and adopted by the Board are in the aggregate reasonably related to the experience under the System and to reasonable expectations of anticipated experience under the System. The assumptions and methods used for funding purposes meet the parameters set for the disclosures presented in the financial section by Governmental Accounting Standards Board (GASB) Statement Nos. 25 and 27. The funding objective of the plan is that contribution rates over time will remain level as a dollar per active member. The valuation method used is the entry age normal cost method. The normal contribution rate to cover current cost has been determined as a level dollar per active member. Gains and losses are reflected in the unfunded accrued liability which is negative and being amortized as a level dollar per active member.

The System is being funded in conformity with the minimum funding standard set forth in Code Section 47-20-10 of the Public Retirement Systems Standards Law. In our opinion the System is operating on an actuarially sound basis. Assuming that contributions to the System are made by the employer from year to year in the future at the rates recommended on the basis of the successive actuarial valuations, the continued sufficiency of the retirement fund to provide the benefits called for under the System may be safely anticipated.

This is to certify that the independent consulting actuary is a member of the American Academy of Actuaries and has experience in performing valuations for public retirement systems, that the valuation was prepared in accordance with principles of practice prescribed by the Actuarial Standards Board, and that the actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the retirement system and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the System.

Future actuarial results may differ significantly from the current results presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Since the potential impact of such factors is outside the scope of a normal annual actuarial valuation, an analysis of the range of results is not presented herein.

Sincerely yours,

Edward A. Macdonald, ASA, FCA MAAA
President

Edward J. Koebel, EA, FCA, MAAA
Principal and Consulting Actuary

Cathy Turcot
Principal and Managing Director

Cavanaugh Macdonald
CONSULTING, LLC
The experience and dedication you deserve

3550 Busbee Pkwy, Suite 250
Kennesaw, GA 30144
Phone (678) 388-1700 • Fax (678) 388-1730
www.CavMacConsulting.com

April 18, 2013

Board of Trustees
Georgia Military Pension Fund
Two Northside 75, Suite 300
Atlanta, GA 30318-7701

Attn: Mr. James Potvin, Executive Director

Members of the Board:

Section 47-24-22 of the law governing the operation of the Georgia Military Pension Fund provides that the actuary shall make periodic valuations of the contingent assets and liabilities of the Pension Fund on the basis of regular interest and the tables last adopted by the Board of Trustees. We have submitted the report giving the results of the actuarial valuation of the Fund prepared as of June 30, 2012. The report indicates that annual employer contributions of $1,893,369 or $139.98 per active member for the fiscal year ending June 30, 2015 are sufficient to support the benefits of the Fund.

In preparing the valuation, the actuary relied on data provided by the Fund. While not verifying data at the source, the actuary performed tests for consistency and reasonableness. Our firm, as actuary, is responsible for all of the actuarial trend data in the financial section of the annual report and the supporting schedules in the actuarial section of the annual report.

In our opinion, the valuation is complete and accurate, and the methodology and assumptions are reasonable as a basis for the valuation. The valuation takes into account the effect of all amendments to the Fund enacted through the 2012 session of the General Assembly.

The Fund is funded on an actuarial reserve basis. The actuarial assumptions recommended by the actuary and adopted by the Board are in the aggregate reasonably related to the experience under the Fund and to reasonable expectations of anticipated experience under the Fund. The assumptions and methods used for funding purposes meet the parameters set for the disclosures presented in the financial section by Governmental Accounting Standards Board (GASB) Statement Nos. 25 and 27. The funding objective of the plan is that contribution rates over time will remain level as a percent dollar per active member. The valuation method used is the entry age normal cost method. The normal contribution rate to cover current cost has been determined as a level dollar per active member. Gains and losses are reflected in the unfunded accrued liability which is being amortized as a level dollar per active member within a 20-year period.

The Fund is being funded in conformity with the minimum funding standard set forth in Code Section 47-20-10 of the Public Retirement Systems Standards Law. In our opinion the Fund is operating on an actuarially sound basis. Assuming that contributions to the Fund are made by the employer from year to year in the future at the rates recommended on the basis of the successive actuarial valuations, the continued sufficiency of the retirement fund to provide the benefits called for under the Fund may be safely anticipated.

This is to certify that the independent consulting actuary is a member of the American Academy of Actuaries and has experience in performing valuations for public retirement systems, that the valuation was prepared in accordance with principles of practice prescribed by the Actuarial Standards Board, and that the actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the retirement system and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the Fund.

Future actuarial results may differ significantly from the current results presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Since the potential impact of such factors is outside the scope of a normal annual actuarial valuation, an analysis of the range of results is not presented herein.

Sincerely yours,

Edward A. Macdonald, ASA, FCA MAAA
President

Edward J. Koebel, EA, FCA, MAAA
Principal and Consulting Actuary

Cathy Turcot
Principal and Managing Director

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April 18, 2013

Board of Trustees
Employees' Retirement System of Georgia
Two Northside 75, Suite 300
Atlanta, GA 30318-7701

Attention: Mr. James Potvin, Executive Director

Members of the Board:

Chapters 47-2 and 47-19 of the Code of Georgia which govern the operation of the Georgia Employees' Group Term Life Insurance Plan provide that the actuary shall make periodic valuations of the contingent assets and liabilities of the Insurance Plan on the basis of regular interest and the tables last adopted by the Board of Trustees. In this report, we have determined liabilities for life insurance benefits payable upon death in active service (Pre-Retirement).

We have submitted the report giving the results of the valuation of the Plan prepared as of June 30, 2012. The report indicates that employee contributions at the rate of 0.05% of active payroll for Old Plan members of the Employees' Retirement System, and 0.02% of active payroll for New Plan members of the Employees' Retirement System, members of the Legislative Retirement System and members of the Judicial Retirement System are sufficient to support the pre-retirement benefits of the Plan. No employer contribution is required for the fiscal year ending June 30, 2015 for pre-retirement benefits.

The funding method used for this valuation is the unit credit actuarial cost method with projected benefits. Gains and losses are reflected in the unfunded accrued liability. The actuarial assumptions used are in the aggregate reasonably related to the experience under the Plan and to reasonable expectations of anticipated experience under the Plan. In our opinion, the Plan is operating on an actuarially sound basis and the sufficiency of the funds to provide the benefits called for by the Plan may be safely anticipated.

This is to certify that the independent consulting actuary is a member of the American Academy of Actuaries and has experience in performing valuations for public retirement systems, that the valuation was prepared in accordance with principles of practice prescribed by the Actuarial Standards Board, and that the actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the retirement system and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the Plan.

Future actuarial results may differ significantly from the current results presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Since the potential impact of such factors is outside the scope of a normal annual actuarial valuation, an analysis of the range of results is not presented herein.

Sincerely yours,

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April 18, 2013

Board of Trustees
Employees' Retirement System of Georgia
Two Northside 75, Suite 300
Atlanta, GA 30318-7701

Attention: Mr. James Potvin, Executive Director

Members of the Board:

Chapters 47-2 and 47-19 of the Code of Georgia which govern the operation of the Georgia Employees' Group Term Life Insurance Plan provide that the actuary shall make periodic valuations of the contingent assets and liabilities of the Insurance Plan on the basis of regular interest and the tables last adopted by the Board of Trustees. In this report, we have determined liabilities for life insurance benefits payable upon death after retirement (Post-Retirement).

In accordance with GASB 43 and 45, we have determined the liabilities for life insurance benefits payable upon death after retirement. We have submitted the report giving the results of the valuation of the Plan prepared as of June 30, 2012. The report indicates, for post-retirement benefits, there is no employer annual required contribution for the fiscal year ending June 30, 2015 based on a 30-year amortization period of the unfunded accrued liability.

The funding method used for this valuation is the unit credit actuarial cost method with projected benefits. Gains and losses are reflected in the unfunded accrued liability. The actuarial assumptions used are in the aggregate reasonably related to the experience under the Plan and to reasonable expectations of anticipated experience under the Plan. In our opinion, the Plan is operating on an actuarially sound basis and the sufficiency of the funds to provide the benefits called for by the Plan may be safely anticipated assuming future annual required contributions (ARC) are contributed when due.

This is to certify that the independent consulting actuary is a member of the American Academy of Actuaries and has experience in performing valuations for public retirement systems, that the valuation was prepared in accordance with principles of practice prescribed by the Actuarial Standards Board, and that the actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the retirement system and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the Plan.

Future actuarial results may differ significantly from the current results presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Since the potential impact of such factors is outside the scope of a normal annual actuarial valuation, an analysis of the range of results is not presented herein.

Sincerely yours,

Edward A. Macdonald, ASA, FCA MAAA
President

Edward J. Koebel, EA, FCA, MAAA
Principal and Consulting Actuary

Cathy Turcot
Principal and Managing Director

The laws governing the Employees' Retirement System and the plans it administers require an actuary to perform an annual valuation of the soundness of the system. In addition, the actuary must perform at least once every five years an actuarial investigation of the mortality, service and compensation experience of the members and beneficiaries of the System. The latest valuation was performed as of June 30, 2012 based on actuarial assumptions approved by the Board during the last experience study on December 16, 2010.

**The more pertinent facts and significant assumptions underlying the computations included in the June 30, 2012 reports are as follows:**

## Summary of Actuarial Assumptions

| | ERS | PSERS | GJRS | LRS | GMPF |
|---|---|---|---|---|---|
| Valuation Date | June 30, 2012 | June 30, 2012 | June 30, 2012 | June 30, 2012 | June 30, 2012 |
| Actuarial Cost Method | Entry age | Entry age | Entry age | Entry age | Entry age |
| Amortization Method | Level dollar, open | Level dollar, open | Level percent of pay, open | Level dollar, open | Level dollar, open |
| Amortization Period | 30 years | 30 years | 10 years | N/A | 20 years |
| Actuarial Asset Valuation Method | Based on the total fair value income of investments with the excess or shortfall of actual investment income over or under the expected investment return smoothed over 7 years. One-seventh of the excess or shortfall is recognized each year for seven years. | | | | |
| Investment Rate of Return | 7.50% | 7.50% | 7.50% | 7.50% | 7.50% |
| Inflation Rate | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% |
| Projected Salary Increases | | n/a | | n/a | n/a |
| Fiscal Years 2012-2013 | 2.725-4.625% | | 3.00% | | |
| Fiscal Years 2014+ | 5.45-9.25% | | 6.00% | | |
| COLA | None | 1.50% Semi-annually | None | 3.0% Annually | None |

| | SEAD (Active & OPEB) |
|---|---|
| Valuation Date | June 30, 2012 |
| Actuarial Cost Method | Projected unit credit |
| Amortization Method | Level dollar, open |
| Amortization Period | 30 years |
| Actuarial Asset Valuation Method | Market Value of Assets |
| Investment Rate of Return | 7.50% |
| Inflation Rate | 3.00% |
| Projected Salary Increases | |
| ERS | 5.45-9.25% |
| GJRS | 6.00% |
| LRS | 0.00 |
| COLA | n/a |

## Rates of Withdrawal Prior to Retirement (Withdrawal, Death, Disability)

### ERS

Representative values of the assumed annual rates of separation other than retirement for non-law enforcement officers are as follows. Special rates of separation apply to law enforcement officers.

| | Annual Rates of Death | | Annual Rates of Disability | |
|---|---|---|---|---|
| Age | Men | Women | Men | Women |
| 20 | .035 % | .019 % | .05 % | .02 % |
| 25 | .038 | .021 | .05 | .02 |
| 30 | .044 | .026 | .05 | .02 |
| 35 | .077 | .048 | .05 | .02 |
| 40 | .108 | .071 | .25 | .10 |
| 45 | .151 | .112 | .50 | .25 |
| 50 | .214 | .168 | .75 | .50 |
| 55 | .362 | .272 | 1.10 | .82 |
| 60 | .675 | .506 | — | — |
| 65 | 1.274 | .971 | — | — |
| 69 | 1.980 | 1.486 | — | — |

**Annual Rates of Withdrawal**
**Years of Service**

| | 0-4 | | 5-9 | | 10 & over | |
|---|---|---|---|---|---|---|
| Age | Men | Women | Men | Women | Men | Women |
| 20 | 31.00 % | 31.00 % | — % | — % | — % | — % |
| 25 | 26.00 | 24.00 | 17.00 | 19.00 | — | — |
| 30 | 22.50 | 21.00 | 12.00 | 13.00 | 7.50 | 7.75 |
| 35 | 21.00 | 19.50 | 10.00 | 10.50 | 7.00 | 6.75 |
| 40 | 19.00 | 17.50 | 9.50 | 9.00 | 5.00 | 4.50 |
| 45 | 18.00 | 15.50 | 9.00 | 8.00 | 3.75 | 3.50 |
| 50 | 15.50 | 15.00 | 7.00 | 7.00 | 3.75 | 3.50 |
| 55 | 13.00 | 12.50 | 6.50 | 6.50 | 4.00 | 4.00 |
| 60 | 15.00 | 12.50 | 7.00 | 6.50 | — | — |
| 65 | 15.00 | 17.00 | 9.50 | 10.00 | — | — |

## PSERS

| Age | Annual Rates of Death Men | Annual Rates of Death Women | Annual Rate of Disability Both |
|---|---|---|---|
| 20 | .036 % | .019 % | — % |
| 25 | .038 | .021 | — |
| 30 | .050 | .026 | — |
| 35 | .084 | .048 | — |
| 40 | .114 | .071 | .01 |
| 45 | .162 | .112 | .04 |
| 50 | .245 | .168 | .09 |
| 55 | .420 | .272 | .23 |
| 60 | .778 | .506 | .35 |
| 65 | 1.441 | .971 | — |

**Annual Rates of Withdrawal**
**Years of Service**

| | 0-4 | | 5-9 | | 10 & over | |
|---|---|---|---|---|---|---|
| Age | Men | Women | Men | Women | Men | Women |
| 20 | 35.00 % | 34.00 % | — % | — % | — % | — % |
| 25 | 30.00 | 29.00 | 17.00 | 19.00 | — | — |
| 30 | 27.00 | 24.00 | 16.00 | 15.00 | 14.00 | 11.00 |
| 35 | 24.00 | 20.00 | 14.00 | 13.00 | 9.00 | 10.00 |
| 40 | 21.00 | 17.00 | 12.00 | 12.00 | 7.00 | 8.00 |
| 45 | 20.00 | 16.00 | 11.00 | 10.00 | 6.50 | 7.00 |
| 50 | 18.00 | 14.00 | 11.00 | 9.00 | 6.50 | 6.50 |
| 55 | 15.00 | 12.00 | 9.00 | 8.00 | 6.00 | 6.00 |
| 60 | 13.00 | 11.00 | 9.00 | 7.00 | — | — |

## GJRS

| | Annual Rates of | | | |
|---|---|---|---|---|
| | Withdrawal | Death | | Disability |
| Age | Both | Men | Women | Both |
| 20 | 8.0 % | .035 % | .019 % | .05 % |
| 25 | 8.0 | .038 | .021 | .05 |
| 30 | 8.0 | .044 | .026 | .10 |
| 35 | 8.0 | .077 | .048 | .15 |
| 40 | 8.0 | .108 | .071 | .20 |
| 45 | 4.0 | .151 | .112 | .35 |
| 50 | 3.0 | .214 | .168 | .50 |
| 55 | 3.0 | .362 | .272 | .90 |
| 60 | 3.0 | .675 | .506 | 1.45 |
| 65 | 3.0 | 1.274 | .971 | 2.35 |

