



# Cavanaugh Macdonald

CONSULTING, LLC

*The experience and dedication you deserve*

June 19, 2009

Ms. Pamela Pharris  
Executive Director  
Georgia Legislative Retirement System  
Two Northside 75, Suite 300  
Atlanta, GA 30318-7778

Dear Ms. Pharris:

Enclosed are 40 bound copies and one unbound copy of the "Georgia Legislative Retirement System Report of the Actuary on the Valuation Prepared as of June 30, 2008".

The valuation indicates that no employer contribution for the fiscal year ending June 30, 2011 is required 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

EAM/CT:jel

Enclosure

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EMPLOYEES'  
RETIREMENT SYSTEM  
OF GEORGIA

**GEORGIA LEGISLATIVE RETIREMENT SYSTEM**  
**REPORT OF THE ACTUARY ON THE VALUATION**  
**PREPARED AS OF JUNE 30, 2008**



# Cavanaugh Macdonald

CONSULTING, LLC

*The experience and dedication you deserve*

June 19, 2009

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

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, 2008. The report indicates that no annual employer contributions for the fiscal year ending June 30, 2011 are required 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.

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 2008 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.

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June 19, 2009  
Board of Trustees  
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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,

A handwritten signature in black ink, appearing to read 'Edward Macdonald', written in a cursive style.

Edward A. Macdonald, ASA, FCA, MAAA  
President

A handwritten signature in black ink, appearing to read 'Cathy Turcot', written in a cursive style.

Cathy Turcot  
Principal and Managing Director

EAM/CT;jel



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**GEORGIA LEGISLATIVE RETIREMENT SYSTEM  
REPORT OF THE ACTUARY  
ON THE VALUATION  
PREPARED AS OF JUNE 30, 2008**

**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, 2008	June 30, 2007
Number of active members	218	218
Retired members and beneficiaries:		
Number	226	224
Annual allowances	\$ 1,638,815	\$ 1,608,813
Assets:		
Market Value	\$ 28,764,000	\$ 31,121,000
Actuarial Value	30,706,000	30,049,000
Unfunded actuarial accrued liability	\$ (6,252,071)	\$ (5,691,844)
Amortization period (years)	N/A*	N/A*
Funded Ratio	125.6%	123.4%
<b>For Fiscal Year Ending</b>	<b>June 30, 2011</b>	<b>June 30, 2010</b>
Total Normal Cost	\$ 335,548	\$ 347,183
Less Member Contributions	<u>321,188</u>	<u>313,491</u>
Employer Paid Normal Cost	\$ 14,360	\$ 33,692
Annual Required Employer Contribution Rates (ARC):		
Normal	\$ 14,360	\$ 33,692
Accrued liability	<u>(14,360)</u>	<u>(33,692)</u>
Total	\$ 0	\$ 0
Employer contribution rate per active member:		
Normal	\$ 65.87	\$ 154.55
Accrued liability	<u>(65.87)</u>	<u>(154.55)</u>
Total	\$ 0.00	\$ 0.00

\* If the annual required employer contribution (ARC) is based on 30 year amortization of the unfunded accrued liability as of June 30, 2008 and June 30, 2007, the ARC is less than \$0, which is not allowed under GASB 25/27. Therefore, the accrued liability contribution has been set to such that the total ARC equals \$0.



2. The valuation takes into account the effect of amendments of the System enacted through the 2008 session of the General Assembly. The major benefit and contribution provisions of the System as reflected in the valuation are summarized in Schedule F. There have been no changes since the previous valuation.
3. Schedule D of this report outlines the full set of actuarial assumptions and methods used to prepare the current valuation. There have been no changes since the previous valuation.
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, 2008 are given in Section IV, and further discussion of the contributions is set out in Section V.

## **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 218 active members.
2. The following table shows the number of retired members and beneficiaries on the roll as of June 30, 2008, 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, 2008**

GROUP	NUMBER	ANNUAL RETIREMENT ALLOWANCES
Service Retirements	166	\$ 1,216,905
Disability Retirements	0	0
Beneficiaries of Deceased Members	<u>60</u>	<u>421,910</u>
Total	226	\$ 1,638,815

**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, 2008 the value of assets credited to the Annuity Savings Fund amounted to \$4,031,000.

(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, 2008 the market value of assets credited to the Pension Accumulation Fund amounted to \$24,733,000.





