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April 17, 2014

Mr. James A. Potvin
Executive Director
Georgia Public School Employees Retirement System
Two Northside 75, Suite 300
Atlanta, GA 30318-7701

Dear Mr Potvin:

Enclosed is a copy of the "Georgia Public School Employees Retirement System Report of the Actuary on the Valuation Prepared as of June 30, 2013".

Based on a monthly benefit accrual rate of $14.75, the valuation indicates that employer contributions for the fiscal year ending June 30, 2016 of $28,580,000 or $764.97 per active member are sufficient to support the benefits of the System.

Please let us know if there are any questions concerning the report.

Sincerely yours,

Edward A. Macdonald, ASA, FCA, MAAA
President

Cathy Turcot
Principal and Managing Director

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

EAM:mjn

Enclosure

S:\Georgia Public Schools\Valuations\6-30-2013\PSERS 06-30-2013 Valuation Report FINAL DRAFT for Board.docx

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EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA

GEORGIA PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM

REPORT OF THE ACTUARY ON THE VALUATION PREPARED AS OF JUNE 30, 2013

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April 17, 2014

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

Attention: James A. 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, 2013. Based on a monthly benefit accrual rate of $14.75, the valuation indicates that annual employer contributions of $28,580,000 or $764.97 per active member for the fiscal year ending June 30, 2016 are sufficient to support the benefits of the System.

Since the previous valuation, the Board has adopted a funding policy, which is shown in Schedule F of the Report. In accordance with the funding policy, the actuarial value of assets was set equal to the market value of assets on June 30, 2013. Five-year smoothing of investment gains and losses will commence in subsequent years. In addition, the results of the valuation reflect that the Board did not grant the anticipated cost-of-living increases (COLAs) to retired members on July 1, 2013 and on January 1, 2014.

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 2013 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 total unfunded accrued liability which is being amortized as a level dollar per active member in accordance with the funding policy adopted by the Board.

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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 and the funding policy adopted by the Board. 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 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

Cathy Turcot
Principal and Managing Director

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

EAM:mjn

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GEORGIA PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM
REPORT OF THE ACTUARY
ON THE VALUATION
PREPARED AS OF JUNE 30, 2013

SECTION I - SUMMARY OF PRINCIPAL RESULTS

1. For convenience of reference, the principal results of the valuation and a comparison with the preceding year's results are summarized below:

Valuation Date	June 30, 2013	June 30, 2012
Number of active members	37,361	38,654
Retired members and beneficiaries:		
Number	15,697	15,049
Annual allowances	$ 55,181,763	$ 54,117,254
Deferred Vested Members:		
Number	3,797	3,614
Annual allowances	$ 9,780,161	$ 9,434,965
Assets:		
Market Value	$ 727,268,000	$ 670,388,000
Actuarial Value*	727,268,000	710,915,000
Unfunded actuarial accrued liability	$ 182,988,036	$ 184,409,218
Amortization period (years)	25	30
Funded Ratio	79.9%	79.4%
For Fiscal Year Ending	**June 30, 2016**	**June 30, 2015**
Employer contribution rate per active member:		
Normal**	$ 325.57	$ 332.36
Accrued liability	439.40	403.95
Total	$ 764.97	$ 736.31
Annual Required Employer Contribution (ARC):		
Normal**	$ 12,164,000	$ 12,847,000
Accrued liability	16,416,000	15,614,000
Total	$ 28,580,000	$ 28,461,000

* Actuarial value of assets was set equal to market value on June 30, 2013. Five-year smoothing will commence in subsequent years.
**The normal contribution includes administrative expenses.

2. The valuation takes into account the effect of amendments of the System enacted through the 2013 session of the General Assembly. The major benefit and contribution provisions of the System as reflected in the valuation are summarized in Schedule G. The valuation reflects that the Board did not grant the anticipated cost-of-living increases to retired members on July 1, 2013 and on January 1, 2014.

3. Schedule D of this report outlines the full set of actuarial assumptions and methods used to prepare the current valuation. Since the previous valuation, the Board has adopted a funding policy, which is shown in Schedule F. In accordance with this funding policy, the actuarial value of assets was set equal to the market value of assets on June 30, 2013. Five-year smoothing of assets will commence in subsequent years.

4. The entry age actuarial cost method was used to prepare the valuation. Schedule E contains a brief description of this method.

5. Comments on the valuation results as of June 30, 2013 are given in Section IV, and further discussion of the contributions is set out in Section V.

6. We have prepared the Solvency Test and Schedule of Retirants Added to and Removed from Rolls for the System's Comprehensive Annual Financial Report. These tables are shown in Schedule I.

SECTION II - MEMBERSHIP

1. Data regarding the membership of the System for use as a basis of the valuation were furnished by the Retirement System office. The valuation included 37,361 active members.

2. For the June 30, 2013 valuation, data was provided by the Retirement System for inactive members who are eligible for deferred vested benefits. The valuation included 3,797 deferred vested members with annual allowances totaling $9,780,161. In addition, there are 71,473 inactive non-vested members included in the valuation entitled to a refund of member contributions.

3. The following table shows the number of retired members and beneficiaries on the roll as of June 30, 2013, together with the amount of their annual allowances payable under the System as of that date.