## LRS

| | Annual Rates of | | | |
|---|---|---|---|---|
| | Withdrawal | Death | | Disability |
| Age | Both | Men | Women | Both |
| 20 | 6.0 % | .035 % | .019 % | .1 % |
| 25 | 6.0 | .038 | .021 | .1 |
| 30 | 6.0 | .044 | .026 | .2 |
| 35 | 6.0 | .077 | .048 | .3 |
| 40 | 6.0 | .108 | .071 | .4 |
| 45 | 7.5 | .151 | .112 | .7 |
| 50 | 8.5 | .214 | .168 | 1.0 |
| 55 | 10.0 | .362 | .272 | 1.8 |
| 60 | 10.0 | .675 | .506 | 2.9 |
| 65 | 10.0 | 1.274 | .971 | — |

## GMPF

**Rates of Withdrawal from Active Service**

| Service | Rates |
|---|---|
| 10 or less | 17.5 % |
| 11-13 | 15.0 |
| 14-19 | 9.5 |
| 20 or more | 14.5 |

| Age | Rates of Death | |
|---|---|---|
| | Men | Women |
| 25 | .038 % | .021 % |
| 30 | .044 | .026 |
| 35 | .077 | .048 |
| 40 | .108 | .071 |
| 45 | .151 | .112 |
| 50 | .214 | .168 |
| 55 | .362 | .272 |
| 60 | .675 | .506 |

**SEAD-Active and SEAD-OPEB**

| | All Groups Annual Rates of Death | | ERS Annual Rates of Disability | | LRS Annual Rates of Disability | GJRS Annual Rates of Disability |
|---|---|---|---|---|---|---|
| Age | Men | Women | Men | Women | Both | Both |
| 20 | .035 % | .019 % | .05 % | .02 % | .1 % | .05 % |
| 25 | .038 | .021 | .05 | .02 | .1 | .05 |
| 30 | .044 | .026 | .05 | .02 | .2 | .10 |
| 35 | .077 | .048 | .05 | .02 | .3 | .15 |
| 40 | .108 | .071 | .25 | .10 | .4 | .20 |
| 45 | .151 | .112 | .50 | .25 | .7 | .35 |
| 50 | .214 | .168 | .75 | .50 | 1.0 | .50 |
| 55 | .362 | .272 | 1.10 | .82 | 1.8 | .90 |
| 60 | .675 | .506 | — | — | 2.9 | 1.45 |
| 65 | 1.274 | .971 | — | — | — | 2.35 |
| 69 | 1.980 | 1.486 | — | — | — | — |

| | ERS Annual Rates of Withdrawal Years of Service | | | | | | LRS Annual Rates of Withdrawal | GJRS Annual Rates of Withdrawal |
|---|---|---|---|---|---|---|---|---|
| | 0-4 | | 5-9 | | 10 & over | | | |
| Age | Men | Women | Men | Women | Men | Women | Both | Both |
| 20 | 31.00 % | 31.00 % | — % | — % | — % | — % | 6.00 % | 8.00 % |
| 25 | 26.00 | 24.00 | 17.00 | 19.00 | — | — | 6.00 | 8.00 |
| 30 | 22.50 | 21.00 | 12.00 | 13.00 | 7.50 | 7.75 | 6.00 | 8.00 |
| 35 | 21.00 | 19.50 | 10.00 | 10.50 | 7.00 | 6.75 | 6.00 | 8.00 |
| 40 | 19.00 | 17.50 | 9.50 | 9.00 | 5.00 | 4.50 | 6.00 | 8.00 |
| 45 | 18.00 | 15.50 | 9.00 | 8.00 | 3.75 | 3.50 | 7.50 | 4.00 |
| 50 | 15.50 | 15.00 | 7.00 | 7.00 | 3.75 | 3.50 | 8.50 | 3.00 |
| 55 | 13.00 | 12.50 | 6.50 | 6.50 | 4.00 | 4.00 | 10.00 | 3.00 |
| 60 | 15.00 | 12.50 | 7.00 | 6.50 | 0.00 | 0.00 | 10.00 | 3.00 |
| 65 | 15.00 | 17.00 | 9.50 | 10.00 | 0.00 | 0.00 | 10.00 | 3.00 |

## Annual Rates of Retirement

### ERS

**Old Plan**

| Age | Early Retirement | | Age 60 or 30 years | | 34 years | | More than 34 years | |
|---|---|---|---|---|---|---|---|---|
| | Men | Women | Men | Women | Men | Women | Men | Women |
| 55 | 3.0 % | 4.0 % | 11.5 % | 9.0 % | 100.0 % | 100.0 % | 90.0 % | 90.0 % |
| 56 | 3.5 | 6.0 | 12.0 | 11.0 | 100.0 | 100.0 | 70.0 | 70.0 |
| 57 | 4.0 | 6.0 | 12.0 | 13.0 | 100.0 | 100.0 | 70.0 | 70.0 |
| 58 | 5.0 | 6.0 | 13.0 | 15.0 | 95.0 | 95.0 | 70.0 | 70.0 |
| 59 | 6.0 | 6.0 | 16.0 | 16.0 | 95.0 | 95.0 | 70.0 | 70.0 |
| 60 | — | — | 17.0 | 20.0 | 95.0 | 95.0 | 50.0 | 60.0 |
| 62 | — | — | 37.0 | 40.0 | 90.0 | 90.0 | 50.0 | 60.0 |
| 64 | — | — | 20.0 | 30.0 | 90.0 | 90.0 | 15.0 | 60.0 |
| 66 | — | — | 30.0 | 35.0 | 30.0 | 35.0 | 30.0 | 35.0 |
| 68 | — | — | 20.0 | 25.0 | 20.0 | 25.0 | 20.0 | 25.0 |
| 70 | — | — | 45.0 | 35.0 | 45.0 | 35.0 | 45.0 | 35.0 |
| 75 | — | — | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

**New Plan and GSEPS**

| Age | Early Retirement | | Normal Retirement* | |
|---|---|---|---|---|
| | Men | Women | Men | Women |
| 55 | 10.0 % | 8.0 % | 50.0 % | 40.0 % |
| 56 | 10.0 | 8.0 | 50.0 | 40.0 |
| 57 | 10.0 | 9.0 | 50.0 | 40.0 |
| 58 | 10.0 | 10.0 | 30.0 | 40.0 |
| 59 | 10.0 | 15.0 | 30.0 | 40.0 |
| 60 | — | — | 17.0 | 20.0 |
| 62 | — | — | 38.0 | 36.0 |
| 64 | — | — | 25.0 | 28.0 |
| 66 | — | — | 35.0 | 35.0 |
| 68 | — | — | 20.0 | 25.0 |
| 70 | — | — | 20.0 | 25.0 |
| 75 | — | — | 100.0 | 100.0 |

*An additional 10% of active New Plan and GSEPS members less than age 65 are expected to retire in the year in which they attain 30 years of service.

## PSERS

| Age | Annual Rate of Retirement | Age | Annual Rate of Retirement |
|---|---|---|---|
| 60 | 15 % | 68 | 25 % |
| 61 | 15 | 69 | 25 |
| 62 | 22 | 70 | 25 |
| 63 | 18 | 71 | 25 |
| 64 | 18 | 72 | 25 |
| 65 | 28 | 73 | 25 |
| 66 | 25 | 74 | 25 |
| 67 | 25 | 75 & over | 100 |

## GJRS

| Age | Annual Rate of Retirement |
|---|---|
| 60 | 12 % |
| 61-64 | 12 |
| 65-66 | 15 |
| 67-69 | 20 |
| 70-74 | 30 |
| 75 | 100 |

## LRS

| Age | Annual Rate of Retirment | Age | Annual Rate of Retirement |
|---|---|---|---|
| 60 - 69 | 10 % | 73 | 25 % |
| 70 | 35 | 74 | 40 |
| 71 | 15 | 75 | 100 |
| 72 | 15 | | |

## GMPF

| Age | Annual Rate of Retirement |
|---|---|
| 60 | 65.0 % |
| 61 | 65.0 |
| 62 | 65.0 |
| 63 | 65.0 |
| 64 | 65.0 |
| 65 & over | 100.0 |

## SEAD-Active and SEAD-OPEB

### ERS Members

**Old Plan**

| Age | Early Retirement | | Age 60 or 30 years | | 34 years | | More than 34 years | |
|---|---|---|---|---|---|---|---|---|
| | Men | Women | Men | Women | Men | Women | Men | Women |
| 55 | 3.0 % | 4.0 % | 11.5 % | 9.0 % | 100.0 % | 100.0 % | 90.0 % | 90.0 % |
| 56 | 3.5 | 6.0 | 12.0 | 11.0 | 100.0 | 100.0 | 70.0 | 70.0 |
| 57 | 4.0 | 6.0 | 12.0 | 13.0 | 100.0 | 100.0 | 70.0 | 70.0 |
| 58 | 5.0 | 6.0 | 13.0 | 15.0 | 95.0 | 95.0 | 70.0 | 70.0 |
| 59 | 6.0 | 6.0 | 16.0 | 16.0 | 95.0 | 95.0 | 70.0 | 70.0 |
| 60 | — | — | 17.0 | 20.0 | 95.0 | 95.0 | 50.0 | 60.0 |
| 62 | — | — | 37.0 | 40.0 | 90.0 | 90.0 | 50.0 | 60.0 |
| 64 | — | — | 20.0 | 30.0 | 90.0 | 90.0 | 15.0 | 60.0 |
| 66 | — | — | 30.0 | 35.0 | 30.0 | 35.0 | 30.0 | 35.0 |
| 68 | — | — | 20.0 | 25.0 | 20.0 | 25.0 | 20.0 | 25.0 |
| 70 | — | — | 45.0 | 35.0 | 45.0 | 35.0 | 45.0 | 35.0 |

**New Plan and GSEPS**

| Age | Early Retirement | | Normal Retirement* | |
|---|---|---|---|---|
| | Men | Women | Men | Women |
| 55 | 10.0 % | 8.0 % | 50.0 % | 40.0 % |
| 56 | 10.0 | 8.0 | 50.0 | 40.0 |
| 57 | 10.0 | 9.0 | 50.0 | 40.0 |
| 58 | 10.0 | 10.0 | 30.0 | 40.0 |
| 59 | 10.0 | 15.0 | 30.0 | 40.0 |
| 60 | — | — | 17.0 | 20.0 |
| 62 | — | — | 38.0 | 36.0 |
| 64 | — | — | 25.0 | 28.0 |
| 66 | — | — | 35.0 | 35.0 |
| 68 | — | — | 20.0 | 25.0 |
| 70 | — | — | 20.0 | 25.0 |

*An additional 10% of active New Plan and GSEPS members less than age 65 are expected to retire in the year in which they attain 30 years of service.

### LRS Members

| Age | Annual Rate of Retirement | Age | Annual Rate of Retirement |
|---|---|---|---|
| 60 - 69 | 10 % | 73 | 25 % |
| 70 | 35 | 74 | 40 |
| 71 | 15 | 75 | 100 |
| 72 | 15 | — | — |

**SEAD-Active and SEAD-OPEB**

**GJRS Members**

| Age | Annual Rates of Retirement |
|---|---|
| 60-64 | 12 % |
| 65-66 | 15 |
| 67-69 | 20 |
| 70-74 | 30 |
| 75 | 100 |

## Annual Rates of Death After Retirement

For all plans except PSERS, the RP-2000 Combined Mortality Table is used for the period after retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table set back eleven years for males is used for the period after disability retirement, as applicable. For PSERS, the RP-2000 Combined Table set forward one year for males is used for the period after service retirement and for beneficiaries of deceased members. The RP-2000 Disability Mortality Table set back two years for males and set forward one year for females is used for the period after disability retirement, as applicable.

### ERS

| Age | Men | Women | Age | Men | Women |
|---|---|---|---|---|---|
| 40 | .108 % | .071 % | 65 | 1.274 % | .971 % |
| 45 | .151 | .112 | 70 | 2.221 | 1.674 |
| 50 | .214 | .168 | 75 | 3.783 | 2.811 |
| 55 | .362 | .272 | 80 | 6.437 | 4.588 |
| 60 | .675 | .506 | 85 | 11.076 | 7.745 |

### PSERS

| Age | Men | Women | Age | Men | Women |
|---|---|---|---|---|---|
| 40 | .114 % | .071 % | 65 | 1.441 % | .971 % |
| 45 | .162 | .112 | 70 | 2.457 | 1.674 |
| 50 | .245 | .168 | 75 | 4.217 | 2.811 |
| 55 | .420 | .272 | 80 | 7.204 | 4.588 |
| 60 | .768 | .506 | 85 | 12.280 | 7.745 |

### GJRS

| Age | Men | Women | Age | Men | Women |
|---|---|---|---|---|---|
| 40 | .108 % | .071 % | 65 | 1.274 % | .971 % |
| 45 | .151 | .112 | 70 | 2.221 | 1.674 |
| 50 | .214 | .168 | 75 | 3.783 | 2.811 |
| 55 | .362 | .272 | 80 | 6.437 | 4.588 |
| 60 | .675 | .506 | 85 | 11.076 | 7.745 |

### LRS

| Age | Men | Women | Age | Men | Women |
|---|---|---|---|---|---|
| 40 | .108 % | .071 % | 65 | 1.274 % | .971 % |
| 45 | .151 | .112 | 70 | 2.221 | 1.674 |
| 50 | .214 | .168 | 75 | 3.783 | 2.811 |
| 55 | .362 | .272 | 80 | 6.437 | 4.588 |
| 60 | .675 | .506 | 85 | 11.076 | 7.745 |

### GMPF

| Age | Men | Women | Age | Men | Women |
|---|---|---|---|---|---|
| 40 | .108 % | .071 % | 65 | 1.274 % | .971 % |
| 45 | .151 | .112 | 70 | 2.221 | 1.674 |
| 50 | .214 | .168 | 75 | 3.783 | 2.811 |
| 55 | .362 | .272 | 80 | 6.437 | 4.588 |
| 60 | .675 | .506 | 85 | 11.076 | 7.745 |

### SEAD-OPEB

| Age | Men | Women | Age | Men | Women |
|---|---|---|---|---|---|
| 40 | .108 % | .071 % | 65 | 1.274 % | .971 % |
| 45 | .151 | .112 | 70 | 2.221 | 1.674 |
| 50 | .214 | .168 | 75 | 3.783 | 2.811 |
| 55 | .362 | .272 | 80 | 6.437 | 4.588 |
| 60 | .675 | .506 | 85 | 11.076 | 7.745 |

# Active Members

## ERS

| Year | Active Members | Annual Payroll (in thousands) | Average Pay | Change |
|---|---|---|---|---|
| 2007 | 73,985 | $ 2,680,972 | $ 36,237 | 2.1 % |
| 2008 | 75,293 | 2,809,199 | 37,310 | 3.0 |
| 2009 | 71,272 | 2,674,155 | 37,520 | 0.6 |
| 2010 | 68,566 | 2,571,042 | 37,497 | (0.1) |
| 2011 | 66,081 | 2,486,780 | 37,632 | 0.4 |
| 2012 | 63,942 | 2,414,884 | 37,767 | 0.4 |