2. As of June 30, 2008 the total market value of assets amounted to \$28,764,000 as reported by the Auditor of the System. The actuarial value of assets used for the current valuation was \$30,706,000. Schedule B shows the development of the actuarial value of assets as of June 30, 2008.
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, 2008. 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 \$26,152,710, of which \$19,366,474 is for the prospective benefits payable on account of present retired members, beneficiaries of deceased members, and members entitled to deferred vested benefits, and \$6,786,236 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 \$30,706,000 as of June 30, 2008. The difference of (\$4,553,290) between the total liabilities and the total present assets represents the present value of contributions to be made in the future. Of this amount, \$1,626,986 is the present value of future contributions expected to be made by or on behalf of members, and the balance of (\$6,180,276) 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 \$65.87 per active member are required to provide the currently accruing benefits of the System.



4. Prospective normal contributions at the rate of \$65.87 have a present value of \$71,795. When this amount is subtracted from (\$6,180,276), 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 (\$6,252,071).

#### **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 \$65.87 per active member, or \$14,360 based on 218 active members as of June 30, 2008.
3. The annual accrued liability contribution determined by the June 30, 2008 valuation is (\$14,360), or (\$65.87) per active member.
4. The following table summarizes the employer contribution rates which were determined by the June 30, 2008 valuation and are recommended for use.

#### **ANNUAL REQUIRED EMPLOYER CONTRIBUTION RATES (ARC) FOR FISCAL YEAR ENDING JUNE 30, 2011**

<b>CONTRIBUTION</b>	<b>PER ACTIVE MEMBER</b>	<b>ANNUAL AMOUNT</b>
Normal	\$ 65.87	\$ 14,360
Accrued Liability	<u>(65.87)</u>	<u>(14,360)</u>
Total	\$ 0.00	\$ 0



**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, 2008**

GROUP	NUMBER
Retirees and beneficiaries currently receiving benefits	226
Terminated employees entitled to benefits but not yet receiving benefits	130
Active plan members	<u>218</u>
Total	574

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

**SCHEDULE OF FUNDING PROGRESS**

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)
6/30/2003	\$ 27,157,000	\$ 21,898,243	\$ (5,258,757)	124.0%	\$ 3,434,400	(153.1)%
6/30/2004	27,892,000	22,023,480	(5,868,520)	126.6	3,402,000	(172.5)
6/30/2005**	28,462,000	23,530,760	(4,931,241)	121.0	3,585,708	(137.5)
6/30/2006	29,172,000	23,407,491	(5,764,509)	124.6	3,602,232	(160.0)
6/30/2007	30,049,000	24,357,156	(5,691,844)	123.4	3,688,131	(154.3)
6/30/2008	30,706,000	24,453,929	(6,252,071)	125.6	3,778,686	(165.5)

\*Prior to 6/30/2005, the funding method was unit credit and figures were reported by prior actuarial firm.

\*\*Reflects increase in benefit accrual rate from \$32 to \$36.



3. The following shows the schedule of employer contributions.

<u>Year Ending</u>	<u>Annual Required Contribution</u>	<u>Amount Contributed</u>	<u>Percentage Contributed</u>
6/30/2003	\$ 0	\$ 43,000	N/A
6/30/2004	0	52,000	N/A
6/30/2005	0	54,000	N/A
6/30/2006	0	54,000	N/A
6/30/2007	0	62,000	N/A
6/30/2008	0	73,000	N/A

All figures prior to 6/30/2005 were reported by the prior actuarial firm.

4. Following is the calculation of the annual pension cost and net pension obligation for the fiscal year ending June 30, 2008.

**Annual Pension Cost and Net Pension Obligation for Fiscal Year Ending June 30, 2008**

(a)	Employer annual required contribution	\$	0
(b)	Interest on net pension obligation		(41,000)
(c)	Adjustment to annual required contribution		<u>(43,000)</u>
(d)	Annual pension cost (a) + (b) – (c)	\$	2,000
(e)	Employer contributions made for fiscal year ending 6/30/2008		<u>73,000</u>
(f)	Increase (decrease) in net pension obligation (d) – (e)	\$	(71,000)
(g)	Net pension obligation beginning of fiscal year		<u>(545,000)</u>
(h)	Net pension obligation end of fiscal year (f) + (g)	\$	(616,000)

**TREND INFORMATION**

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2006	\$ 1,000	5,400%	\$ (486,000)
June 30, 2007	3,000	2,067	(545,000)
June 30, 2008	2,000	3,650	(616,000)



5. The annual required contribution (ARC) of the employer in dollars, determined in accordance with the parameters of GASB 25/27 is shown below. If the accrued liability contribution is based on amortization of the unfunded accrued liability of (\$6,252,071) over a 30-year period from the valuation date, the total employer ARC would be less than \$0, which is not allowed under GASB 25/27. Therefore, the accrued liability contribution has been set such that the total ARC equals \$0.