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF RETIRED MEMBERS AND BENEFICIARIES ON THE ROLL AS OF JUNE 30, 2013

GROUP	NUMBER	ANNUAL RETIREMENT ALLOWANCES
Service Retirements	13,735	$ 48,006,540
Disability Retirements	1,100	5,264,089
Beneficiaries of Deceased Members	862	1,911,134
Total	15,697	$ 55,181,763

SECTION III - ASSETS

1. The retirement law provides for the maintenance of two funds for the purpose of recording the financial transactions of the System; namely, the Annuity Savings Fund and the Pension Accumulation Fund.

   (a) Annuity Savings Fund

   The Annuity Savings Fund is the fund to which are credited all contributions made by members together with regular interest thereon. When a member retires, or if a death benefit allowance becomes payable to his beneficiary, his accumulated contributions are transferred from the Annuity Savings Fund to the Pension Accumulation Fund. The portion of the allowance which these contributions provide is then paid from the Pension Accumulation Fund. On June 30, 2013 the value of assets credited to the Annuity Savings Fund amounted to $25,619,000.

   (b) Pension Accumulation Fund

   The Pension Accumulation Fund is the fund to which all income from investments and all contributions made by employers of members of the System and by the State for members of local retirement funds are credited. All retirement allowance and death benefit allowance payments are disbursed from this fund. Upon the retirement of a member, or upon his death if a death benefit allowance is payable, his accumulated contributions are transferred from the Annuity Savings Fund to this fund to provide the member-contributed portion of the allowance. On June 30, 2013 the market value of assets credited to the Pension Accumulation Fund amounted to $701,649,000.

2. As of June 30, 2013 the total market value of assets amounted to $727,268,000 as reported by the Auditor of the System. The actuarial value of assets as of June 30, 2013 was determined to be $718,009,000 based on a seven year smoothing of investment gains and losses. However, the final actuarial value of assets used for the current valuation was set equal to the market value of assets of $727,268,000 as of June 30, 2013. Five year smoothing of investment gains and losses will commence in subsequent years. Schedule B shows the development of the actuarial value of assets as of June 30, 2013.

3. Schedule C shows receipts and disbursements of the System for the two years preceding the valuation date and a reconciliation of the fund balances at market value.

SECTION IV – COMMENTS ON VALUATION

1. Schedule A of this report contains the valuation balance sheet which shows the present and prospective assets and liabilities of the System as of June 30, 2013. The valuation was prepared in accordance with the actuarial assumptions and methods set forth in Schedule D and the actuarial cost method which is described in Schedule E.

2. The valuation balance sheet shows that the System has total prospective liabilities of $967,397,224, of which $549,796,220 is for the prospective benefits payable on account of present retired members, beneficiaries of deceased members, and members entitled to deferred vested benefits, and $417,601,004 is for the prospective benefits payable on account of present active members. Against these liabilities, the System has total present assets for valuation purposes of $727,268,000 as of June 30, 2013. The difference of $240,129,224 between the total liabilities and the total present assets represents the present value of contributions to be made in the future. Of this amount, $7,877,232 is the present value of future contributions expected to be made by or on behalf of members, and the balance of $232,251,992 represents the present value of future contributions payable by the employers to the Pension Accumulation Fund.

3. The employer's contributions to the System consist of normal contributions and accrued liability contributions. The valuation indicates that annual employer normal contributions at the rate of $269.95 per active member are required to provide the currently accruing benefits of the System. An additional $55.62 per active member is required to fund the administrative expenses of the System.

4. Prospective normal contributions (net of expenses) have a present value of $49,263,956. When this amount is subtracted from $232,251,992, which is the present value of the total future contributions to be made by the employers, the result is a prospective unfunded actuarial accrued liability of $182,988,036.

5. The funding policy adopted by the Board, as shown in Schedule F, provides that the unfunded actuarial accrued liability as of June 30, 2013 (Transitional UAAL) will be amortized as a level dollar

amount over a closed 25-year period. In each subsequent valuation all benefit changes, assumption and method changes and experience gains and/or losses that have occurred since the previous valuation will determine a New Incremental UAAL. Each New Incremental UAAL will be amortized as a level dollar amount over a closed 25-year period from the date it is established.

SECTION V – CONTRIBUTIONS PAYABLE BY EMPLOYERS

1. The contributions of employers consist of a normal contribution and an accrued liability contribution as determined by actuarial valuation.
2. The normal contribution rate is calculated as the level dollar which, if applied for the average member during the entire period of his anticipated covered service, would be required in addition to the contributions of the member to meet the cost of all benefits payable on his behalf. On the basis of the valuation, the normal contribution rate was determined to be $269.95 per active member, or $10,086,000 based on 37,361 active members as of June 30, 2013.
3. An additional $2,078,000, or $55.62 per active member, is required to fund the administrative expenses of the System.
4. The total normal contribution including administrative expenses is, therefore, $12,164,000, or $325.57 per active member.
5. The accrued liability contribution is the level annual amount which will be sufficient to amortize the unfunded actuarial accrued liability in accordance with the Board's funding policy. The annual accrued liability contribution determined on this basis by the June 30, 2013 valuation is $16,416,000, or $439.40 per active member.

6. The following table summarizes the employer contribution rates which were determined by the June 30, 2013 valuation and are recommended for use.

ANNUAL REQUIRED EMPLOYER CONTRIBUTION (ARC)
FOR FISCAL YEAR ENDING JUNE 30, 2016

CONTRIBUTION	PER ACTIVE MEMBER	ANNUAL AMOUNT
Normal	$ 325.57	$ 12,164,000
Accrued Liability	439.40	16,416,000
Total	$ 764.97	$ 28,580,000

7. Schedule J shows the allocation of the annual required contribution for fiscal year ending June 30, 2016 by school system.