## PSERS

PSERS is not a compensation based plan.

| Year | Active Members |
|---|---|
| 2007 | 39,086 |
| 2008 | 40,121 |
| 2009 | 40,581 |
| 2010 | 39,962 |
| 2011 | 39,249 |
| 2012 | 38,654 |

## GJRS

| Year | Active Members | Annual Payroll (in thousands) | Average Pay | Change |
|---|---|---|---|---|
| 2007 | 480 | $ 48,621 | $ 101,294 | 6.9 % |
| 2008 | 482 | 51,102 | 106,021 | 4.7 |
| 2009 | 502 | 52,083 | 103,751 | (2.1) |
| 2010 | 495 | 51,293 | 103,622 | (0.1) |
| 2011 | 507 | 52,331 | 103,216 | (0.4) |
| 2012 | 503 | 51,898 | 103,177 | (0.0) |

## LRS

LRS is not a compensation based plan.

| Year | Active Members |
|---|---|
| 2007 | 218 |
| 2008 | 218 |
| 2009 | 218 |
| 2010 | 216 |
| 2011 | 218 |
| 2012 | 220 |

## GMPF

GMPF is not a compensation based plan.

| Year | Active Members |
|---|---|
| 2007 | 12,017 |
| 2008 | 11,623 |
| 2009 | 12,019 |
| 2010 | 13,032 |
| 2011 | 13,776 |
| 2012 | 13,526 |

### SEAD-Active and SEAD-OPEB

| Year | Active Members |
|---|---|
| 2008 | 75,859 |
| 2009 | 69,745 |
| 2010 | 62,305 |
| 2011 | 55,516 |
| 2012 | 49,261 |

# Member and Employer Contribution Rates

## ERS

| | | Employer Rates | | |
|---|---|---|---|---|
| Year | Member | Old Plan* | New Plan | GSEPS** |
| 2007 | 1.25% | 10.41% | 10.41% | n/a |
| 2008 | 1.25% | 10.41% | 10.41% | n/a |
| 2009 | 1.25% | 10.41% | 10.41% | 6.54% |
| 2010 | 1.25% | 10.41% | 10.41% | 6.54% |
| 2011 | 1.25% | 10.41% | 10.41% | 6.54% |
| 2012 | 1.25% | 11.63% | 11.63% | 7.42% |
| 2013 | 1.25% | 14.90% | 14.90% | 11.54% |

* Old Plan Rate includes an employer pick-up of employee contributions.
** GSEPS Plan began on January 1, 2009

## PSERS

| Year | Pre 7/1/12 Member | Post 7/1/12 Member | Employer |
|---|---|---|---|
| 2007 | $ 36 a year | | $ 6,484,000 |
| 2008 | $ 36 a year | | 2,866,000 |
| 2009 | $ 36 a year | | 5,680,000 |
| 2010 | $ 36 a year | | 5,529,000 |
| 2011 | $ 36 a year | | 7,509,000 |
| 2012 | $ 36 a year | | 15,884,000 |
| 2013 | $ 36 a year | $ 90 a year | 24,829,000 |

## GJRS

| Year | Member | Employer |
|---|---|---|
| 2007 | 7.50% | 3.85% |
| 2008 | 7.50% | 3.85% |
| 2009 | 7.50% | 3.85% |
| 2010 | 7.50% | 3.85% |
| 2011 | 7.50% | 3.85% |
| 2012 | 7.50% | 3.90% |
| 2013 | 7.50% | 3.90% |

## LRS

| Year | Member | Employer |
|---|---|---|
| 2007 | 8.50% | $ 62,000 |
| 2008 | 8.50% | 73,000 |
| 2009 | 8.50% | 71,000 |
| 2010 | 8.50% | 75,000 |
| 2011 | 8.50% | 75,000 |
| 2012 | 8.50% | 75,000 |
| 2013 | 8.50% | 128,000 |

## GMPF

| Year | Member | Employer |
|---|---|---|
| 2007 | n/a | $ 1,005,000 |
| 2008 | n/a | 1,103,000 |
| 2009 | n/a | 1,323,000 |
| 2010 | n/a | 1,434,000 |
| 2011 | n/a | 1,282,000 |
| 2012 | n/a | 1,521,000 |
| 2013 | n/a | 1,703,000 |

### SEAD-Active

| Year | Member - Old Plan | Member - New Plan, LRS, GJRS | Employer |
| --- | --- | --- | --- |
| 2008 | 0.05% | 0.02% | 0% |
| 2009 | 0.05% | 0.02% | 0% |
| 2010 | 0.05% | 0.02% | 0% |
| 2011 | 0.05% | 0.02% | 0% |
| 2012 | 0.05% | 0.02% | 0% |
| 2013 | 0.05% | 0.02% | 0% |

### SEAD-OPEB

| Year | Member - Old Plan | Member - New Plan, LRS, GJRS | Employer |
| --- | --- | --- | --- |
| 2008 | 0.45% | 0.23% | 0% |
| 2009 | 0.45% | 0.23% | 0% |
| 2010 | 0.45% | 0.23% | 0% |
| 2011 | 0.45% | 0.23% | 0% |
| 2012 | 0.45% | 0.23% | 0.61% |
| 2013 | 0.45% | 0.23% | 0.27% |

## Schedule of Retirees Added to and Removed from Rolls

### ERS

| | Added to Rolls | | Removed from Rolls | | Roll End of Year | | | |
|---|---|---|---|---|---|---|---|---|
| Year Ended | Number | Annual Allowances (in thousands) | Number | Annual Allowances (in thousands) | Number | Annual Allowances (in thousands) | % Increase in Annual Allowance | Average Annual Allowances |
| 2007 | 2,410 | $ 114,719 | 1,075 | $ 20,598 | 34,174 | $ 936,278 | 11.2 % | $ 27,397 |
| 2008 | 2,422 | 82,644 | 1,017 | 21,299 | 35,579 | 997,623 | 6.6 | 28,040 |
| 2009 | 2,444 | 85,329 | 1,055 | 20,194 | 36,968 | 1,062,758 | 6.5 | 28,748 |
| 2010 | 2,665 | 70,383 | 1,051 | 22,413 | 38,582 | 1,110,728 | 4.5 | 28,789 |
| 2011 | 2,797 | 69,031 | 1,170 | 25,347 | 40,209 | 1,154,412 | 3.9 | 28,710 |
| 2012 | 2,956 | 71,464 | 1,305 | 27,696 | 41,860 | 1,198,180 | 3.8 | 28,624 |

### PSERS

| | Added to Rolls | | Removed from Rolls | | Roll End of Year | | | |
|---|---|---|---|---|---|---|---|---|
| Year Ended | Number | Annual Allowances (in thousands) | Number | Annual Allowances (in thousands) | Number | Annual Allowances (in thousands) | % Increase in Annual Allowance | Average Annual Allowances |
| 2007 | 816 | $ 4,749 | 637 | $ 2,353 | 13,193 | $ 46,662 | 5.4 % | $ 3,537 |
| 2008 | 899 | 4,514 | 605 | 2,371 | 13,487 | 48,805 | 4.6 | 3,619 |
| 2009 | 886 | 5,290 | 575 | 2,260 | 13,798 | 51,835 | 6.2 | 3,757 |
| 2010 | 1,001 | 4,494 | 642 | 2,666 | 14,157 | 53,663 | 3.5 | 3,791 |
| 2011 | 1,174 | 3,168 | 731 | 3,072 | 14,600 | 53,759 | 0.2 | 3,682 |
| 2012 | 1,133 | 3,192 | 684 | 2,834 | 15,049 | 54,117 | 0.7 | 3,596 |

### GJRS

| | Added to Rolls | | Removed from Rolls | | Roll End of Year | | | |
|---|---|---|---|---|---|---|---|---|
| Year Ended | Number | Annual Allowances (in thousands) | Number | Annual Allowances (in thousands) | Number | Annual Allowances (in thousands) | % Increase in Annual Allowance | Average Annual Allowances |
| 2007 | 13 | $ 853 | 7 | $ 297 | 171 | $ 9,473 | 6.2 % | $ 55,398 |
| 2008 | 14 | 902 | 7 | 410 | 178 | 9,965 | 5.2 | 55,983 |
| 2009 | 29 | 2,238 | 6 | 191 | 201 | 12,012 | 20.5 | 59,761 |
| 2010 | 16 | 933 | 10 | 508 | 207 | 12,437 | 3.5 | 60,082 |
| 2011 | 15 | 1,168 | 2 | 105 | 220 | 13,500 | 8.5 | 61,364 |
| 2012 | 22 | 1,732 | 8 | 405 | 234 | 14,827 | 9.8 | 63,363 |

### LRS

| | Added to Rolls | | Removed from Rolls | | Roll End of Year | | | |
|---|---|---|---|---|---|---|---|---|
| Year Ended | Number | Annual Allowances (in thousands) | Number | Annual Allowances (in thousands) | Number | Annual Allowances (in thousands) | % Increase in Annual Allowance | Average Annual Allowances |
| 2007 | 17 | $ 151 | 9 | $ 74 | 224 | $ 1,609 | 5.0 % | $ 7,183 |
| 2008 | 13 | 130 | 11 | 100 | 226 | 1,639 | 1.9 | 7,252 |
| 2009 | 10 | 117 | 7 | 54 | 229 | 1,702 | 3.8 | 7,432 |
| 2010 | 10 | 106 | 3 | 36 | 236 | 1,772 | 4.1 | 7,508 |
| 2011 | 18 | 104 | 10 | 86 | 244 | 1,790 | 1.0 | 7,336 |
| 2012 | 10 | 66 | 11 | 82 | 243 | 1,774 | -0.9 | 7,300 |

**GMPF**

| | Added to Rolls | | Removed from Rolls | | Roll End of Year | | | |
|---|---|---|---|---|---|---|---|---|
| Year Ended | Number | Annual Allowances (in thousands) | Number | Annual Allowances (in thousands) | Number | Annual Allowances (in thousands) | % Increase in Annual Allowance | Average Annual Allowances |
| 2007 | 73 | $ 83 | 1 | $ 1 | 235 | $ 260 | 46.1 % | $ 1,106 |
| 2008 | 71 | 76 | 2 | 2 | 304 | 334 | 28.5 | 1,099 |
| 2009 | 85 | 91 | 3 | 4 | 386 | 421 | 26.0 | 1,091 |
| 2010 | 92 | 100 | 1 | 1 | 477 | 520 | 23.5 | 1,090 |
| 2011 | 94 | 101 | 3 | 4 | 568 | 617 | 18.7 | 1,086 |
| 2012 | 95 | 106 | 3 | 3 | 660 | 720 | 16.7 | 1,091 |

**SEAD-Active and SEAD-OPEB are life insurance plans which do not have annuity payments.**

# Analysis of Change in Unfunded Accrued Liability (UAL)

Amount of Increase (Decrease) (in Millions)

**ERS**

| | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|---|
| Interest (7.50) added to previous UAL | $ 299.2 | $ 243.7 | $ 169.8 | $ 124.8 | $ 78.1 | $ 58.6 |
| Accrued liability contribution | (147.7) | (122.9) | (89.4) | (99.7) | (86.3) | (35.3) |
| Experience: | | | | | | |
| Valuation asset growth | 396.3 | 433.6 | 710.1 | 609.1 | 129.3 | (59.5) |
| Pensioners' mortality | 15.5 | 16.4 | 49.2 | 65.4 | 51.3 | 51.0 |
| Turnover and retirements | 93.8 | 91.4 | 118.4 | 107.3 | 103.0 | 115.7 |
| New entrants | 12.1 | 28.4 | 15.0 | 16.7 | 22.9 | 35.7 |
| Salary increases | (74.2) | 49.0 | (259.2) | (296.9) | (22.7) | (33.2) |
| Method changes | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Amendments (COLAs) | (118.8) | 0.0 | 0.0 | (358.6) | 188.8 | 5.9 |
| Assumption changes | 0.0 | 0.0 | 250.7 | 0.0 | 0.0 | 0.0 |
| Lawsuit | 0.0 | 0.0 | 0.0 | 75.9 | 0.0 | 0.0 |
| System changes | 26.3 | (28.7) | 0.0 | 0.0 | 0.0 | 0.0 |
| Data changes | 12.9 | 9.1 | (2.4) | 270.5 | 0.0 | 0.0 |
| Misc. changes | 12.6 | 20.2 | 22.5 | 86.4 | 157.6 | 120.9 |
| Total | $ 528.0 | $ 740.2 | $ 984.7 | $ 600.9 | $ 622.0 | $ 259.8 |

Amount of Increase (Decrease) (in Thousands)

**PSERS**

| | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|---|
| Interest (7.50) added to previous UAL | $ 12,474.4 | $ 10,349.3 | $ 4,021.0 | $ (1,567.9) | $ (2,953.7) | $ (5,596.9) |
| Accrued liability contribution | (4,843.8) | 4,022.8 | 6,403.4 | 5,026.0 | 7,267.0 | 4,729.2 |
| Experience: | | | | | | |
| Valuation asset growth | 21,922.0 | 24,002.0 | 39,729.0 | 34,015.0 | 6,623.0 | (3,737.0) |
| Pensioners' mortality | (1,149.5) | (3,000.5) | (828.9) | 973.7 | 420.3 | (320.5) |
| Turnover and retirements | 4,974.5 | 3,403.6 | 12,375.8 | 6,201.3 | 3,381.4 | 1,053.3 |
| New entrants | 2,783.8 | 3,167.0 | 3,047.8 | 3,267.7 | 4,021.0 | 3,556.9 |
| Salary increases | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Method changes | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Amendments (COLAs) | (20,664.9) | (16,603.6) | (14,121.2) | 0.0 | 0.0 | 36,404.3 |
| Assumption changes | 0.0 | 0.0 | 33,717.7 | 0.0 | 0.0 | 0.0 |
| Lawsuit | 0.0 | 0.0 | 0.0 | 2,168.0 | 0.0 | 0.0 |
| Data changes | 0.0 | 0.0 | (2,192.3) | 24,199.5 | 0.0 | 0.0 |
| Allotment for expenses | 0.0 | 2,122.7 | 2,029.0 | 433.0 | 0.0 | 0.0 |
| Misc. changes | 2,586.9 | 872.4 | 195.0 | (197.3) | (281.8) | (846.1) |
| Total | $ 18,083.4 | $ 28,335.7 | $ 84,376.3 | $ 74,519.0 | $ 18,477.2 | $ 35,243.2 |

Amount of Increase (Decrease) (in Thousands)