**2010/2011 FISCAL YEAR  
ANNUAL REQUIRED CONTRIBUTION (ARC)  
BASED ON THE VALUATION AS OF JUNE 30, 2008**

ANNUAL REQUIRED CONTRIBUTION (ARC)	AMOUNT
Normal	\$ 14,360
Accrued Liability	<u>(14,360)</u>
Total	\$ 0

6. The information presented in the required supplementary schedules was determined as part of the actuarial valuation at June 30, 2008. Additional information as of the latest actuarial valuation follows.

Valuation date	6/30/2008
Actuarial cost method	Entry age
Amortization method	Level dollar, open
Remaining amortization period	N/A*
Asset valuation method	7-year smoothed market
Actuarial assumptions:	
Investment rate of return**	7.50%
Projected salary increases**	N/A
Cost-of-living adjustments	3.00% Annually
**Includes inflation at	3.75%

\*If the annual required employer contribution (ARC) is based on 30 year amortization of the unfunded accrued liability, the ARC is less than \$0, which is not allowed under GASB 25/27. Therefore, the accrued liability contribution has been set to such that the total ARC equals \$0.



**SECTION VII – EXPERIENCE**

1. Section 47-6-22 of the act governing the operation of the System provides that as an aid to the Board in adopting service and mortality tables, the actuary will prepare an experience investigation at least once in each five-year period. The last experience investigation was prepared for the four-year period ending June 30, 2004, and based on the results of the investigation, new rates of separation and mortality were adopted by the Board on April 20, 2006. The next experience investigation will be prepared for the period July 1, 2004 through June 30, 2009.
2. The following table shows the estimated gain or loss from various factors that resulted in a decrease of \$560,227 in the unfunded accrued liability from (\$5,691,844) to (\$6,252,071) during the fiscal year ending June 30, 2008.

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

<b>ITEM</b>	<b>AMOUNT OF INCREASE/ (DECREASE)</b>
Interest (7.50%) added to previous unfunded accrued liability	\$ (426.9)
Accrued liability contribution	(26.3)
Experience:	
Valuation asset growth	241.7
Pensioners' mortality	(2.2)
Turnover and retirements	(429.8)
New entrants	35.9
Method changes	0.0
Amendments (COLAs)	0.0
Assumption changes	0.0
Miscellaneous changes	<u>47.4</u>
Total	\$ (560.2)



**SCHEDULE A**

**VALUATION BALANCE SHEET  
SHOWING THE PRESENT AND PROSPECTIVE ASSETS AND LIABILITIES OF  
THE GEORGIA LEGISLATIVE RETIREMENT SYSTEM  
AS OF JUNE 30, 2008**

<b>ACTUARIAL LIABILITIES</b>		
(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	\$ 11,602,141
	- Death and survivor benefits	3,344,954
	- Deferred vested benefits	<u>4,419,379</u>
	Total	\$ 19,366,474
(2)	Present value of prospective benefits payable on account of present active members	<u>6,786,236</u>
(3)	TOTAL ACTUARIAL LIABILITIES	<u>\$ 26,152,710</u>
<b>PRESENT AND PROSPECTIVE ASSETS</b>		
(4)	Actuarial value of assets	\$ 30,706,000
(5)	Present value of total future contributions = (3)-(4)	\$ (4,553,290)
(6)	Present value of future member contributions	1,626,986
(7)	Present value of future employer contributions = (5)-(6)	\$ (6,180,276)
(8)	Prospective normal contributions	71,795
(9)	Prospective unfunded actuarial accrued liability contributions = (7)-(8)	<u>(6,252,071)</u>
(10)	TOTAL PRESENT AND PROSPECTIVE ASSETS	<u>\$ 26,152,710</u>