SECTION VI – ACCOUNTING INFORMATION

1. Governmental Accounting Standards Board Statements 25 and 27 set forth certain items of required supplementary information to be disclosed in the financial statements of the System and the employer. One such item is a distribution of the number of employees by type of membership, as follows:

NUMBER OF ACTIVE AND RETIRED MEMBERS
AS OF JUNE 30, 2013

GROUP	NUMBER
Retirees and beneficiaries currently receiving benefits	15,697
Terminated employees entitled to benefits but not yet receiving benefits	75,270
Active plan members	37,361
Total	128,328

2. Another such item is the schedule of funding progress as shown below.

SCHEDULE OF FUNDING PROGRESS
(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b – a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b – a) / c)
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
6/30/2013	727,268	910,256	182,988	79.9	N/A	N/A

3. The following shows the schedule of employer contributions (all dollar amounts are in thousands).

Year Ending	Annual Required Contribution	Percentage Contributed
6/30/2008	$ 2,866	100%
6/30/2009	5,529	100
6/30/2010	5,529	100
6/30/2011	7,509	100
6/30/2012	15,884	100
6/30/2013	24,829	100

4. Following is the calculation of the annual pension cost and net pension obligation for the fiscal year ending June 30, 2013. Since PSERS is a cost sharing multiple employer pension plan, GASB Statement 27 does not require the participating employers to disclose this information.

Annual Pension Cost and Net Pension Obligation for Fiscal Year Ending June 30, 2013

(a)	Employer annual required contribution	$ 24,829,000
(b)	Interest on net pension obligation	(1,015,000)
(c)	Adjustment to annual required contribution	(1,146,000)
(d)	Annual pension cost (a) + (b) – (c)	$ 24,960,000
(e)	Employer contributions made for fiscal year ending 06/30/13	24,829,000
(f)	Increase (decrease) in net pension obligation (d) – (e)	$ 131,000
(g)	Net pension obligation beginning of fiscal year	(13,530,000)
(h)	Net pension obligation end of fiscal year (f) + (g)	$ (13,399,000)

TREND INFORMATION

(Dollar amounts in thousands)

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2011	$ 8,548	88%	$ (13,662)
June 30, 2012	16,016	99	(13,530)
June 30, 2013	24,960	99	(13,399)

5. The annual required contribution (ARC) of the employer in dollars, determined in accordance with the parameters of GASB 25/27 is shown below. The accrued liability rate is based on amortization of the unfunded accrued liability of $182,988,036 within a 25-year period from the valuation date.

2015/2016 FISCAL YEAR
ANNUAL REQUIRED CONTRIBUTION (ARC)
BASED ON THE VALUATION AS OF JUNE 30, 2013

ANNUAL REQUIRED CONTRIBUTION (ARC)	AMOUNT
Normal	$ 12,164,000
Accrued Liability	16,416,000
Total	$ 28,580,000

6. The information presented in the required supplementary schedules was determined as part of the actuarial valuation at June 30, 2013. Additional information as of the latest actuarial valuation follows.

Valuation date	6/30/2013
Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	25 years
Asset valuation method*	5-year smoothed market
Actuarial assumptions:	
Investment rate of return**	7.50%
Projected salary increases**	N/A
Cost-of-living adjustments	1.50% semi-annually

* Actuarial value of assets was set equal to the market value of assets on June 30, 2013. Five-year smoothing will commence in subsequent years.
**Includes inflation at 3.00%

SECTION VII – EXPERIENCE

1. The last experience investigation was prepared for the five-year period ending June 30, 2009, and based on the results of the investigation various assumptions and methods were revised and adopted by the Board on December 16, 2010. The next experience investigation will be prepared for the period July 1, 2009 through June 30, 2014.

2. The following table shows the estimated gain or loss from various factors that resulted in a decrease of $1,421,182 in the unfunded accrued liability from $184,409,218 to $182,988,036 during the fiscal year ending June 30, 2013.

ANALYSIS OF THE INCREASE IN UNFUNDED ACCRUED LIABILITY
(in thousands of dollars)

ITEM	AMOUNT OF INCREASE/ (DECREASE)
Interest (7.50%) added to previous unfunded accrued liability	$ 13,830.7
Accrued liability contribution	(12,497.7)
Experience:	
Valuation asset growth	13,868.0
Pensioners' mortality	(381.9)
Turnover and retirements	4,772.4
New entrants	2,757.7
Method changes	(9,259.0)
Assumption changes	0.0
Amendments	0.0
No 7/1/2013, 1/1/2014 COLAs	(14,813.1)
Miscellaneous	301.7
Total	$ (1,421.2)

SCHEDULE A

VALUATION BALANCE SHEET
SHOWING THE PRESENT AND PROSPECTIVE ASSETS AND LIABILITIES OF
THE GEORGIA PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM
AS OF JUNE 30, 2013