**GJRS**

| | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|---|
| Interest (7.50) added to previous UAL | $ (2,774.8) | $ (2,891.5) | $ (2,636.2) | $ (3,360.0) | $ (3,585.9) | $ (3,729.5) |
| Accrued liability contribution | 4,710.8 | 4,079.8 | 4,592.1 | 3,596.2 | 4,498.3 | 3,953.2 |
| Experience: | | | | | | |
| Valuation asset growth | 8,638.5 | 9,404.0 | 16,228.0 | 13,941.0 | 3,164.0 | (1,026.0) |
| Pensioners' mortality | 376.9 | 2,076.8 | 560.9 | 1,102.3 | 409.3 | (154.4) |
| Turnover and retirements | 2,080.7 | (276.3) | 2,290.6 | 1,982.9 | 1,243.3 | (1,614.7) |
| New entrants | 442.3 | 750.1 | 0.0 | 967.2 | 354.2 | 659.5 |
| Salary increases | (4,536.5) | 1,265.9 | (10,213.5) | (10,561.2) | (3,432.4) | 369.8 |
| Method changes | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Amendments (COLAs) | (870.0) | 0.0 | 0.0 | (2,359.4) | 1,265.0 | 24.1 |
| Assumption changes | 0.0 | 0.0 | (14,826.5) | 0.0 | 0.0 | 0.0 |
| Lawsuit | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Data changes | 0.0 | 0.0 | 579.1 | 4,581.2 | 0.0 | 0.0 |
| Programming modification | 1,648.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Misc. changes | 917.5 | (12,852.1) | 21.3 | (240.6) | (903.4) | 3,433.5 |
| Total | $ 10,634.3 | $ 1,556.7 | $ (3,404.2) | $ 9,649.6 | $ 3,102.3 | $ 1,915.5 |

Amount of Increase (Decrease) (in Thousands)

**LRS**

| | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|---|
| Interest (7.50) added to previous UAL | $ (302.5) | $ (343.4) | $ (508.5) | $ (468.9) | $ (426.9) | $ (432.3) |
| Accrued liability contribution | 33.9 | 107.1 | (32.5) | (21.1) | (26.3) | (31.1) |
| Experience: | | | | | | |
| Valuation asset growth | 829.0 | 906.2 | 1,534.0 | 1,307.4 | 241.7 | (155.0) |
| Pensioners' mortality | 19.1 | (18.7) | 339.2 | 240.7 | (2.2) | 119.4 |
| Turnover and retirements | (84.3) | 254.5 | 105.1 | (5.7) | (429.8) | 423.8 |
| New entrants | 16.9 | 74.0 | 98.8 | 0.0 | 35.9 | 0.0 |
| Salary increases | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Method changes | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Amendments (COLAs) | (549.7) | (481.8) | (465.3) | 0.0 | 0.0 | 0.0 |
| Assumption changes | 0.0 | 0.0 | 975.2 | 0.0 | 0.0 | 0.0 |
| Lawsuit | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Data changes | 0.0 | 0.0 | 114.8 | (1,529.1) | 0.0 | 0.0 |
| Misc. changes | 46.4 | 46.9 | 41.6 | (51.7) | 47.4 | 147.9 |
| Total | $ 8.8 | $ 544.9 | $ 2,202.4 | $ (528.4) | $ (560.2) | $ 72.7 |

Amount of Increase (Decrease) (in Thousands)

**GMPF***

| | 2012 | 2011 |
|---|---|---|
| Interest (7.50) added to previous UAL | $ 1,354.9 | 1,216.1 |
| Accrued liability contribution | (1,502.4) | (1,173.3) |
| Experience: | | |
| Valuation asset growth | 107.0 | 113.8 |
| Pensioners' mortality | 68.3 | 58.5 |
| Turnover and retirements | 17.9 | 205.4 |
| New entrants | 127.1 | 1469.6 |
| Method changes | 0.0 | 0.0 |
| Assumption changes | 0.0 | 0.0 |
| Expense Deficit | 0.0 | 37.0 |
| Misc. changes | (93.6) | (77.0) |
| Total | $ 79.2 | 1,850.1 |

*Note: Data prior to 2011 is not available for GMPF.

SEAD-Active and SEAD-OPEB: Data is not available.

## Solvency Test Results

*Dollar amounts in thousands*

### ERS

| | Actuarial Accrued Liability for: | | | | | | |
|---|---|---|---|---|---|---|---|
| Actuarial Valuation as of 7/1 | Active Member Contributions | Retirants & Beneficiaries | Active Member (Employer Funded Portion) | Valuation Assets | Portion of Aggregate Accrued Liabilities Covered by Assets | | |
| | (1) | (2) | (3) | | (1) | (2) | (3) |
| 2007 | $645,907 | $ 9,020,890 | $ 5,218,382 | $13,843,689 | 100.0% | 100.0% | 80.0% |
| 2008 | 616,177 | 9,756,529 | 5,308,151 | 14,017,346 | 100.0% | 100.0% | 68.7% |
| 2009 | 589,012 | 10,034,939 | 5,254,071 | 13,613,606 | 100.0% | 100.0% | 56.9% |
| 2010 | 551,607 | 10,652,040 | 5,091,705 | 13,046,193 | 100.0% | 100.0% | 36.2% |
| 2011 | 503,867 | 11,058,344 | 5,094,694 | 12,667,557 | 100.0% | 100.0% | 21.7% |
| 2012 | 460,861 | 11,420,011 | 4,897,050 | 12,260,595 | 100.0% | 100.0% | 7.8% |

### PSERS

| | Actuarial Accrued Liability for: | | | | | | |
|---|---|---|---|---|---|---|---|
| Actuarial Valuation as of 7/1 | Active Member Contributions | Retirants & Beneficiaries | Active Member (Employer Funded Portion) | Valuation Assets | Portion of Aggregate Accrued Liabilities Covered by Assets | | |
| | (1) | (2) | (3) | | (1) | (2) | (3) |
| 2007 | $ 14,796 | $ 456,868 | $ 274,414 | $ 785,460 | 100.0% | 100.0% | 100.0% |
| 2008 | 15,285 | 469,601 | 286,064 | 791,855 | 100.0% | 100.0% | 100.0% |
| 2009 | 15,862 | 506,659 | 300,711 | 769,618 | 100.0% | 100.0% | 82.2% |
| 2010 | 16,361 | 528,808 | 330,227 | 737,406 | 100.0% | 100.0% | 58.2% |
| 2011 | 16,627 | 532,509 | 336,790 | 719,601 | 100.0% | 100.0% | 50.6% |
| 2012 | 16,917 | 537,284 | 341,123 | 710,915 | 100.0% | 100.0% | 45.9% |

### GJRS

| | Actuarial Accrued Liability for: | | | | | | |
|---|---|---|---|---|---|---|---|
| Actuarial Valuation as of 7/1 | Active Member Contributions | Retirants & Beneficiaries | Active Member (Employer Funded Portion) | Valuation Assets | Portion of Aggregate Accrued Liabilities Covered by Assets | | |
| | (1) | (2) | (3) | | (1) | (2) | (3) |
| 2007 | $ 52,707 | $ 87,333 | $ 109,238 | $ 297,090 | 100.0% | 100.0% | 100.0% |
| 2008 | 59,838 | 90,601 | 118,077 | 313,315 | 100.0% | 100.0% | 100.0% |
| 2009 | 61,188 | 108,923 | 112,363 | 317,624 | 100.0% | 100.0% | 100.0% |
| 2010 | 67,293 | 117,730 | 96,473 | 320,050 | 100.0% | 100.0% | 100.0% |
| 2011 | 71,047 | 128,991 | 90,440 | 327,483 | 100.0% | 100.0% | 100.0% |
| 2012 | 73,998 | 141,880 | 92,984 | 335,225 | 100.0% | 100.0% | 100.0% |

## LRS

| Actuarial Valuation as of 7/1 | Actuarial Accrued Liability for: Active Member Contributions | Retirants & Beneficiaries | Active Member (Employer Funded Portion) | Valuation Assets | Portion of Aggregate Accrued Liabilities Covered by Assets | | |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | | (1) | (2) | (3) |
| 2007 | $ 2,484 | $ 19,847 | $ 2,026 | $ 30,049 | 100.0% | 100.0% | 100.0% |
| 2008 | 2,853 | 19,366 | 2,235 | 30,706 | 100.0% | 100.0% | 100.0% |
| 2009 | 2,908 | 18,465 | 2,150 | 30,303 | 100.0% | 100.0% | 100.0% |
| 2010 | 3,166 | 19,208 | 2,629 | 29,581 | 100.0% | 100.0% | 100.0% |
| 2011 | 2,921 | 19,759 | 2,564 | 29,278 | 100.0% | 100.0% | 100.0% |
| 2012 | 3,185 | 19,200 | 2,581 | 28,990 | 100.0% | 100.0% | 100.0% |

## GMPF

| Actuarial Valuation as of 7/1 | Actuarial Accrued Liability for: Active Member Contributions | Retirants & Beneficiaries | Active Member (Employer Funded Portion) | Valuation Assets | Portion of Aggregate Accrued Liabilities Covered by Assets | | |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | | (1) | (2) | (3) |
| 2007 | $ 0 | $ 7,655 | $ 12,232 | $ 4,165 | N/A | 54.4% | 0.0% |
| 2008 | 0 | 9,449 | 9,675 | 5,269 | N/A | 55.8% | 0.0% |
| 2009 | 0 | 12,742 | 8,279 | 6,413 | N/A | 50.3% | 0.0% |
| 2010 | 0 | 14,015 | 9,758 | 7,558 | N/A | 53.9% | 0.0% |
| 2011 | 0 | 15,379 | 11,388 | 8,702 | N/A | 56.6% | 0.0% |
| 2012 | 0 | 17,518 | 10,713 | 10,087 | N/A | 57.6% | 0.0% |

## SEAD-Active

| Actuarial Valuation as of 7/1 | Actuarial Accrued Liability for: Active Member Contributions | Retirants & Beneficiaries | Active Member (Employer Funded Portion) | Valuation Assets | Portion of Aggregate Accrued Liabilities Covered by Assets | | |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | | (1) | (2) | (3) |
| 2007 | $ 0 | $ 0 | $ 59,509 | $ 185,335 | N/A | N/A | 100.0% |
| 2008 | 0 | 0 | 62,171 | 172,595 | N/A | N/A | 100.0% |
| 2009 | 0 | 0 | 61,351 | 144,161 | N/A | N/A | 100.0% |
| 2010 | 0 | 0 | 40,523 | 156,132 | N/A | N/A | 100.0% |
| 2011 | 0 | 0 | 40,145 | 184,783 | N/A | N/A | 100.0% |
| 2012 | 0 | 0 | 39,317 | 183,390 | N/A | N/A | 100.0% |

## SEAD-OPEB

| Actuarial Valuation as of 7/1 | Actuarial Accrued Liability for: Active Member Contributions | Retirants & Beneficiaries | Active Member (Employer Funded Portion) | Valuation Assets | Portion of Aggregate Accrued Liabilities Covered by Assets | | |
|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | | (1) | (2) | (3) |
| 2007 | $ 0 | $ 436,530 | $ 206,001 | $ 778,048 | N/A | 100.0% | 100.0% |
| 2008 | 0 | 486,569 | 213,315 | 737,114 | N/A | 100.0% | 100.0% |
| 2009 | 0 | 524,718 | 208,953 | 628,199 | N/A | 100.0% | 49.5% |
| 2010 | 0 | 516,633 | 174,368 | 680,449 | N/A | 100.0% | 93.9% |
| 2011 | 0 | 503,327 | 175,093 | 807,893 | N/A | 100.0% | 100.0% |
| 2012 | 0 | 528,165 | 176,452 | 818,284 | N/A | 100.0% | 100.0% |

# Statistical Section

ERSGA
Employees' Retirement System of Georgia
*Serving those who serve Georgia*

## Introduction

The objective of the statistical section is to provide a historical perspective, context and relevant details to assist readers in evaluating the condition of the plans. All nonaccounting data is taken from ERSGA's internal sources except for information which is derived from the actuarial valuations. FY2010 was the first year ERSGA added this information in their Annual Financial Report. Therefore, historical detail may not be complete for some schedules. Statistical information is not presented for SCJRF and DARF as both plans are immaterial, have no active members, and are closed to new members.

## Financial Trends

The following schedules have been included to help the reader understand how the System's financial position has changed over the past 10 years:

Additions by Source
Deductions by Type
Changes in Fiduciary Net Position

## Operational Trends

The following schedules have been included to help the readers understand how the System's financial report relates to the services provided by the System and the activities it performs:

Retiree Information
Withdrawal (Refund) Data
New Retiree Elections
Overall Plan Statistics

## Additions by Source - Contribution/Investment Income (in thousands)

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|---|---|---|---|---|
| **ERS** | | | | | | | | | | |
| Employee Contributions | $ 54,166 | 49,973 | 50,963 | 49,250 | 48,324 | 43,978 | 42,052 | 39,480 | 36,561 | 38,955 |
| Employer Contributions | 245,388 | 243,074 | 258,482 | 270,141 | 286,256 | 281,206 | 263,064 | 261,132 | 274,034 | 358,992 |
| Investment Earnings | 1,115,798 | 930,287 | 774,724 | 1,869,113 | (482,679) | (1,726,302) | 1,176,741 | 2,269,270 | 233,308 | 1,497,298 |
| Other | — | — | — | 90,333 | — | — | — | — | (1,526) | (1,449) |
| Total Additions to (Deductions from) Fiduciary Net Position | $ 1,415,352 | 1,223,334 | 1,084,169 | 2,278,837 | (148,099) | (1,401,118) | 1,481,857 | 2,569,882 | 542,377 | 1,893,796 |
| **PSERS** | | | | | | | | | | |
| Employee Contributions | $ 1,317 | 1,352 | 1,380 | 1,420 | 1,451 | 1,472 | 1,483 | 1,451 | 1,426 | 1,538 |
| Employer Contributions | 836 | 840 | 3,638 | 6,490 | 2,869 | 5,096 | 5,530 | 7,509 | 15,884 | 24,829 |
| Investment Earnings | 66,149 | 53,970 | 44,561 | 106,833 | (27,052) | (97,156) | 66,404 | 128,096 | 13,554 | 88,067 |
| Other | 588 | 588 | 588 | 588 | 588 | 588 | — | — | — | — |
| Total Additions to (Deductions from) Fiduciary Net Position | $ 68,890 | 56,750 | 50,167 | 115,331 | (22,144) | (90,000) | 73,417 | 137,056 | 30,864 | 114,434 |
| **GJRS** | | | | | | | | | | |
| Employee Contributions | $ 3,848 | 4,779 | 4,221 | 4,040 | 4,698 | 4,612 | 5,018 | 4,721 | 4,904 | 4,408 |
| Employer Contributions | 1,558 | 1,826 | 1,683 | 1,778 | 2,395 | 1,703 | 3,369 | 1,163 | 2,083 | 2,279 |
| Investment Earnings | 21,315 | 18,422 | 15,665 | 39,324 | (10,702) | (38,164) | 27,378 | 57,330 | 6,571 | 42,104 |
| Other | 175 | 175 | 175 | 175 | 175 | 175 | 175 | — | — | — |
| Total Additions to (Deductions from) Fiduciary Net Position | $ 26,896 | 25,202 | 21,744 | 45,317 | (3,434) | (31,674) | 35,940 | 63,214 | 13,558 | 48,791 |
| **LRS** | | | | | | | | | | |
| Employee Contributions | $ 293 | 302 | 324 | 320 | 320 | 320 | 318 | 320 | 323 | 373 |
| Employer Contributions | 52 | 54 | 54 | 62 | 73 | 71 | 75 | 75 | 76 | 128 |
| Investment Earnings | 2,444 | 2,034 | 1,684 | 4,072 | (1,051) | (3,772) | 2,610 | 5,194 | 550 | 3,573 |
| Other | 110 | 110 | 110 | 110 | 110 | 110 | 110 | — | — | — |
| Total Additions to (Deductions from) Fiduciary Net Position | $ 2,899 | 2,500 | 2,172 | 4,564 | (548) | (3,271) | 3,113 | 5,589 | 949 | 4,074 |
| **GMPF** | | | | | | | | | | |
| Employer Contributions | $ 617 | 891 | 891 | 1,005 | 1,103 | 1,323 | 1,434 | 1,282 | 1,521 | 1,703 |
| Investment Earnings | 86 | 103 | 131 | 503 | (191) | (657) | 565 | 1,465 | 221 | 1,374 |
| Total Additions to (Deductions from) Fiduciary Net Position | $ 703 | 994 | 1,022 | 1,508 | 912 | 666 | 1,999 | 2,747 | 1,742 | 3,077 |

| | | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **SEAD - Active*** | | | | | | | | | | | |
| Employee Contributions | $ | — | — | — | — | — | — | — | — | — | — |
| Employer Contributions | | — | — | — | — | — | — | — | — | — | — |
| Investment Earnings | | — | — | — | — | (6,321) | (22,656) | 15,910 | 33,023 | 3,876 | 24,274 |
| Insurance Premiums | | — | — | — | — | 864 | 880 | 900 | 847 | 771 | 699 |
| Total Additions to (Deductions from) Fiduciary Net Position | $ | — | — | — | — | (5,457) | (21,776) | 16,810 | 33,870 | 4,647 | 24,973 |
| **SEAD - OPEB*** | | | | | | | | | | | |
| Employee Contributions | $ | — | — | — | — | — | — | — | — | — | — |
| Employer Contributions | | — | — | — | — | — | — | — | — | — | — |
| Investment Earnings | | — | — | — | — | (27,032) | (96,424) | 69,340 | 144,270 | 17,193 | 108,148 |
| Insurance Premiums | | — | — | — | — | 7,756 | 7,551 | 6,755 | 6,437 | 5,532 | 5,075 |
| Total Additions to (Deductions from) Fiduciary Net Position | $ | — | — | — | — | (19,276) | (88,873) | 76,095 | 150,707 | 22,725 | 113,223 |

*Plans began in 2008.