**SCHEDULE B**

**DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS**

(1)	Actuarial Value Beginning of Year	\$	30,049,000
(2)	Market Value End of Year	\$	28,764,000
(3)	Market Value Beginning of Year	\$	31,121,000
(4)	Cash Flow		
	(a) Contributions	\$	393,000
	(b) Benefit Payments and Expenses		<u>(1,699,000)</u>
	(c) Net: (4)(a) + (4)(b)	\$	(1,306,000)
(5)	Investment Income		
	(a) Market Total: (2) – (3) – (4)(c)	\$	(1,051,000)
	(b) Assumed Rate		7.50%
	(c) Amount for Immediate Recognition: [(3) x (5)(b)] + [(4)(c) x (5)(b) x 0.5]	\$	2,285,000
	(d) Amount for Phased-In Recognition: (5)(a) – (5)(c)		(3,336,000)
(6)	Phased-In Recognition of Investment Income		
	(a) Current Year: (5)(d) / 7	\$	(477,000)
	(b) First Prior Year		302,000
	(c) Second Prior Year		(147,000)
	(d) Third Prior Year		0
	(e) Fourth Prior Year		0
	(f) Fifth Prior Year		0
	(g) Sixth Prior Year		<u>0</u>
	(h) Total Recognized Investment Gain	\$	(322,000)
(7)	Actuarial Value End of Year: (1) + (4)(c) + (5)(c) + (6)(h)	\$	30,706,000
(8)	Difference Between Market & Actuarial Values: (2) – (7)	\$	(1,942,000)
(9)	Rate of Return on Actuarial Value		6.68%





**SCHEDULE C**

**SUMMARY OF RECEIPTS AND DISBURSEMENTS  
(Market Value)**

	YEAR ENDING	
	June 30, 2008 (\$1,000's)	June 30, 2007 (\$1,000's)
<u>Receipts for the Year</u>		
Contributions:		
Members	\$ 320	\$ 320
Employer	<u>73</u>	<u>62</u>
Subtotal	\$ 393	\$ 382
Investment Earnings	(1,051)	4,072
Administrative Expense Allowance	<u>110</u>	<u>110</u>
TOTAL	\$ (548)	\$ 4,564
<u>Disbursements for the Year</u>		
Benefit Payments	\$ 1,634	\$ 1,588
Refunds to Members	65	33
Administration Expense	<u>110</u>	<u>110</u>
TOTAL	\$ 1,809	\$ 1,731
<u>Excess of Receipts over Disbursements</u>	\$ (2,357)	\$ 2,833
<u>Reconciliation of Asset Balances</u>		
Asset Balance as of the Beginning of Year	\$ 31,121	\$ 28,288
Excess of Receipts over Disbursements	<u>(2,357)</u>	<u>2,833</u>
Asset Balance as of the End of Year	<u>\$ 28,764</u>	<u>\$ 31,121</u>
Rate of Return	-3.45%	15.14%



**SCHEDULE D**

**OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS**

Adopted by the Board April 20, 2006 with the exception of the valuation interest rate which was adopted June 16, 2005.

**VALUATION INTEREST RATE:** 7.50% per annum, compounded annually, net of expenses.

**SALARY INCREASES:** None.

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

Age	Annual Rates of			
	Withdrawal	Death		Disability
		Men	Women	
20	10.0%	.056%	.029%	.1%
25	10.0	.073	.030	.1
30	10.0	.084	.040	.2
35	10.0	.089	.055	.3
40	10.0	.125	.082	.4
45	10.0	.190	.111	.7
50	10.0	.321	.173	1.0
55	10.0	.558	.292	1.8
60	10.0	1.015	.583	2.9
65	10.0	1.803	1.076	-

**SERVICE RETIREMENT:** The assumed annual rates of retirement are shown below:

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

**DEATHS AFTER RETIREMENT:** The 1994 Group Annuity Mortality Table rated forward two years is used for the period after retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table set forward three years is used for the period after disability retirement. Representative values of the assumed annual rates of mortality after service retirement are as follows:

Age	Men	Women	Age	Men	Women
40	.125%	.082%	65	1.803%	1.076%
45	.190	.111	70	2.848	1.651
50	.321	.173	75	4.517	2.837
55	.558	.292	80	7.553	4.915
60	1.015	.583	85	11.567	8.402



**ASSET METHOD:** The actuarial value of assets, 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 amount recognized each year is 1/7 of the difference between market value and expected market value.