	ACTUARIAL LIABILITIES		
(1)	Present value of prospective benefits payable on account of present retired members, beneficiaries of deceased members, and members entitled to deferred vested benefits		
	- Service and disability benefits	$ 464,023,083	
	- Death and survivor benefits	18,398,468	
	- Deferred vested benefits	67,374,669	
	Total		$ 549,796,220
(2)	Present value of prospective benefits payable on account of present active members		417,601,004
(3)	TOTAL ACTUARIAL LIABILITIES		$ 967,397,224
	PRESENT AND PROSPECTIVE ASSETS		
(4)	Actuarial value of assets		$ 727,268,000
(5)	Present value of total future contributions = (3)-(4)	$ 240,129,224	
(6)	Present value of future member contributions		7,877,232
(7)	Present value of future employer contributions = (5)-(6)	$ 232,251,992	
(8)	Prospective normal contributions		49,263,956
(9)	Prospective unfunded actuarial accrued liability contributions = (7)-(8)		182,988,036
(10)	TOTAL PRESENT AND PROSPECTIVE ASSETS		$ 967,397,224

SCHEDULE B

DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS

(1)	Actuarial Value Beginning of Year		$ 710,915,000
(2)	Market Value End of Year		$ 727,268,000
(3)	Market Value Beginning of Year		$ 670,388,000
(4)	Cash Flow		
	(a)	Contributions	$ 26,367,000
	(b)	Benefit Payments and Expenses	(57,554,000)
	(c)	Net: (4)(a) + (4)(b)	$ (31,187,000)
(5)	Investment Income		
	(a)	Market Total: (2) – (3) – (4)(c)	$ 88,067,000
	(b)	Assumed Rate	7.50%
	(c)	Amount for Immediate Recognition: [(3) x (5)(b)] + [(4)(c) x (5)(b) x 0.5]	$ 49,110,000
	(d)	Amount for Phased-In Recognition: (5)(a) - (5)(c)	38,957,000
(6)	Phased-In Recognition of Investment Income		
	(a)	Current Year: (5)(d) / 7	$ 5,565,000
	(b)	First Prior Year	(5,312,000)
	(c)	Second Prior Year	11,960,000
	(d)	Third Prior Year	3,346,000
	(e)	Fourth Prior Year	(21,566,000)
	(f)	Fifth Prior Year	(12,324,000)
	(g)	Sixth Prior Year	7,502,000
	(h)	Total Recognized Investment Gain	$ (10,829,000)
(7)	Actuarial Value End of Year: (1) + (4)(c) + (5)(c) + (6)(h)		$ 718,009,000
(8)	Final Actuarial Value of Assets on June 30, 2013*		$ 727,268,000
(9)	Difference Between Market & Actuarial Values: (2) – (8)		$ 0
(10)	Rate of Return on Actuarial Value		6.84%

*Actuarial value of assets was set equal to market value on June 30, 2013. Five-year smoothing will commence in subsequent years.

SCHEDULE C

SUMMARY OF RECEIPTS AND DISBURSEMENTS
(Market Value)

	YEAR ENDING	
Receipts for the Year	June 30, 2013 ($1,000's)	June 30, 2012 ($1,000's)
Contributions:		
Members	$ 1,538	$ 1,426
Employer	24,829	15,884
Subtotal	$ 26,367	$ 17,310
Investment Earnings	88,067	13,554
Administrative Expense Allotment	0	0
TOTAL	$ 114,434	$ 30,864
Disbursements for the Year		
Benefit Payments	$ 55,041	$ 54,183
Refunds to Members	492	349
Administrative Expenses	2,021	2,040
TOTAL	$ 57,554	$ 56,572
Excess of Receipts over Disbursements	$ 56,880	$ (25,708)
Reconciliation of Asset Balances		
Asset Balance as of the Beginning of Year	$ 670,388	$ 696,096
Excess of Receipts over Disbursements	56,880	(25,708)
Asset Balance as of the End of Year	$ 727,268	$ 670,388
Rate of Return	13.45%	2.00%

SCHEDULE D

OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS

Adopted by the Board December 16, 2010.

VALUATION INTEREST RATE: 7.50% per annum, compounded annually, net of investment expenses, composed of a 3.00% inflation assumption and a 4.50% real rate of investment return assumption.

SEPARATIONS BEFORE SERVICE RETIREMENT: Representative values of the assumed annual rates of separation before service retirement are as follows:

	Annual Rates of Withdrawal		
	Years of Service		
Age	0-4	5-9	10 & Over
		Males	
20	35.0%		
25	30.0	17.0%	
30	27.0	16.0	14.0%
35	24.0	14.0	9.0
40	21.0	12.0	7.0
45	20.0	11.0	6.5
50	18.0	11.0	6.5
55	15.0	9.0	6.0
60	13.0	9.0	
		Females	
20	34.0%		
25	29.0	19.0%	
30	24.0	15.0	11.0%
35	20.0	13.0	10.0
40	17.0	12.0	8.0
45	16.0	10.0	7.0
50	14.0	9.0	6.5
55	12.0	8.0	6.0
60	11.0	7.0	

Age	Annual Rates of Death Males	Annual Rates of Death Females	Annual Rates of Disability
20	0.036%	0.019%	0.00%
25	0.038	0.021	0.00
30	0.050	0.026	0.00
35	0.084	0.048	0.00
40	0.114	0.071	0.01
45	0.162	0.112	0.04
50	0.245	0.168	0.09
55	0.420	0.272	0.23
60	0.778	0.506	0.35
65	1.441	0.971	0.00

RETIREMENT:

Age	Annual Rate	Age	Annual Rate
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

DEATHS AFTER RETIREMENT: 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 Disabled Mortality Table set back 2 years for males and set forward one year for females is used for the period after disability retirement. There is a margin for future mortality improvement in the tables used by the System. Based on the results of the most recent experience study adopted by the Board on December 16, 2010, the numbers of expected future deaths are 8-10% less than the actual number of deaths that occurred during the study period for healthy retirees and 18-33% less than expected under the selected table for disabled retirees. Representative values of the assumed annual rates of mortality for service retirements and beneficiaries are as follows:

Age	Men	Women	Age	Men	Women
40	0.114%	0.071%	65	1.441%	0.971%
45	0.162	0.112	70	2.457	1.674
50	0.245	0.168	75	4.217	2.811
55	0.420	0.272	80	7.204	4.588
60	0.768	0.506	85	12.280	7.745

ADMINISTRATIVE EXPENSES: Budgeted administrative expenses are added to the normal cost contribution.