## Deductions by Type (in thousands)

### ERS

| Fiscal Year | Benefit Payments: Service | Partial Lump-Sum Option | Disability | Survivor Benefits | Total Benefit Payments | Net Administrative Expenses | Refunds | Total Deductions from Fiduciary Net Position |
|---|---|---|---|---|---|---|---|---|
| 2004 | $ 549,545 | - | 101,887 | 50,882 | $ 702,314 | 8,474 | 5,819 | $ 716,607 |
| 2005 | 605,688 | 6,289 | 111,902 | 54,584 | 778,463 | 9,587 | 6,510 | 794,560 |
| 2006 | 664,891 | 14,360 | 120,315 | 58,294 | 857,860 | 10,596 | 6,978 | 875,434 |
| 2007 | 721,869 | 17,821 | 127,091 | 61,873 | 928,654 | 14,901 | 6,696 | 950,251 |
| 2008 | 797,052 | 24,792 | 131,709 | 66,397 | 1,019,950 | 18,805 | 7,815 | 1,046,570 |
| 2009 | 889,669 | 22,011 | 135,743 | 69,735 | 1,117,158 | 16,809 | 6,597 | 1,140,564 |
| 2010 | 878,482 | 23,480 | 146,031 | 82,676 | 1,130,669 | 14,505 | 6,483 | 1,151,657 |
| 2011 | 921,136 | 30,946 | 140,849 | 75,891 | 1,168,822 | 14,431 | 7,515 | 1,190,768 |
| 2012 | 964,485 | 31,963 | 143,317 | 76,973 | 1,216,738 | 12,051 | 7,767 | 1,236,556 |
| 2013 | 1,007,816 | 35,933 | 145,152 | 80,300 | 1,269,201 | 12,889 | 7,390 | 1,289,480 |

### PSERS

| Fiscal Year | Benefit Payments: Service | Disability | Survivor Benefits | Total Benefit Payments | Net Administrative Expenses | Refunds | Total Deductions from Fiduciary Net Position |
|---|---|---|---|---|---|---|---|
| 2004 | $ 34,207 | 4,142 | 1,297 | $ 39,646 | 588 | 294 | $ 40,528 |
| 2005 | 35,278 | 4,341 | 1,397 | 41,016 | 588 | 287 | 41,891 |
| 2006 | 37,505 | 4,534 | 1,465 | 43,504 | 588 | 316 | 44,408 |
| 2007 | 40,070 | 4,814 | 1,580 | 46,464 | 588 | 319 | 47,371 |
| 2008 | 41,607 | 4,956 | 1,682 | 48,245 | 588 | 308 | 49,141 |
| 2009 | 45,159 | 5,232 | 1,806 | 52,197 | 588 | 261 | 53,046 |
| 2010 | 45,741 | 5,402 | 2,052 | 53,195 | 1,956 | 251 | 55,402 |
| 2011 | 46,548 | 5,369 | 2,063 | 53,980 | 2,046 | 267 | 56,293 |
| 2012 | 46,911 | 5,369 | 1,903 | 54,183 | 2,040 | 349 | 56,572 |
| 2013 | 47,805 | 5,328 | 1,908 | 55,041 | 2,021 | 492 | 57,554 |

### GJRS

| Fiscal Year | Benefit Payments: Service | Disability | Survivor Benefits | Total Benefit Payments | Net Administrative Expenses | Refunds | Total Deductions from Fiduciary Net Position |
|---|---|---|---|---|---|---|---|
| 2004 | $ 6,047 | 48 | 947 | $ 7,042 | 175 | 307 | $ 7,524 |
| 2005 | 6,827 | 76 | 1,069 | 7,972 | 175 | 93 | 8,240 |
| 2006 | 7,663 | 103 | 1,136 | 8,902 | 175 | 379 | 9,456 |
| 2007 | 7,908 | 106 | 1,285 | 9,299 | 175 | 76 | 9,550 |
| 2008 | 8,259 | 110 | 1,498 | 9,867 | 175 | 14 | 10,056 |
| 2009 | 9,453 | 112 | 1,546 | 11,111 | 175 | 263 | 11,549 |
| 2010 | 10,633 | 114 | 1,618 | 12,365 | 270 | 139 | 12,774 |
| 2011 | 11,245 | 112 | 1,654 | 13,011 | 290 | 260 | 13,561 |
| 2012 | 12,608 | 113 | 1,695 | 14,416 | 310 | 146 | 14,872 |
| 2013 | 14,273 | 112 | 1,865 | 16,250 | 313 | 105 | 16,668 |

## LRS — Benefit Payments

| Fiscal Year | Service | Survivor Benefits | Total Benefit Payments | Net Administrative Expenses | Refunds | Total Deductions from Fiduciary Net Position |
|---|---|---|---|---|---|---|
| 2004 | $ 986 | 337 | $ 1,323 | 110 | 14 | $ 1,447 |
| 2005 | 1,169 | 384 | 1,553 | 110 | 69 | 1,732 |
| 2006 | 1,210 | 381 | 1,591 | 110 | 18 | 1,719 |
| 2007 | 1,187 | 401 | 1,588 | 110 | 33 | 1,731 |
| 2008 | 1,228 | 406 | 1,634 | 110 | 65 | 1,809 |
| 2009 | 1,265 | 425 | 1,690 | 110 | 49 | 1,849 |
| 2010 | 1,308 | 436 | 1,744 | 120 | 47 | 1,911 |
| 2011 | 1,309 | 452 | 1,761 | 131 | 60 | 1,952 |
| 2012 | 1,364 | 446 | 1,810 | 110 | 74 | 1,994 |
| 2013 | 1,376 | 448 | 1,824 | 119 | 88 | 2,031 |

## GMPF — Benefit Payments

| Fiscal Year | Service* | Total Benefit Payments | Net Administrative Expenses | Total Deductions from Fiduciary Net Position |
|---|---|---|---|---|
| 2004 | $ 49 | $ 49 | - | $ 49 |
| 2005 | 93 | 93 | - | 93 |
| 2006 | 150 | 150 | - | 150 |
| 2007 | 225 | 225 | - | 225 |
| 2008 | 303 | 303 | - | 303 |
| 2009 | 382 | 382 | - | 382 |
| 2010 | 489 | 489 | 43 | 532 |
| 2011 | 579 | 579 | 37 | 616 |
| 2012 | 678 | 678 | 34 | 712 |
| 2013 | 772 | 772 | 31 | 803 |

*The only type of retirement in GMPF is a service retirement.

## SEAD-Active† — Benefit Payments

| Fiscal Year | Death Benefits** | Total Benefit Payments | Net Administrative Expenses | Total Deductions from Fiduciary Net Position |
|---|---|---|---|---|
| 2004 | $ - | $ - | - | $ - |
| 2005 | - | - | - | - |
| 2006 | - | - | - | - |
| 2007 | - | - | - | - |
| 2008 | 7,261 | 7,261 | 22 | 7,283 |
| 2009 | 6,636 | 6,636 | 22 | 6,658 |
| 2010 | 4,817 | 4,817 | 22 | 4,839 |
| 2011 | 5,197 | 5,197 | 22 | 5,219 |
| 2012 | 6,018 | 6,018 | 22 | 6,040 |
| 2013 | 3,562 | 3,562 | 22 | 3,584 |

**The only type of benefit in SEAD-Active is a death benefit.
† Plan began in 2008.

| SEAD-OPEB† | Benefit Payments | | | |
|---|---|---|---|---|
| Fiscal Year | Death Benefits** | Total Benefit Payments | Net Administrative Expenses | Total Deductions from Fiduciary Net Position |
| 2004 | $ - | - | - | $ - |
| 2005 | - | - | - | - |
| 2006 | - | - | - | - |
| 2007 | - | - | - | - |
| 2008 | 21,455 | 21,455 | 203 | 21,658 |
| 2009 | 19,839 | 19,839 | 203 | 20,042 |
| 2010 | 23,642 | 23,642 | 203 | 23,845 |
| 2011 | 23,060 | 23,060 | 203 | 23,263 |
| 2012 | 24,855 | 24,855 | 203 | 25,058 |
| 2013 | 28,482 | 28,482 | 203 | 28,685 |

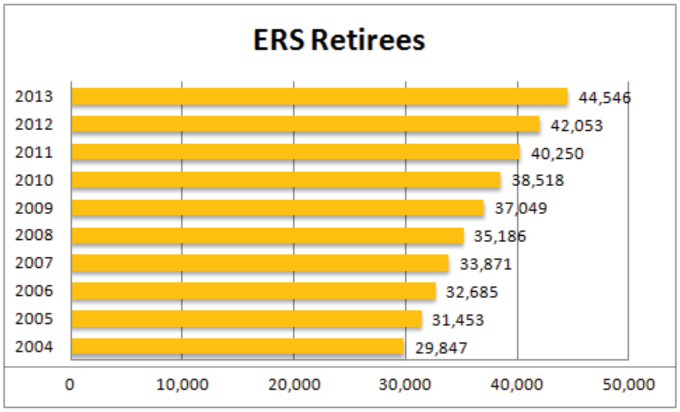
**The only type of benefit in SEAD-OPEB is a death benefit.
† Plan began in 2008.

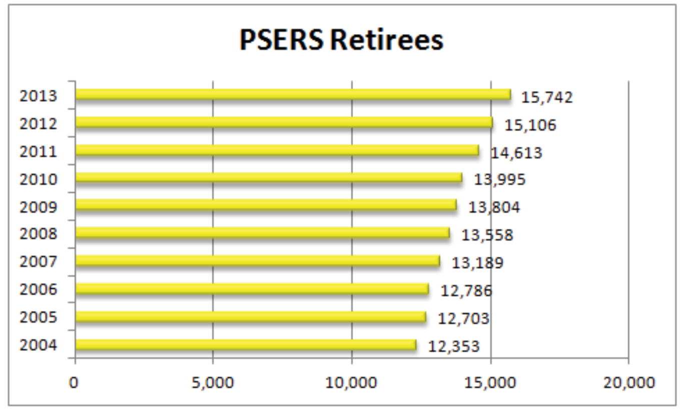
## Changes in Fiduciary Net Position (in thousands)

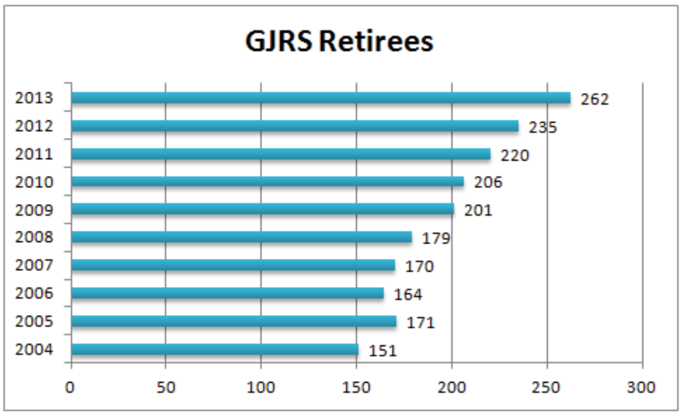
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|---|---|---|---|---|
| **ERS** | | | | | | | | | | |
| Total Additions | $ 1,415,352 | 1,223,334 | 1,084,169 | 2,278,837 | (148,099) | (1,401,118) | 1,481,857 | 2,569,882 | 542,377 | 1,893,796 |
| Total Deductions | 716,607 | 794,560 | 875,434 | 950,251 | 1,046,570 | 1,140,564 | 1,151,657 | 1,190,768 | 1,236,556 | 1,289,480 |
| Transfer In (Out) | — | — | — | — | — | — | — | — | (12,724) | (5,009) |
| Changes in Fiduciary Net Position | 698,745 | 428,774 | 208,735 | 1,328,586 | (1,194,669) | (2,541,682) | 330,200 | 1,379,114 | (706,903) | 599,307 |
| **PSERS** | | | | | | | | | | |
| Total Additions | 68,890 | 56,750 | 50,167 | 115,331 | (22,144) | (90,000) | 73,417 | 137,056 | 30,864 | 114,434 |
| Total Deductions | 40,528 | 41,891 | 44,408 | 47,371 | 49,141 | 53,046 | 55,402 | 56,293 | 56,572 | 57,554 |
| Changes in Fiduciary Net Position | 28,362 | 14,859 | 5,759 | 67,960 | (71,285) | (143,046) | 18,015 | 80,763 | (25,708) | 56,880 |
| **GJRS** | | | | | | | | | | |
| Total Additions | 26,896 | 25,202 | 21,744 | 45,317 | (3,434) | (31,674) | 35,940 | 63,214 | 13,558 | 48,791 |
| Total Deductions | 7,524 | 8,240 | 9,456 | 9,550 | 10,056 | 11,549 | 12,774 | 13,561 | 14,872 | 16,668 |
| Changes in Fiduciary Net Position | 19,372 | 16,962 | 12,288 | 35,767 | (13,490) | (43,223) | 23,166 | 49,653 | (1,314) | 32,123 |
| **LRS** | | | | | | | | | | |
| Total Additions | 2,899 | 2,500 | 2,172 | 4,564 | (548) | (3,271) | 3,113 | 5,589 | 949 | 4,074 |
| Total Deductions | 1,447 | 1,732 | 1,719 | 1,731 | 1,809 | 1,849 | 1,911 | 1,952 | 1,994 | 2,031 |
| Changes in Fiduciary Net Position | 1,452 | 768 | 453 | 2,833 | (2,357) | (5,120) | 1,202 | 3,637 | (1,045) | 2,043 |
| **GMPF** | | | | | | | | | | |
| Total Additions | 703 | 994 | 1,022 | 1,508 | 912 | 666 | 1,999 | 2,747 | 1,742 | 3,077 |
| Total Deductions | 49 | 93 | 150 | 225 | 303 | 382 | 532 | 616 | 712 | 803 |
| Changes in Fiduciary Net Position | 654 | 901 | 872 | 1,283 | 609 | 284 | 1,467 | 2,131 | 1,030 | 2,274 |
| **SEAD - Active*** | | | | | | | | | | |
| Total Additions | — | — | — | — | (5,457) | (21,776) | 16,810 | 33,870 | 4,647 | 24,973 |
| Total Deductions | — | — | — | — | 7,283 | 6,658 | 4,839 | 5,219 | 6,040 | 3,584 |
| Changes in Fiduciary Net Position | — | — | — | — | (12,740) | (28,434) | 11,971 | 28,651 | (1,393) | 21,389 |
| **SEAD - OPEB*** | | | | | | | | | | |
| Total Additions | — | — | — | — | (19,276) | (88,873) | 76,095 | 150,707 | 22,725 | 113,223 |
| Total Deductions | — | — | — | — | 21,658 | 20,042 | 23,845 | 23,263 | 25,058 | 28,685 |
| Transfer In (Out) | — | — | — | — | — | — | — | — | 12,724 | 5,009 |
| Changes in Fiduciary Net Position | — | — | — | — | (40,934) | (108,915) | 52,250 | 127,444 | 10,391 | 89,547 |