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

**COST-OF-LIVING ALLOWANCE (COLA):** 3% per year.



## **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**

### **SUMMARY OF MAIN SYSTEM PROVISIONS AS INTERPRETED FOR VALUATION PURPOSES**

The Georgia Legislative Retirement System (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 and other benefits for all members of the Georgia General Assembly.

#### Normal Retirement Benefit

**Eligibility** Age 65 and 8 years of creditable service or age 62 and 8 years of membership service (for eligible purposes, 4 legislative terms are equivalent to 8 years of membership service).

**Benefit** Monthly benefit is \$36 multiplied by years of creditable service. A one-time 1.75% increase is made at time of retirement.

#### Early Retirement Benefit

**Eligibility** Age 60 and 8 years of membership service.

**Benefit** Accrued benefit reduced by 5% for each year member is under age 62.

#### Disability Retirement Benefit

No special benefit. Benefit is same as early or normal retirement.

#### Involuntary Retirement Benefit

N/A

#### Deferred Vested Retirement Benefit

**Eligibility** 8 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** If less than 15 years of creditable service, a refund of accumulated contributions. If at least 15 years of creditable service or eligible for retirement, the benefit below.

**Benefit** Benefit equal to retirement benefit immediately prior to death under 100% joint and survivorship option.

#### Termination Benefit

**Eligibility** Termination with less than 8 years of creditable service.

**Benefit** Return of the member's accumulated contributions.



Payment Options

- (1) Life annuity. Guaranteed payment of accumulated member contributions.
- (2) 100% joint and survivorship annuity.
- (3) 50% joint and survivorship annuity.

Post-Retirement Adjustments

The Board may from time to time grant a Cost of Living Adjustment.

Contributions

By Members

Members contribute 8 ½ % of salary.

By Employers

Employer contributions are actuarially determined and approved and certified by the Board to the legislative fiscal officer.



**SCHEDULE G**

**NUMBER OF ACTIVE MEMBERS  
BY AGE AND SERVICE AS OF JUNE 30, 2008**

Attained Age	Years of Service									Total
	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	
Under 25	0	0	0	0	0	0	0	0	0	0
25 to 29	0	0	0	0	0	0	0	0	0	0
30 to 34	2	1	3	0	0	0	0	0	0	6
35 to 39	1	13	7	0	0	0	0	0	0	21
40 to 44	0	8	12	1	0	0	0	0	0	21
45 to 49	0	15	10	3	3	1	0	0	0	32
50 to 54	0	14	16	10	3	0	0	0	0	43
55 to 59	0	13	12	2	4	0	3	1	0	35
60 to 64	0	6	6	5	4	0	4	2	0	27
65 to 69	0	2	10	5	3	3	1	2	0	26
70 & Up	0	2	0	2	2	0	0	1	0	7
Total	3	74	76	28	19	4	8	6	0	218

Average Age: 52.8  
Average Service: 8.6



**SCHEDULE G**  
**(Continued)**

**NUMBER OF RETIRED MEMBERS  
AND THEIR BENEFITS BY AGE**

<b>Age</b>	<b>Number of Members</b>	<b>Total Annual Benefits</b>	<b>Average Annual Benefits</b>
Under 50	0	\$ 0	\$ 0
50 – 54	0	0	0
55 – 59	0	0	0
60 – 64	20	111,172	5,559
65 – 69	34	188,809	5,553
70 – 74	36	233,225	6,478
75 – 79	27	223,131	8,264
80 – 84	35	313,782	8,965
85 – 89	11	123,775	11,252
90 – 94	3	23,011	7,670
95 & Over	0	0	0
Total	166	\$ 1,216,905	\$ 7,331

**NUMBER OF BENEFICIARIES  
AND THEIR BENEFITS BY AGE**

<b>Age</b>	<b>Number of Members</b>	<b>Total Annual Benefits</b>	<b>Average Annual Benefits</b>
Under 50	4	\$ 15,648	\$ 3,912
50 – 54	0	0	0
55 – 59	3	9,225	3,075
60 – 64	5	18,442	3,688
65 – 69	7	42,095	6,014
70 – 74	6	34,627	5,771
75 – 79	13	93,567	7,197
80 – 84	10	107,559	10,756
85 – 89	6	52,391	8,732
90 – 94	3	25,059	8,353
95 & Over	3	23,297	7,766
Total	60	\$ 421,910	\$ 7,032