AMORTIZATION METHOD: Level dollar amortization.

ASSET METHOD: Actuarial value, as developed in Schedule B. The actuarial value of assets recognizes a portion of the difference between the market value of assets and the expected value of assets, based on the assumed valuation rate of return. The actuarial value was set equal to the market value as of June 30, 2013. The amount recognized each year beginning June 30, 2014 will be 20% of the difference between market value and expected actuarial value.

VALUATION METHOD: Entry age actuarial cost method. See Schedule E for a brief description of this method.

COST-OF-LIVING ADJUSTMENT (COLA): 1.5% semi-annually.

TERMINATING VESTED MEMBERS: 75% of active vested members who terminate are assumed to elect a refund in lieu of a benefit. Benefits are assumed to begin at age 65.

SCHEDULE E

ACTUARIAL COST METHOD

1. The valuation is prepared on the projected benefit basis, under which the present value, at the interest rate assumed to be earned in the future (currently 7.50%), of each member's expected benefits at retirement or death is determined, based on age, service and sex. The calculations take into account the probability of a member's death or termination of employment prior to becoming eligible for a benefit, as well as the possibility of his terminating with a service, disability or survivor's benefit. The present value of the expected benefits payable on account of the active members is added to the present value of the expected future payments to retired members, beneficiaries and members entitled to deferred vested benefits to obtain the present value of all expected benefits payable from the System on account of the present group of members and beneficiaries.
2. The employer contributions required to support the benefits of the System are determined following a level funding approach, and consist of a normal contribution and an unfunded actuarial accrued liability contribution.
3. The normal contribution is determined using the entry age actuarial cost method. Under this method, a calculation is made to determine the level amount which, if applied for the average member during the entire period of his anticipated covered service, would be required in addition to the contributions of the member to meet the cost of all benefits payable on his behalf.
4. The unfunded actuarial accrued liability contributions are determined by subtracting the present value of prospective employer normal contributions and member contributions, together with the current actuarial value of assets, from the present value of expected benefits to be paid from the System.

SCHEDULE F

FUNDING POLICY OF THE PSERS BOARD OF TRUSTEES

The purpose of this Funding Policy is to state the overall objectives for the Public School Employees Retirement System (System), the benchmarks that will be used to measure progress in achieving those goals, and the methods and assumptions that will be employed to develop the benchmarks. It is the intent of the PSERS Board of Trustees that the Funding Policy outlined herein will remain unchanged until the objectives below are met.

I. Funding Objectives

The goal in requiring employer and member contributions to the System is to accumulate sufficient assets during a member's employment to fully finance the benefits the member is expected to receive throughout retirement. In meeting this objective, the System will strive to meet the following funding objectives:

- To develop a pattern of contributions expressed as both a total dollar amount and as a dollar amount per active member and measured by valuations prepared in accordance with applicable State laws and the principles of practice prescribed by the Actuarial Standards Board.
- To maintain an increasing funded ratio (ratio of actuarial value of assets to actuarial accrued liabilities) that reflects a trend of improved actuarial condition. The long-term objective is to obtain a 100% funded ratio over a reasonable period of future years.
- To maintain adequate asset levels to finance the benefits promised to members and monitor the future demand for liquidity.
- To promote intergenerational equity for taxpayers with respect to contributions required for the benefits provided by the System.

II. Measures of Funding Progress

To track progress in achieving the System's funding objectives, the following measures will be determined annually as of the actuarial valuation date (with due recognition that a single year's results may not be indicative of long-term trends):

- **Funded Ratio** – The funded ratio, defined as the actuarial value of assets divided by the actuarial accrued liability, should increase over time, before adjustments for changes in benefits, actuarial methods, and/or actuarial adjustments. The target funded ratio will be 100 percent within 25 years of the valuation date for the first valuation conducted following the adoption of this Policy (i.e. the June 30, 2013 valuation date).
- **Unfunded Actuarial Accrued Liability (UAAL)**
  - **Transitional UAAL** – The UAAL established as of the initial valuation date for which this funding policy is adopted shall be known as the Transitional UAAL.
  - **New Incremental UAAL** – Each subsequent valuation will produce a New Incremental UAAL consisting of all benefit changes, assumption and method changes and experience gains and/or losses that have occurred since the previous valuations.
- **UAAL Amortization Period**
  - The transitional UAAL will be amortized over a closed 25 year period beginning on the initial valuation date for which this funding policy is adopted.
  - Each New Incremental UAAL shall be amortized over a closed 25 year period beginning with the year it is incurred.