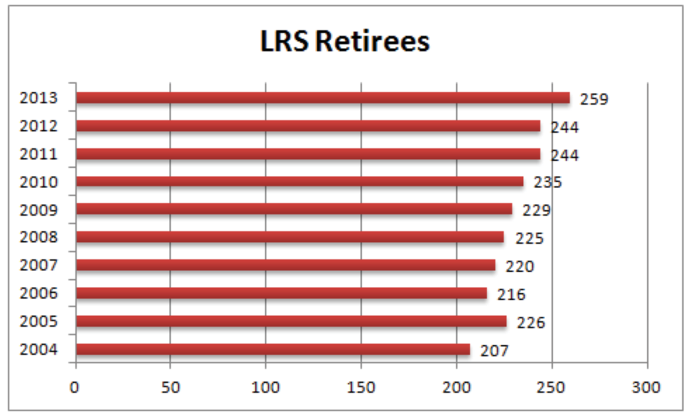
* Plans began in 2008.

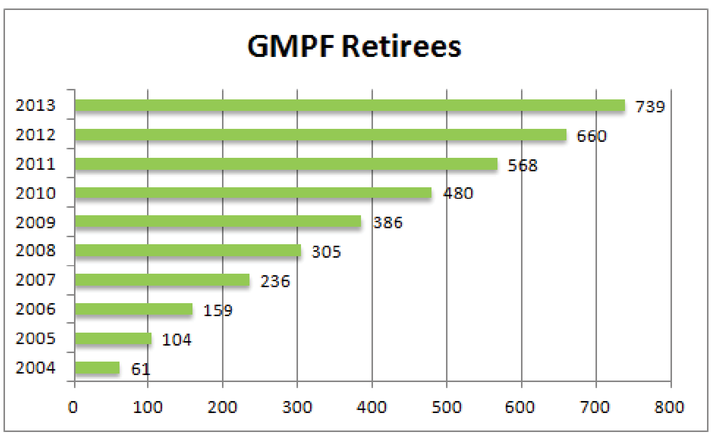
## Number of Retirees



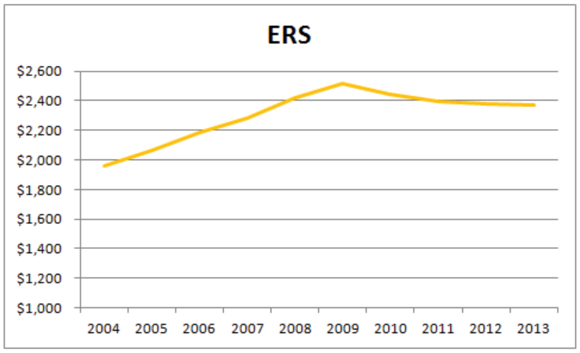



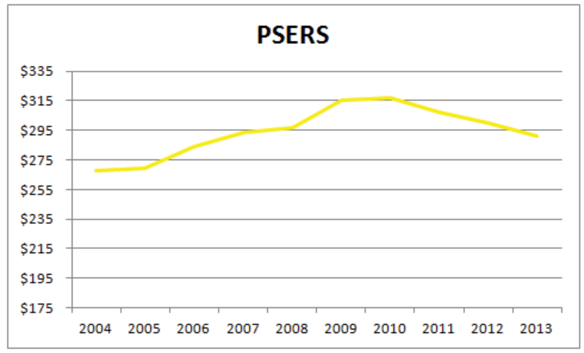



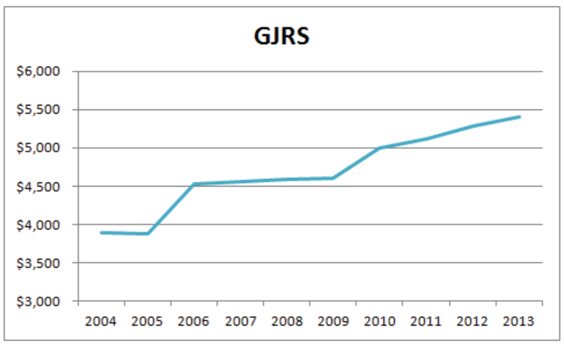



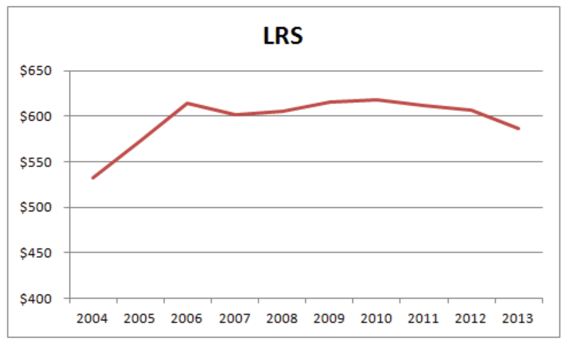



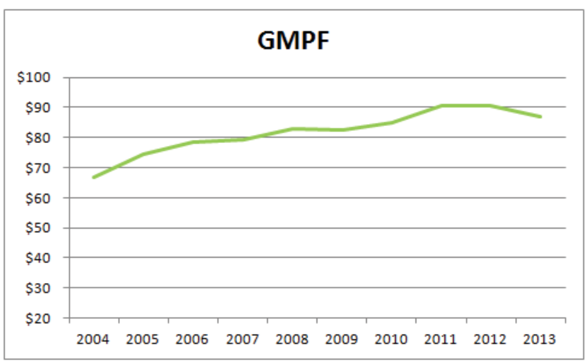
## Average Monthly Payments to Retirees



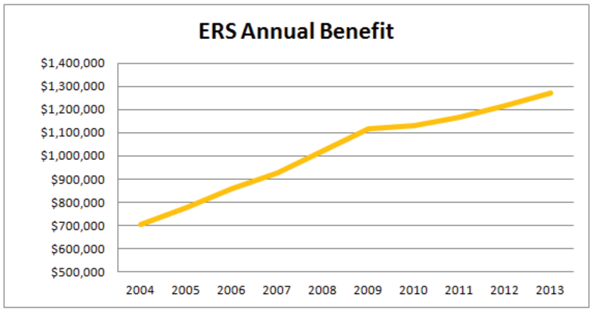



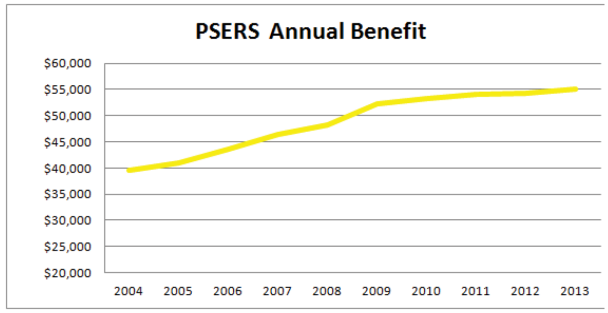



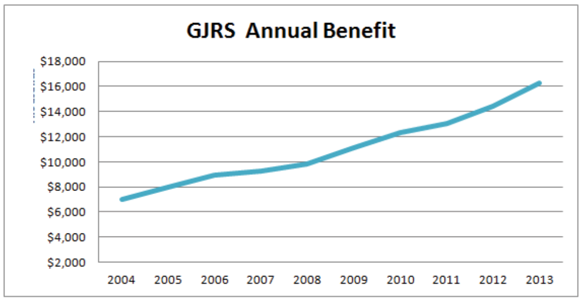



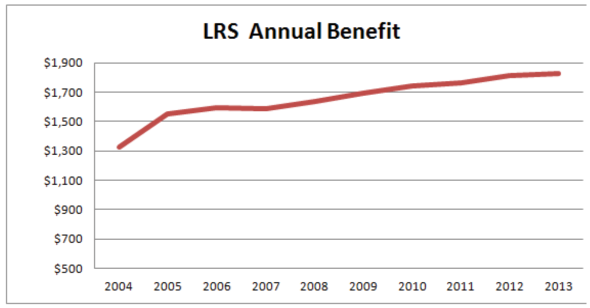



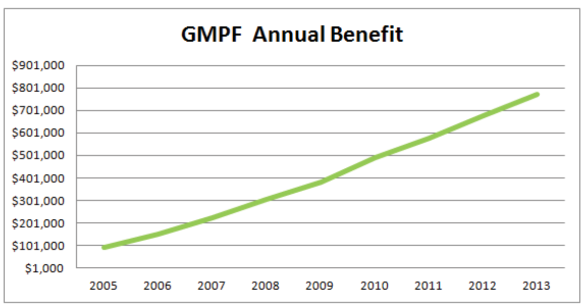
**Annual Benefit** (in thousands)



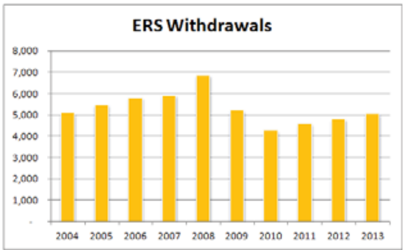



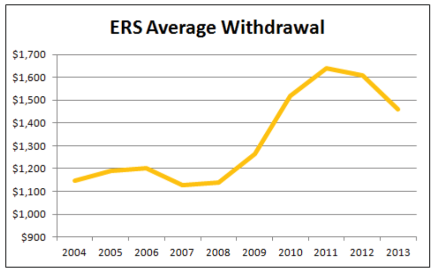



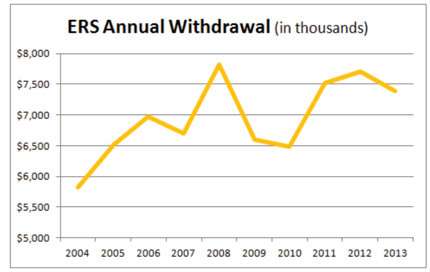



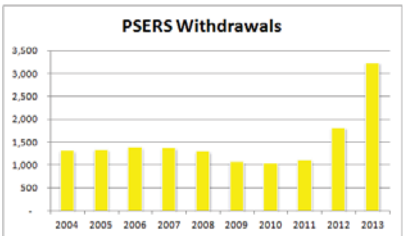



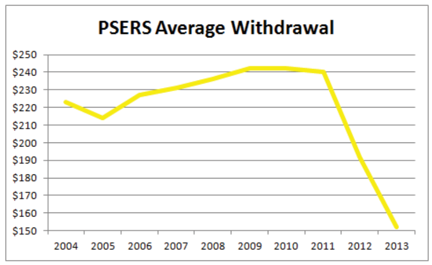
## Withdrawal Statistics

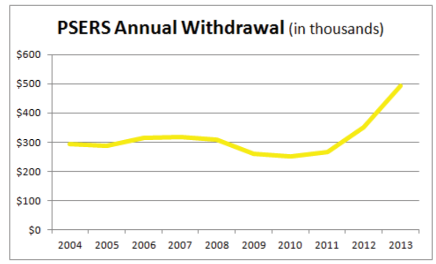


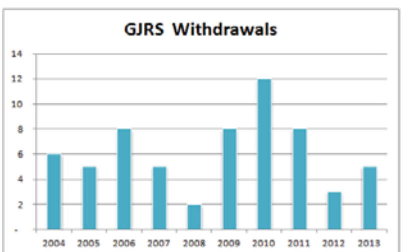



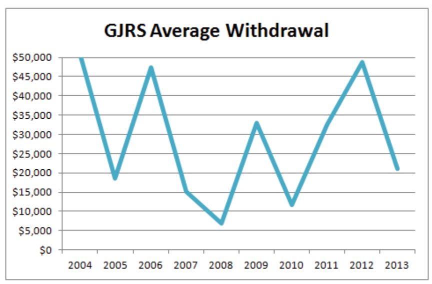



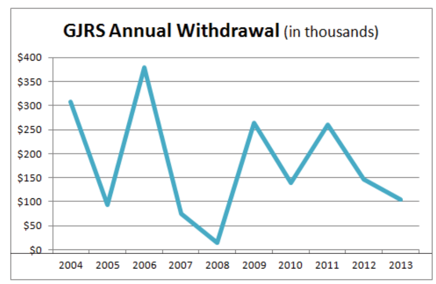



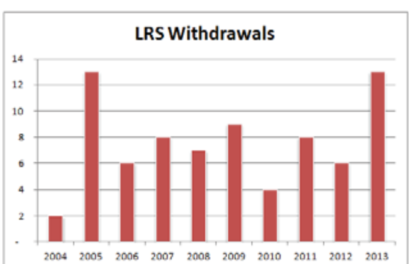



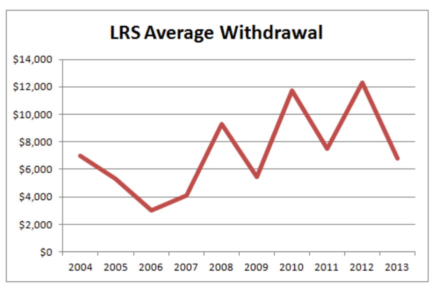



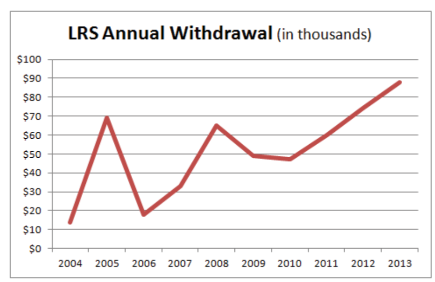




Note: The GMPF Plan does not have a refund feature.