- **Employer Contributions**
    - **Employer Normal Contributions** – the contribution determined as of the valuation date each year to fund the employer portion of the annual normal cost of the System based on the assumptions and methods adopted by the Board.
    - In each valuation subsequent to the adoption of this funding policy the required employer contributions will be determined as the summation of the employer Normal Contribution, a contribution for administrative expenses, the amortization cost for the Transitional UAAL and the individual amortization cost for each of the New Incremental UAAL bases.
    - Employer Contributions will be expressed as both a total dollar amount and as a dollar amount per active member. In no event shall the employer contributions be less than $0.
    - The valuation methodology, including the amortization of the Unfunded Actuarial Accrued Liability (UAAL), would be expected to maintain reasonably stable contributions as a dollar per active member.

III. Methods and Assumptions

The annual actuarial valuations providing the measures to assess funding progress will utilize the actuarial methods and assumptions last adopted by the Board based upon the advice and recommendations of the actuary. These include the following primary methods and assumptions:

- The actuarial cost method used to develop the benchmarks will be the Entry Age Normal (EAN) actuarial cost method.
- The long-term annual investment rate of return assumption will be 7.50% net of investment expenses.
- The actuarial value of assets will be determined by recognizing the annual differences between actual and expected market value of assets over a five-year period, beginning with the June 30, 2013 actuarial valuation.
    - Prior to the June 30, 2013 valuation, the differences between actual and expected market value of assets were recognized over a seven-year period. For the June 30, 2013 valuation, all then-current deferred gains and losses will be recognized immediately, and the initial new five-year period will begin immediately thereafter.

The employer contributions determined in an annual actuarial valuation will be at least sufficient to satisfy the annual normal cost of the System and amortize the UAAL as a level dollar amount over a period not to exceed 25 years (for the UAAL as of the June 30, 2013 valuation date, and for each successive year of gains and losses incurred in years following the June 30, 2013 valuation date). However in no event shall the employer contributions be less than $0.

The actuary shall conduct an investigation into the System's experience at least every five years and utilize the results of the investigation to form the basis for recommended assumptions and methods. Any changes to the recommended assumptions and methods that are approved by the Board will be reflected in this Policy.

IV. Funding Policy Progress

The Board will periodically have actuarial projections of the valuation results performed to assess the current and expected future progress towards the overall funding goals of the System. These periodic projections will provide the expected valuation results over at least a 30-year period. The projected measures of funding progress and the recent historical trend provided in valuations will provide important information for the Board's assessment of the System's funding progress.

SCHEDULE G

SUMMARY OF MAIN SYSTEM PROVISIONS
AS INTERPRETED FOR VALUATION PURPOSES

The Public School Employees' Retirement System (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 and other benefits for public school employees who are not eligible for membership in the Teachers Retirement System of Georgia.

Normal Retirement Benefit

Eligibility	Age 65 and 10 years of creditable service.
Benefit	Monthly benefit is $14.75 multiplied by years of creditable service. For members with retirement dates prior to July 1, 2013, a one-time 1.75% increase is made at time of retirement.

Early Retirement Benefit

Eligibility	Age 60 and 10 years of creditable service.
Benefit	Accrued benefit reduced by 6% for each year member is under age 65.

Disability Retirement Benefit

Eligibility	15 years of creditable service.
Benefit	Accrued benefit payable immediately.

Deferred Vested Retirement Benefit

Eligibility	10 years of creditable service. Member contributions not withdrawn.
Benefit	Accrued benefit deferred to age 65 or reduced benefit payable at age 60.

Death Benefit

Eligibility	Death in service and the member is at least age 60 and has at least 10 years of creditable service.
Benefit	Benefit payable to beneficiary under the joint and survivor annuity payment option. If the member dies in service under age 60 or with less than 10 years of creditable service his beneficiary receives a refund of the member's accumulated contributions.

Termination Benefit	
Eligibility	Less than 10 years of creditable service.
Benefit	Return of the member's accumulated contributions.
Payment Options	(1) Life annuity. Guaranteed payment of accumulated member contributions.
	(2) Joint and survivorship annuity.
	(3) Certain and life annuity.
Post-Retirement Adjustments	The Board may from time to time grant a Cost of Living Adjustment.
Contributions	
By Members	Members who joined the System prior to July 1, 2012 contribute $4 per month. Members joining the System on or after July 1, 2012 contribute $10 per month.
By Employers	Employer contributions are actuarially determined and approved and certified by the Board.

SCHEDULE H

NUMBER OF ACTIVE MEMBERS
BY AGE AND SERVICE AS OF JUNE 30, 2013

Attained Age	*Years of Service*									
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 & Up	Total
Under 25	147	311	18	0	0	0	0	0	0	476
25 to 29	172	490	216	8	0	0	0	0	0	886
30 to 34	217	791	449	111	3	0	0	0	0	1,571
35 to 39	236	966	870	249	58	3	0	0	0	2,382
40 to 44	280	1,280	1,422	671	215	61	6	0	0	3,935
45 to 49	291	1,525	1,778	1,086	549	206	79	10	0	5,524
50 to 54	296	1,640	1,886	1,352	806	372	204	67	9	6,632
55 to 59	243	1,462	1,788	1,080	753	481	345	159	48	6,359
60 to 64	149	1,075	1,412	854	513	392	273	150	86	4,904
65 to 69	78	558	1,090	533	227	169	111	61	77	2,904
70 & Up	45	217	737	397	166	90	50	32	54	1,788
Total	2,154	10,315	11,666	6,341	3,290	1,774	1,068	479	274	37,361

Average Age: 52.3
Average Service: 9.1

SCHEDULE H
(Continued)