## Average Monthly Benefit Payment for New Retirees - ERS

| | Years of Credited Service | | | | | |
|---|---|---|---|---|---|---|
| | 10-15 | 16-20 | 21-25 | 26-30 | Over 30 | Total |
| **2004** | | | | | | |
| Average Monthly Benefit | $661.26 | $999.80 | $1,616.46 | $1,901.33 | $3,486.20 | $2,309.02 |
| Average Final Average Salary | $2,729.52 | $2,840.39 | $3,390.17 | $3,561.77 | $4,404.67 | $3,717.68 |
| Number of Retirees | 336 | 271 | 202 | 290 | 991 | 2,090 |
| **2005** | | | | | | |
| Average Monthly Benefit | $704.19 | $991.76 | $1,440.14 | $1,816.69 | $3,440.48 | $2,291.20 |
| Average Final Average Salary | $2,979.35 | $2,858.79 | $3,219.54 | $3,553.20 | $4,321.38 | $3,711.85 |
| Number of Retirees | 309 | 312 | 254 | 299 | 1,091 | 2,265 |
| **2006** | | | | | | |
| Average Monthly Benefit | $632.54 | $1,022.68 | $1,347.20 | $1,789.67 | $3,458.78 | $2,281.17 |
| Average Final Average Salary | $2,867.00 | $2,971.73 | $3,087.80 | $3,587.30 | $4,345.99 | $3,715.95 |
| Number of Retirees | 281 | 299 | 219 | 298 | 1,011 | 2,108 |
| **2007** | | | | | | |
| Average Monthly Benefit | $655.86 | $961.27 | $1,317.36 | $1,789.83 | $3,423.26 | $2,229.02 |
| Average Final Average Salary | $2,935.70 | $3,071.63 | $3,265.26 | $3,745.37 | $4,373.83 | $3,778.07 |
| Number of Retirees | 307 | 303 | 247 | 292 | 1,022 | 2,171 |
| **2008** | | | | | | |
| Average Monthly Benefit | $701.03 | $1,068.51 | $1,457.03 | $1,899.48 | $3,576.69 | $2,342.60 |
| Average Final Average Salary | $3,025.39 | $3,181.44 | $3,408.23 | $3,767.28 | $4,489.73 | $3,873.97 |
| Number of Retirees | 309 | 306 | 280 | 290 | 1,032 | 2,217 |
| **2009** | | | | | | |
| Average Monthly Benefit | $717.65 | $1,059.22 | $1,458.18 | $1,910.75 | $3,627.21 | $2,272.58 |
| Average Final Average Salary | $3,109.07 | $3,179.28 | $3,483.90 | $3,875.27 | $4,548.96 | $3,891.02 |
| Number of Retirees | 344 | 320 | 301 | 324 | 949 | 2,238 |
| **2010** | | | | | | |
| Average Monthly Benefit | $694.23 | $1,086.00 | $1,502.32 | $1,849.65 | $3,653.29 | $2,247.01 |
| Average Final Average Salary | $3,023.45 | $3,345.36 | $3,555.21 | $3,802.65 | $4,588.73 | $3,900.93 |
| Number of Retirees | 391 | 324 | 332 | 375 | 981 | 2,403 |
| **2011** | | | | | | |
| Average Monthly Benefit | $734.74 | $1,107.16 | $1,504.51 | $1,995.24 | $3,575.54 | $2,143.95 |
| Average Final Average Salary | $3,228.07 | $3,205.88 | $3,478.73 | $3,762.88 | $4,532.07 | $3,825.88 |
| Number of Retirees | 437 | 322 | 389 | 461 | 885 | 2,494 |
| **2012** | | | | | | |
| Average Monthly Benefit | $729.60 | $1,247.16 | $1,624.82 | $2,125.35 | $3,708.26 | $2,109.84 |
| Average Final Average Salary | $3,040.00 | $3,275.37 | $3,388.85 | $3,807.26 | $4,702.47 | $3,775.94 |
| Number of Retirees | 518 | 385 | 414 | 486 | 776 | 2,578 |
| **2013** | | | | | | |
| Average Monthly Benefit | $836.73 | $1,183.19 | $1,650.14 | $2,120.33 | $3,487.96 | $2,088.46 |
| Average Final Average Salary | $3,391.36 | $3,339.84 | $3,411.24 | $3,765.16 | $4,659.17 | $3,855.98 |
| Number of Retirees | 684 | 453 | 466 | 780 | 1,033 | 3,416 |

## Average Monthly Benefit Payment for New Retirees - PSERS

| | Years of Credited Service | | | | | |
|---|---|---|---|---|---|---|
| | 10-15 | 16-20 | 21-25 | 26-30 | Over 30 | Total |
| **2004** | | | | | | |
| Average Monthly Benefit | $138.46 | $202.25 | $273.64 | $324.25 | $421.35 | $225.69 |
| Number of Retirees | 357 | 182 | 145 | 112 | 89 | 885 |
| **2005** | | | | | | |
| Average Monthly Benefit | $140.98 | $203.00 | $269.23 | $325.73 | $422.95 | $229.90 |
| Number of Retirees | 322 | 197 | 131 | 113 | 93 | 856 |
| **2006** | | | | | | |
| Average Monthly Benefit | $137.90 | $206.87 | $265.04 | $324.20 | $413.20 | $226.26 |
| Number of Retirees | 347 | 206 | 127 | 84 | 115 | 879 |
| **2007** | | | | | | |
| Average Monthly Benefit | $143.42 | $208.47 | $265.12 | $331.55 | $426.70 | $229.16 |
| Number of Retirees | 323 | 174 | 106 | 89 | 93 | 785 |
| **2008** | | | | | | |
| Average Monthly Benefit | $149.91 | $219.81 | $279.58 | $349.05 | $439.31 | $238.04 |
| Number of Retirees | 362 | 199 | 116 | 99 | 98 | 874 |
| **2009** | | | | | | |
| Average Monthly Benefit | $156.52 | $224.92 | $289.93 | $357.58 | $460.04 | $242.89 |
| Number of Retirees | 391 | 200 | 157 | 91 | 90 | 929 |
| **2010** | | | | | | |
| Average Monthly Benefit | $157.66 | $224.92 | $300.93 | $359.24 | $464.07 | $243.41 |
| Number of Retirees | 448 | 200 | 162 | 76 | 105 | 1001 |
| **2011** | | | | | | |
| Average Monthly Benefit | $158.67 | $227.68 | $297.01 | $374.01 | $479.42 | $245.04 |
| Number of Retirees | 463 | 200 | 126 | 79 | 114 | 982 |
| **2012** | | | | | | |
| Average Monthly Benefit | $159.25 | $236.46 | $303.66 | $362.36 | $476.51 | $238.59 |
| Number of Retirees | 480 | 182 | 136 | 74 | 87 | 958 |
| **2013** | | | | | | |
| Average Monthly Benefit | $159.34 | $232.10 | $300.66 | $360.75 | $478.49 | $245.72 |
| Number of Retirees | 580 | 255 | 175 | 113 | 133 | 1,256 |

**Note: PSERS is not a final average pay plan.**

## Average Monthly Benefit Payment for New Retirees - GJRS

| | Years of Credited Service | | | | | |
|---|---|---|---|---|---|---|
| | 10-15 | 16-20 | 21-25 | 26-30 | Over 30 | Total |
| **2004** | | | | | | |
| Average Monthly Benefit | $4,748.43 | $2,916.48 | $7,084.78 | $7,140.57 | 0 | $5,472.57 |
| Average Final Average Salary | $9,137.11 | $5,997.81 | $9,564.12 | $9,564.12 | 0 | $8,565.79 |
| Number of Retirees | 1 | 3 | 1 | 1 | 0 | 6 |
| **2005** | | | | | | |
| Average Monthly Benefit | $4,918.69 | $5,972.47 | $6,854.45 | $5,422.44 | 0 | $5,792.01 |
| Average Final Average Salary | $9,420.45 | $8,785.09 | $9,481.56 | $7,262.55 | 0 | $8,737.41 |
| Number of Retirees | 2 | 8 | 10 | 3 | 0 | 23 |
| **2006** | | | | | | |
| Average Monthly Benefit | $1,648.42 | 0 | $7,018.67 | 0 | 0 | $4,333.55 |
| Average Final Average Salary | $3,680.42 | 0 | $8,421.30 | 0 | 0 | $6,050.86 |
| Number of Retirees | 1 | 0 | 1 | 0 | 0 | 2 |
| **2007** | | | | | | |
| Average Monthly Benefit | $4,635.56 | $1,821.81 | $5,338.65 | $7,603.57 | 0 | $4,849.90 |
| Average Final Average Salary | $7,888.25 | $8,213.52 | $7,150.62 | $10,184.26 | 0 | $8,359.16 |
| Number of Retirees | 4 | 3 | 3 | 1 | 0 | 11 |
| **2008** | | | | | | |
| Average Monthly Benefit | $2,485.43 | 0 | $7,368.55 | $4,735.08 | 0 | $4,863.02 |
| Average Final Average Salary | $6,662.15 | 0 | $9,934.33 | $6,342.20 | 0 | $7,646.23 |
| Number of Retirees | 4 | 0 | 2 | 2 | 0 | 8 |
| **2009** | | | | | | |
| Average Monthly Benefit | $4,874.28 | $5,883.17 | $7,366.55 | $6,630.61 | $7,639.64 | $6,478.85 |
| Average Final Average Salary | $9,519.58 | $8,825.88 | $10,071.58 | $8,881.08 | $10,232.57 | $9,506.14 |
| Number of Retirees | 8 | 5 | 7 | 5 | 2 | 27 |
| **2010** | | | | | | |
| Average Monthly Benefit | $6,337.43 | $4,563.90 | $7,643.86 | $6,422.80 | 0 | $6,242.00 |
| Average Final Average Salary | $10,490.01 | $7,018.08 | $10,490.01 | $8,602.74 | 0 | $9,150.21 |
| Number of Retirees | 1 | 5 | 2 | 4 | 0 | 12 |
| **2011** | | | | | | |
| Average Monthly Benefit | $4,632.24 | $10,170.24 | $9,799.81 | $8,428.40 | 0 | $7,614.02 |
| Average Final Average Salary | $9,211.23 | $14,910.13 | $13,052.66 | $11,264.63 | 0 | $11,505.85 |
| Number of Retirees | 4 | 2 | 2 | 3 | 0 | 11 |
| **2012** | | | | | | |
| Average Monthly Benefit | $4,204.95 | $6,610.26 | $7,565.84 | $8,791.96 | $7,831.84 | $6,915.64 |
| Average Final Average Salary | $7,788.39 | $9,887.17 | $10,361.29 | $11,714.95 | $10,490.01 | $10,035.77 |
| Number of Retirees | 5 | 4 | 4 | 7 | 1 | 20 |
| **2013** | | | | | | |
| Average Monthly Benefit | $5,179.20 | $5,844.29 | $6,170.52 | $7,954.14 | $6,169.77 | $6,132.24 |
| Average Final Average Salary | $9,271.48 | $8,344.35 | $8,370.72 | $10,624.52 | $8,864.27 | $9,010.27 |
| Number of Retirees | 8 | 7 | 7 | 5 | 7 | 34 |

## Average Monthly Benefit Payment for New Retirees - LRS

| | Years of Credited Service | | | | | |
|---|---|---|---|---|---|---|
| | 8 - 14 | 15 - 19 | 20 - 24 | 25 - 29 | 30 & over | Total |
| **2004** | | | | | | |
| Average Monthly Benefit | $258.71 | $553.70 | 0 | 0 | 0 | $406.21 |
| Number of Retirees | 6 | 2 | 0 | 0 | 0 | 8 |
| **2005** | | | | | | |
| Average Monthly Benefit | $358.41 | $456.84 | 0 | 0 | $981.11 | $598.79 |
| Number of Retirees | 9 | 2 | 0 | 0 | 8 | 19 |
| **2006** | | | | | | |
| Average Monthly Benefit | $355.63 | $517.30 | 0 | 0 | 0 | $436.47 |
| Number of Retirees | 3 | 3 | 0 | 0 | 0 | 6 |
| **2007** | | | | | | |
| Average Monthly Benefit | $256.96 | $476.39 | $762.02 | $939.00 | $1,195.52 | $725.98 |
| Number of Retirees | 5 | 5 | 2 | 1 | 1 | 14 |
| **2008** | | | | | | |
| Average Monthly Benefit | $324.74 | $604.63 | $698.86 | 0 | 0 | $542.74 |
| Number of Retirees | 4 | 4 | 2 | 0 | 0 | 10 |
| **2009** | | | | | | |
| Average Monthly Benefit | $425.39 | $650.99 | 0 | $921.00 | $1,203.00 | $800.10 |
| Number of Retirees | 2 | 1 | 0 | 2 | 3 | 8 |
| **2010** | | | | | | |
| Average Monthly Benefit | $372.93 | $558.00 | 0 | 0 | 0 | $465.47 |
| Number of Retirees | 8 | 1 | 0 | 0 | 0 | 9 |
| **2011** | | | | | | |
| Average Monthly Benefit | $341.79 | $589.12 | 0 | $843.26 | $934.73 | $456.99 |
| Number of Retirees | 12 | 1 | 0 | 2 | 1 | 16 |
| **2012** | | | | | | |
| Average Monthly Benefit | $363.66 | $549.08 | 0 | 0 | $1,286.43 | $548.46 |
| Number of Retirees | 4 | 2 | 0 | 0 | 1 | 7 |
| **2013** | | | | | | |
| Average Monthly Benefit | $308.15 | $568.93 | $670.94 | 0 | $1,166.93 | $497.03 |
| Number of Retirees | 14 | 4 | 2 | 0 | 3 | 23 |

**Note: LRS is not a final average pay plan.**

## Average Monthly Benefit Payment for New Retirees - GMPF

| | Years of Credited Service | | | |
|---|---|---|---|---|
| | 20-25 | 26 - 30 | Over 30 | Total |
| **2004** | | | | |
| Average Monthly Benefit | $59.44 | $81.54 | $100.00 | $86.56 |
| Number of Retirees | 9 | 13 | 23 | 45 |
| **2005** | | | | |
| Average Monthly Benefit | $54.00 | $83.57 | $100.00 | $91.37 |
| Number of Retirees | 5 | 7 | 28 | 40 |
| **2006** | | | | |
| Average Monthly Benefit | $61.25 | $85.00 | $100.00 | $94.26 |
| Number of Retirees | 4 | 13 | 44 | 61 |
| **2007** | | | | |
| Average Monthly Benefit | $60.83 | $83.46 | $100.00 | $93.84 |
| Number of Retirees | 6 | 13 | 54 | 73 |
| **2008** | | | | |
| Average Monthly Benefit | $55.63 | $83.61 | $100.00 | $91.10 |
| Number of Retirees | 8 | 18 | 47 | 73 |
| **2009** | | | | |
| Average Monthly Benefit | $59.50 | $87.63 | $100.00 | $88.64 |
| Number of Retirees | 20 | 19 | 53 | 92 |
| **2010** | | | | |
| Average Monthly Benefit | $63.82 | $85.83 | $100.00 | $90.44 |
| Number of Retirees | 17 | 18 | 56 | 91 |
| **2011** | | | | |
| Average Monthly Benefit | $63.16 | $91.47 | $100.00 | $90.40 |
| Number of Retirees | 19 | 17 | 52 | 88 |
| **2012** | | | | |
| Average Monthly Benefit | $61.54 | $90.33 | $100.00 | $92.83 |
| Number of Retirees | 13 | 15 | 63 | 90 |
| **2013** | | | | |
| Average Monthly Benefit | $59.44 | $89.55 | $100.00 | $88.29 |
| Number of Retirees | 18 | 22 | 42 | 82 |