NUMBER OF RETIRED MEMBERS AND THEIR BENEFITS BY AGE

Age	Number of Members	Total Annual Benefits	Average Annual Benefits
Under 50	0	$ 0	$ 0
50 – 54	0	0	0
55 – 59	0	0	0
60 – 64	1,067	2,711,667	2,541
65 – 69	2,929	8,539,168	2,915
70 – 74	3,259	10,679,223	3,277
75 – 79	2,856	10,330,835	3,617
80 – 84	1,976	8,165,234	4,132
85 – 89	1,087	4,884,594	4,494
90 – 94	439	2,098,306	4,780
95 & Over	122	597,513	4,898
Total	13,735	$ 48,006,540	$ 3,495

NUMBER OF BENEFICIARIES AND THEIR BENEFITS BY AGE

Age	Number of Members	Total Annual Benefits	Average Annual Benefits
Under 50	132	$ 178,803	$ 1,355
50 – 54	56	86,473	1,544
55 – 59	64	139,059	2,173
60 – 64	76	143,781	1,892
65 – 69	94	196,447	2,090
70 – 74	122	284,634	2,333
75 – 79	108	279,179	2,585
80 – 84	104	299,543	2,880
85 – 89	66	186,837	2,831
90 – 94	25	82,656	3,306
95 & Over	15	33,722	2,248
Total	862	$ 1,911,134	$ 2,217

SCHEDULE H
(Continued)

NUMBER OF DISABLED RETIREES AND THEIR BENEFITS BY AGE

Age	Number of Members	Total Annual Benefits	Average Annual Benefits
Under 50	15	$ 52,220	$ 3,481
50 – 54	51	198,166	3,886
55 – 59	138	549,845	3,984
60 – 64	237	1,013,890	4,278
65 – 69	215	1,024,109	4,763
70 – 74	227	1,188,990	5,238
75 – 79	142	789,954	5,563
80 – 84	51	296,459	5,813
85 – 89	16	102,774	6,423
90 – 94	8	47,682	5,960
95 & Over	0	0	0
Total	1,100	$ 5,264,089	$ 4,786

NUMBER OF DEFERRED VESTED MEMBERS AND THEIR BENEFITS BY AGE

Age	Number of Members	Total Annual Benefits	Average Annual Benefits
Under 35	19	$ 37,188	$ 1,957
35 – 39	60	129,446	2,157
40 – 44	204	451,407	2,213
45 – 64	548	1,335,160	2,436
50 – 54	874	2,181,716	2,496
55 – 59	1,107	2,939,999	2,656
60 – 64	715	1,937,621	2,710
65 – 69	176	519,540	2,952
70 – 74	63	160,231	2,543
75 & Over	31	87,853	2,834
Total	3,797	$ 9,780,161	$ 2,576

SCHEDULE I

CAFR SCHEDULES

GA PSERS: Solvency Test

Actuarial Valuation as of 7/1	Actuarial Accrued Liability for: Active Member Contributions (1)	Retirants & Beneficiaries (2)	Active Members (Employer Funded Portion) (3)	Valuation Assets	Portion of Aggregate Accrued Liabilities Covered by Assets (1)	(2)	(3)
2013	$17,016	$549,796	$343,444	$727,268	100%	100.0%	46.7%
2012	16,917	537,284	341,123	710,915	100%	100.0%	45.9%
2011	16,627	532,509	336,790	719,601	100%	100.0%	50.6%
2010	16,361	528,808	330,227	737,406	100%	100.0%	58.2%
2009	15,862	506,659	300,711	769,618	100%	100.0%	82.2%
2008	15,285	469,601	286,064	791,855	100%	100.0%	100.0%
2007	14,796	456,868	274,414	785,460	100%	100.0%	100.0%
2006	14,321	428,543	248,787	766,277	100%	100.0%	100.0%

All dollar amounts are in thousands.

GA PSERS: Schedule of Retirants Added to and Removed from Rolls

	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 Allowances	Average Annual Allowances
July 1, 2013	1,298	$3,803	650	$2,738	15,697	$55,182	2.0%	$3,515
July 1, 2012	1,133	3,192	684	2,834	15,049	54,117	0.7%	3,596
July 1, 2011	1,174	3,168	731	3,072	14,600	53,759	0.2%	3,682
July 1, 2010	1,001	4,494	642	2,666	14,157	53,663	3.5%	3,791
July 1, 2009	886	5,290	575	2,260	13,798	51,835	6.2%	3,757
July 1, 2008	899	4,514	605	2,371	13,487	48,805	4.6%	3,619
July 1, 2007	816	4,749	637	2,353	13,193	46,662	5.4%	3,537
July 1, 2006	870	4,835	531	1,885	13,014	44,266	7.1%	3,401

SCHEDULE J

ALLOCATION OF 2015-2016
ANNUAL REQUIRED CONTRIBUTION BY SCHOOL SYSTEM

System Number	System Name	Contribution
1	Appling	$ 51,253
2	Atkinson	26,009
3	Bacon	31,364
4	Baker	8,415
5	Baldwin	103,271
6	Banks	68,847
7	Barrow	173,648
8	Bartow	261,619
9	Ben Hill	55,843
10	Berrien	46,663
11	Bibb	468,926
12	Bleckley	64,257
13	Brantley	84,147
14	Brooks	59,668
15	Bryan	128,515
16	Bulloch	237,140
17	Burke	125,455
18	Butts	84,147
19	Calhoun	14,534
20	Camden	164,468
21	Candler	41,308
22	Carroll	277,684
23	Catoosa	247,085
24	Charlton	34,424
25	Chatham	343,471
26	Chattahoochee	24,479
27	Chattooga	39,778
28	Cherokee	663,228
29	Clarke	345,766
30	Clay	9,180
31	Clayton	842,996
32	Clinch	20,654
33	Cobb	1,913,187
34	Coffee	120,100
35	Colquitt	195,832
36	Columbia	464,336
37	Cook	70,377
38	Coweta	505,644
39	Crawford	41,308