**Note: GMPF is not a final average pay plan.**

# Retired Members by Retirement Type

## ERS
*June 30, 2013*

| Amount of Monthly Benefit | Retirement Type | | |
|---|---|---|---|
| | Service | Disability | Survivor |
| $ 1 - 500 | 2,177 | 80 | 1,604 |
| 501 - 1,000 | 6,085 | 770 | 1,214 |
| 1,001 - 1,500 | 4,831 | 935 | 816 |
| 1,501 - 2,000 | 3,799 | 785 | 578 |
| 2,001 - 2,500 | 3,047 | 680 | 362 |
| 2,501 - 3,000 | 2,676 | 563 | 242 |
| 3,001 - 3,500 | 2,319 | 408 | 148 |
| 3,501 - 4,000 | 2,037 | 319 | 108 |
| 4,001 - 4,500 | 1,685 | 222 | 64 |
| 4,501 - 5,000 | 1,544 | 180 | 41 |
| over 5,000 | 3,869 | 274 | 84 |
| Totals | 34,069 | 5,216 | 5,261 |

## PSERS
*June 30, 2013*

| Amount of Monthly Benefit | Retirement Type | | |
|---|---|---|---|
| | Service | Disability | Survivor |
| $ 1 - 100 | 26 | 0 | 231 |
| 101 - 200 | 4,355 | 4 | 325 |
| 201 - 300 | 4,108 | 213 | 175 |
| 301 - 400 | 2,435 | 397 | 83 |
| 401 - 500 | 1,595 | 304 | 38 |
| over 500 | 1,240 | 194 | 19 |
| Totals | 13,759 | 1,112 | 871 |

# Retired Members by Retirement Type

## GJRS
*June 30, 2013*

| Amount of Monthly Benefit | Retirement Type | | |
|---|---|---|---|
| | Service | Disability | Survivor |
| $ 1 - 1,000 | 12 | 0 | 4 |
| 1,001 - 2,000 | 16 | 0 | 8 |
| 2,001 - 3,000 | 13 | 0 | 5 |
| 3,001 - 4,000 | 29 | 0 | 2 |
| 4,001 - 5,000 | 18 | 2 | 1 |
| 5,001 - 6,000 | 19 | 0 | 0 |
| 6,001 - 7,000 | 25 | 0 | 0 |
| 7,001 - 8,000 | 78 | 0 | 0 |
| over 8,000 | 30 | 0 | 0 |
| Totals | 240 | 2 | 20 |

## LRS
*June 30, 2013*

| Amount of Monthly Benefit | Retirement Type | | |
|---|---|---|---|
| | Service | Disability | Survivor |
| $ 1 - 250 | 18 | 0 | 2 |
| 251 - 500 | 98 | 0 | 7 |
| 501 - 750 | 65 | 0 | 5 |
| 751 - 1,000 | 31 | 0 | 9 |
| over 1,000 | 21 | 0 | 3 |
| Totals | 233 | 0 | 26 |

## GMPF
*June 30, 2013*

| Amount of Monthly Benefit | Retirement Type |
|---|---|
| | Service |
| $ 1 - 49 | 0 |
| 50 - 100 | 739 |
| over 100 | 0 |
| Totals | 739 |

# Retired Members by Optional Form of Benefit

## ERS

*June 30, 2013*

| Amount of Monthly Benefit | Form of Benefit | | | | | | |
|---|---|---|---|---|---|---|---|
| | Maximum Plan | Option 1 | Option 2 | Option 3 | Option 4 | Option 5A | Option 5B |
| $ 1 - 500 | 1,293 | 345 | 1,213 | 420 | 431 | 108 | 51 |
| 501 - 1,000 | 3,822 | 1,046 | 1,638 | 585 | 550 | 256 | 172 |
| 1,001 - 1,500 | 3,011 | 935 | 1,120 | 588 | 470 | 267 | 191 |
| 1,501 - 2,000 | 2,277 | 863 | 717 | 516 | 380 | 184 | 225 |
| 2,001 - 2,500 | 1,740 | 645 | 510 | 429 | 403 | 170 | 192 |
| 2,501 - 3,000 | 1,447 | 517 | 392 | 320 | 534 | 102 | 169 |
| 3,001 - 3,500 | 1,040 | 378 | 281 | 328 | 616 | 95 | 137 |
| 3,501 - 4,000 | 799 | 269 | 235 | 232 | 715 | 82 | 132 |
| 4,001 - 4,500 | 601 | 195 | 160 | 193 | 677 | 36 | 109 |
| 4,501 - 5,000 | 490 | 119 | 133 | 188 | 715 | 41 | 79 |
| over 5,000 | 882 | 281 | 269 | 465 | 2,101 | 72 | 157 |
| Totals | 17,402 | 5,593 | 6,668 | 4,264 | 7,592 | 1,413 | 1,614 |

**Maximum Plan** Single life annuity

**Option 1** Reduced single life annuity with a guarantee of the remainder of the annuity savings fund account (contributions and interest), if any, to be paid upon the retiree's death

**Option 2** 100% joint and survivor annuity with a popup option upon divorce

**Option 3** 50% joint and survivor annuity with a popup option upon divorce

**Option 4** Various options, including a specified monthly amount payable to a beneficiary upon the retiree's death, several period certain annuities of varying length, and a five-year accelerated benefit

**Option 5A** 100% joint and survivor annuity with a popup option upon divorce or the death of the beneficiary before the retiree

**Option 5B** 50% joint and survivor annuity with a popup option upon divorce or the death of the beneficiary before the retiree

## Retired Members by Optional Form of Benefit

### PSERS
*June 30, 2013*

| Amount of Monthly Benefit | Form of Benefit | | | | | |
|---|---|---|---|---|---|---|
| | Maximum Plan | Option AA | Option AB | Option AC | Option AD | Option B |
| $ 1 - 100 | — | 40 | 192 | 9 | 5 | 11 |
| 101 - 200 | 3,509 | 695 | 260 | 8 | 26 | 186 |
| 201 - 300 | 3,824 | 384 | 149 | 4 | 16 | 119 |
| 301 - 400 | 2,604 | 195 | 46 | 8 | 7 | 55 |
| 401 - 500 | 1,781 | 92 | 34 | 3 | — | 27 |
| over 500 | 1,378 | 42 | 12 | 6 | — | 15 |
| Totals | 13,096 | 1,448 | 693 | 38 | 54 | 413 |

**Maximum Plan** Single life annuity

**Option AA** 100% joint and survivor annuity

**Option AB** 50% joint and survivor annuity

**Option AC** Joint and survivor annuity with a specified monthly amount payable to a beneficiary

**Option AD** Joint and survivor annuity with the amount payable to a beneficiary limited by the age difference between the retiree and the beneficiary

**Option B** Annuity for a guaranteed period of time (5, 10,15, or 20 years). If retiree outlives guarantee period, there is no benefit due after retiree's death

## Retired Members by Optional Form of Benefit

### GJRS
*June 30, 2013*

| Amount of Monthly Benefit | Form of Benefit | |
|---|---|---|
| | Maximum Plan | Spousal Coverage |
| $ 1 - 1,000 | 1 | 15 |
| 1,001 - 2,000 | 2 | 22 |
| 2,001 - 3,000 | 0 | 18 |
| 3,001 - 4,000 | 2 | 29 |
| 4,001 - 5,000 | 6 | 15 |
| 5,001 - 6,000 | 7 | 12 |
| 6,001 - 7,000 | 4 | 21 |
| 7,001 - 8,000 | 14 | 64 |
| over 8,000 | 5 | 25 |
| **Totals** | 41 | 221 |

**Maximum Plan** Single life annuity

**Spousal Coverage** Indicates the member elected at enrollment that a survivor annuity be paid to a surviving spouse

### LRS
*June 30, 2013*

| Amount of Monthly Benefit | Form of Benefit | | |
|---|---|---|---|
| | Maximum Plan | Option B1 | Option B2 |
| $ 1 - 250 | 0 | 17 | 3 |
| 251 - 500 | 40 | 56 | 9 |
| 501 - 750 | 37 | 21 | 12 |
| 751 - 1,000 | 10 | 25 | 5 |
| over 1,000 | 8 | 12 | 4 |
| **Totals** | 95 | 131 | 33 |

**Maximum Plan** Single life annuity

**Option B1** 100% joint and survivor annuity

**Option B2** 50% joint and survivor annuity

### GMPF and SEAD-Active and SEAD-OPEB
*June 30, 2013*

The GMPF Plan provides a benefit only in one form, a life annuity. All 739 current retirees, therefore, have this same form of benefit. The SEAD-Active and SEAD-OPEB plans provide only a lump sum death benefit to a member's beneficiary(ies).

## Top Participatory Employers FY10

| | Member Count | % of total plan |
|---|---|---|
| **ERS** | | |
| Department of Corrections | 12,527 | 18.2% |
| Department of Behavioral Health and Developmental Disability | 6,869 | 10.0% |
| Department of Transportation | 4,846 | 7.1% |
| Department of Labor | 3,867 | 5.7% |
| Department of Juvenile Justice | 3,679 | 5.4% |
| Department of Natural Resources | 2,079 | 3.0% |
| Department of Human Resources | 1,942 | 2.8% |
| Department of Driver Services | 1,674 | 2.4% |
| Department of Community Health | 1,351 | 2.0% |
| Department of Revenue | 1,154 | 1.7% |
| Total Top Employers | 39,988 | 58.3% |
| Total ERS Member Count | 68,567 | |
| **PSERS** | | |
| Gwinnett County Schools | 3,931 | 9.8% |
| Cobb County Schools | 2,471 | 6.2% |
| Dekalb County Schools | 2,234 | 5.6% |
| Clayton County Schools | 1,382 | 3.4% |
| Muscogee County Schools | 970 | 2.4% |
| Henry County Schools | 909 | 2.3% |
| Cherokee County Schools | 902 | 2.3% |
| Forsyth County Schools | 894 | 2.2% |
| Richmond County Schools | 877 | 2.2% |
| Paulding County Schools | 715 | 1.8% |
| Total Top Employers | 15,285 | 38.2% |
| Total PSERS Member Count | 39,962 | |
| **GJRS** | | |
| Council of Superior Court Judges | 203 | 41.0% |
| Council of State Court Judges | 108 | 21.8% |
| Prosecuting Attorney's Council | 96 | 19.4% |
| Council of Juvenile Judges | 71 | 14.4% |
| Total Top Employers | 478 | 96.6% |
| Total GJRS Member Count | 495 | |

Data from 9 years prior is unavailable. FY10 data is the first available.

## Top Participatory Employers FY13

| | Member Count | % of total plan |
|---|---|---|
| **ERS** | | |
| Department of Corrections | 11,770 | 19.12% |
| Department of Behavioral Health and Developmental Disability | 5,101 | 8.29% |
| Department of Transportation | 4,283 | 6.96% |
| Department of Juvenile Justice | 3,472 | 5.64% |
| Department of Labor | 3,362 | 5.46% |
| Department of Human Resources | 1,732 | 2.81% |
| Department of Natural Resources | 1,724 | 2.80% |
| Department of Public Safety | 1,636 | 2.66% |
| Department of Revenue | 1,024 | 1.66% |
| Department of Public Health | 930 | 1.51% |
| Total Top Employers | 35,034 | 56.92% |
| Total ERS Member Count | 61,554 | |
| **PSERS** | | |
| Gwinnett County Public Schools | 3,839 | 10.12% |
| Cobb County Public Schools | 2,547 | 6.72% |
| Dekalb County Public Schools | 2,197 | 5.79% |
| Clayton County Public Schools | 1,106 | 2.92% |
| Muscogee County Public Schools | 937 | 2.47% |
| Cherokee County Public Schools | 879 | 2.32% |
| Richmond County Public Schools | 849 | 2.24% |
| Forsyth County Public Schools | 834 | 2.20% |
| Henry County Public Schools | 750 | 1.98% |
| Houston County Public Schools | 682 | 1.80% |
| Total Top Employers | 14,620 | 38.56% |
| Total PSERS Member Count | 37,919 | |
| **GJRS** | | |
| Council of Superior Courts | 207 | 40.91% |
| Council of State Courts | 115 | 22.73% |
| Council of Juvenile Courts | 71 | 14.03% |
| Prosecuting Attorney's Council | 104 | 20.55% |
| Total Top Employers | 497 | 98.22% |
| Total GJRS Member Count | 506 | |
| **SEAD-Active and SEAD-OPEB** | | |
| Department of Corrections | 7,624 | 17.68% |
| Department of Transportation | 3,774 | 8.75% |
| Department of Behavioral Health and Developmental Disability | 2,911 | 6.75% |
| Department of Human Resources | 2,441 | 5.66% |
| Department of Juvenile Justice | 2,047 | 4.75% |
| Department of Natural Resources | 1,462 | 3.39% |
| Department of Labor | 1,334 | 3.09% |
| Department of Public Safety | 1,275 | 2.96% |
| Department of Revenue | 673 | 1.56% |
| Department of Public Health | 594 | 1.38% |
| Total Top Employers | 24,135 | 55.96% |
| Total Active Member Count | 43,127 | |

## Statistical Data at June 30, 2013

| System | Net Position | Employer Contributions | Employee Contributions | Active Members | Retirees | Annual Payment | Average Monthly Benefit |
|---|---|---|---|---|---|---|---|
| ERS | $ 12.2 billion | Old Plan: 10.15%<br>New Plan: 14.90%<br>GSEPS 11.54%<br>($359 mil) | Old Plan: 6%<br>(with 4.75% pickup)<br>New Plan: 1.25%<br>GSEPS: 1.25%<br>($39 mil) | Old Plan: (1%) 679<br>New Plan: (69%)42,339<br>GSEPS: (30%) 18,536<br>Total: 61,554 | Total: 44,546<br>Service: 33,360<br>Beneficiary: 5,257<br>Disability: 5,209<br>Inv. Sep.: 582<br>Law. Enf.: 138 | $1.3 billion | $2,369 |
| PSERS | $ 727.3 million | $24.8 million | $90 yr after 7/1/12<br>$36 yr before 7/1/12<br>($1.5 million) | 37,919 | 15,742 | $55.0 million | $291 |
| GJRS | $351.9 million | 3.9%<br>($2.3 million) | 7.5%<br>+2.5% Spousal<br>($4.4 million) | 506 | 262 | $16.3 million | $5,410 |
| LRS | $ 29.5 million | 0%<br>($128 thousand) | 8.5%<br>(with 4.75% pickup)<br>($373 thousand) | 223 | 259 | $1.8 million | $587 |
| GDCP | $ 109.6 millon | None | 7.5%<br>($16.7 million) | 15,511 | 1 | $9 thousand | Paid Annually |
| SCJRF | $ 3 thousand | $1.6 million | None | None | 22 | $1.6 million | $5,947 |
| DARF | $ 2 thousand | $80 thousand | None | None | 7 | $80 thousand | $952 |
| SEAD | $1.1 billion | None | New Plan: 0.25%<br>Old Plan: 0.50% | No. Insured:<br>43,127 | No. Insured:<br>39,636 | No. of Claims: 1007<br>Amt.Pd: $31.8 mil | Average Claim:<br>$31,627 |
| GMPF | $ 12.1 million | $1.7 million | None | 13,539 | 739 | $772 thousand | $87 |