SCHEDULE J
(continued)

ALLOCATION OF 2015-2016
ANNUAL REQUIRED CONTRIBUTION BY SCHOOL SYSTEM

System Number	System Name	Contribution
40	Crisp	$ 98,681
41	Dade	43,603
42	Dawson	71,142
43	Decatur	128,515
44	Dekalb	1,649,273
45	Dodge	76,497
46	Dooly	41,308
47	Dougherty	364,890
48	Douglas	520,179
49	Early	43,603
50	Echols	12,240
51	Effingham	204,247
52	Elbert	61,962
53	Emanuel	89,501
54	Evans	31,364
55	Fannin	71,142
56	Fayette	358,770
57	Floyd	168,293
58	Forsyth	634,159
59	Franklin	70,377
61	Gilmer	69,612
62	Glascock	13,769
63	Glynn	275,389
64	Gordon	101,741
65	Grady	84,147
66	Greene	49,723
67	Gwinnett	2,927,536
68	Habersham	164,468
69	Hall	506,409
70	Hancock	47,428
71	Haralson	63,492
72	Harris	101,741
73	Hart	77,262
74	Heard	37,483
75	Henry	592,086
76	Houston	583,671
77	Irwin	26,009
78	Jackson	162,173

SCHEDULE J
(continued)

ALLOCATION OF 2015-2016
ANNUAL REQUIRED CONTRIBUTION BY SCHOOL SYSTEM

System Number	System Name	Contribution
79	Jasper	$ 48,193
80	Jeff Davis	61,962
81	Jefferson	74,967
82	Jenkins	30,599
83	Johnson	22,949
84	Jones	123,160
85	Lamar	56,608
86	Lanier	22,184
87	Laurens	136,164
88	Lee	141,519
89	Liberty	236,375
90	Lincoln	35,189
91	Long	60,433
92	Lowndes	228,726
93	Lumpkin	93,326
94	Macon	52,783
95	Madison	107,861
96	Marion	24,479
97	McDuffie	88,736
98	McIntosh	43,603
99	Meriwether	78,792
100	Miller	27,539
101	Mitchell	42,073
102	Monroe	116,275
103	Montgomery	19,124
104	Morgan	63,492
105	Murray	131,575
106	Muscogee	703,006
107	Newton	348,061
108	Oconee	140,754
109	Oglethorpe	53,548
110	Paulding	517,119
111	Peach	55,843
112	Pickens	104,036
113	Pierce	61,962
114	Pike	58,138
115	Polk	118,570
116	Pulaski	31,364
117	Putnam	75,732

SCHEDULE J
(continued)

ALLOCATION OF 2015-2016
ANNUAL REQUIRED CONTRIBUTION BY SCHOOL SYSTEM

System Number	System Name	Contribution
118	Quitman	$ 8,415
119	Rabun	57,373
120	Randolph	30,599
121	Richmond	644,869
122	Rockdale	292,983
123	Schley	16,829
124	Screven	62,727
125	Seminole	36,719
126	Spalding	239,435
127	Stephens	120,100
128	Stewart	17,594
129	Sumter	110,920
130	Talbot	16,829
131	Taliaferro	7,650
132	Tattnall	82,617
133	Taylor	39,778
134	Telfair	31,364
135	Terrell	35,954
136	Thomas	85,677
137	Tift	106,331
138	Toombs	59,668
139	Towns	28,304
140	Treutlen	20,654
141	Troup	280,744
142	Turner	19,889
143	Twiggs	23,714
144	Union	64,257
145	Upson	116,275
146	Walker	219,546
147	Walton	244,025
148	Ware	126,985
149	Warren	22,184
150	Washington	54,313
151	Wayne	127,750
152	Webster	8,415
153	Wheeler	16,064
154	White	91,796
155	Whitfield	202,717
156	Wilcox	24,479

SCHEDULE J
(continued)

ALLOCATION OF 2015-2016
ANNUAL REQUIRED CONTRIBUTION BY SCHOOL SYSTEM

System Number	System Name	Contribution
157	Wilkes	$ 50,488
158	Wilkinson	39,013
159	Worth	61,962
205	Bremen	12,240
206	Buford	49,723
207	Calhoun	35,954
209	Carrollton	71,142
210	Cartersville	45,898
212	Chickamauga	17,594
214	Commerce	29,834
216	Dalton	87,206
217	Decatur	49,723
219	Dublin	49,723
221	Gainesville	86,441
224	Jefferson	45,898
226	Marietta	108,626
230	Pelham	20,654
232	Rome	74,202
247	Social Circle	21,419
236	Thomasville	18,359
239	Trion	15,299
240	Valdosta	170,588
241	Vidalia	32,894
	Atlanta Metropolitan College	765
	Brighten Academy	765
	Charter Conservatory for L and T	765
	DeKalb Technical College	765
	Fulton Educational Services Inc	765
	Georgia Magnet Charter School	765
	Georgia Military College	45,898
	International Community School	1,530
	Kipp Metro Atlanta Collaborative Inc	11,475
	Kipp South Fulton Academy	5,355