

**Illustration - Note Disclosures and Required Supplementary Information for an employer in SEAD-OPEB without any nonemployer contributing entity (no special funding situation)**

*[Note: This illustration includes only note disclosures and required supplementary information required by GASB Statement 75. The circumstances of this example employer do not include all circumstances for which note disclosures and required supplementary information should be presented.]*

**SEAD-OPEB Employer**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2025**  
(Dollar amounts in thousands)

**Note X - Summary of Significant Accounting Policies**

**Postemployment Benefits Other Than Pensions (OPEB):** For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State Employees' Assurance Department Retired and Vested Inactive Members Trust Fund (SEAD-OPEB) plan (the Plan) and additions to/deductions from the SEAD-OPEB's fiduciary net position have been determined on the same basis as they are reported by SEAD-OPEB. For this purpose, death benefits are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Note X – OPEB**

*[This illustration provides an example of note disclosures of an employer participating only in SEAD-OPEB. If employees were provided with benefits through more than one OPEB plan, the employer should disclose information required by paragraph 89 of Statement 75 and should apply the requirements of paragraph 90 of Statement 75.]*

**General Information about the SEAD-OPEB plan**

**Plan description:** SEAD-OPEB was created in 2007 by the Georgia General Assembly to amend Title 47 of the O.C.G.A., relating to retirement, so as to establish a fund for the provision of term life insurance to retired and vested inactive members of the Employees' Retirement System of Georgia (ERS), the Legislative Retirement System (LRS), and the Georgia Judicial Retirement System (GJRS). The plan is a cost-sharing multiple-employer defined benefit other postemployment benefit plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than OPEB Plans*. The SEAD-OPEB trust fund accumulates the premiums received from the aforementioned retirement plans, including interest earned on deposits and investments of such payments.

**Benefits provided:** The amount of insurance for a retiree with creditable service prior to April 1, 1964 is the full amount of insurance 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 in effect at age 60 or at termination, if earlier. Life insurance proceeds are paid in a lump sum to the beneficiary upon death of the retiree.

**Contributions:** Georgia law provides that employee contributions to the plan shall be in an amount established by the Board of Trustees not to exceed one-half of 1% of the member's earnable compensation. There were no employer contributions required for the fiscal year ended June 30, 2025.

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

At June 30, 2025, the Employer reported a liability (asset) of \$XX.XXX for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of June 30, 2024. The total OPEB liability (asset) used to calculate the net OPEB liability (asset) was based on an actuarial valuation as of June 30, 2023. An expected total OPEB liability (asset) as of June 30, 2024 was determined using standard roll-forward techniques. The Employer's proportion of the net OPEB liability (asset) was based on actual member salaries reported to the SEAD-OPEB plan during the fiscal year ended June 30, 2024. At June 30 2024, the Employer's proportion was X.XXXXXXXX%, which was an increase (decrease) of X.XX % from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the Employer recognized OPEB expense of \$X,XXX. At June 30, 2025, the Employer reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ X,XXX	\$ X,XXX
Changes of assumptions	X,XXX	X,XXX
Net difference between projected and actual earnings on OPEB plan investments	X,XXX	X,XXX
Changes in proportion and differences between Employer contributions and proportionate share of contributions	X,XXX	X,XXX
Employer contributions subsequent to the measurement date (Including employer specific)	X,XXX	-
Total	\$ <u>X,XXX</u>	\$ <u>X,XXX</u>

Employer contributions subsequent to the measurement date of \$X,XXX are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**Year ended June 30:**

2026	\$ X,XXX
2027	X,XXX
2028	X,XXX
2029	X,XXX
2030	X,XXX
Thereafter	X,XXX

***Actuarial assumptions:*** The total OPEB liability as of June 30, 2024 was determined by an actuarial valuation as of June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases:	
ERS	3.00 – 6.75%
GJRS	3.75%
LRS	N/A
Investment rate of return	7.00%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rate	N/A

Mortality rates are as follows:

- The Pub-2010 General Employee Table, with no adjustments, projected generationally with the MP-2019 projection scale is used for both males and females while in active service.
- The Pub-2010 Family of Tables projected generationally with the MP-2019 projection scale and with further adjustments are used for post-retirement mortality assumptions as follows:

<u>Participant Type</u>	<u>Membership Table</u>	<u>Set Forward (+)/ Setback (-)</u>	<u>Adjustment To Rates</u>
Service Retirees	General Healthy Annuitant	Male: +1; Female: +1	Male: 105%; Female: 108%
Disability Retirees	General Disabled	Male: -3; Female: 0	Male: 103%; Female: 106%
Beneficiaries	General Contingent Survivors	Male: +2; Female: +2	Male: 106%; Female: 105%

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return*</u>
Fixed income	30.00%	1.50%
Domestic large equities	46.40	9.10
Domestic small equities	1.10	13.00
International developed market equities	13.60	9.10
International emerging market equities	3.90	11.10
Alternatives	5.00	10.60
Total	100.00%	

\* Rates shown are net of inflation

**Discount rate:** The discount rate used to measure the total OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and State of Georgia contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Sensitivity of the Employer's proportionate share of the net OPEB liability to changes in the discount rate:** The following presents the Employer's proportionate share of the net OPEB liability calculated using the discount rate of 7.00%, as well as what the Employer's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate

	<b>1% Decrease (6.00%)</b>	<b>Current discount rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Employer's proportionate share of the net OPEB liability (asset)	\$ XXX,XXX	\$ XXX,XXX	\$ XXX,XXX

**OPEB plan fiduciary net position:** Detailed information about the OPEB plan's fiduciary net position is available in the separately issued ERS comprehensive annual financial report which is publicly available at [www.ers.ga.gov/financials](http://www.ers.ga.gov/financials).

#### **Payables to the OPEB plan**

*[If the Employer reported payables to the defined benefit OPEB plan, it should disclose information required by paragraph 142 of Statement 75.]*

**SEAD-OPEB Employer**  
**Required Supplementary Information**  
**Schedule of Proportionate Share of the Net OPEB Liability (Asset)**  
**For the Year Ended June 30,**  
(Dollar amounts in thousands)

	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Employer's proportion of the net OPEB liability (asset)	X.XXX%	X.XXX%	X.XXX%	X.XXX%	X.XXX%	X.XXX%	X.XXX%	X.XXX%
Employer's proportionate share of the net OPEB liability	\$ XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Employer's covered payroll	\$ XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX	XX,XXX
Employer's proportionate share of the net OPEB liability as a percentage of its covered payroll	X.XX%	X.XX%	X.XX%	X.XX%	X.XX%	X.XX%	X.XX%	X.XX%
Plan fiduciary net position as a percentage of the total OPEB liability	155.14%	144.49%	138.03%	164.76%	129.20%	129.73%	129.46%	130.17%

*Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.*

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**SEAD-OPEB Employer**  
**Notes to Required Supplementary Information**  
**For the Year Ended June 30, 2025**  
(Dollar amounts in thousands)

***Changes of assumptions:*** On December 17, 2015, the Board of Trustees adopted recommended changes to the economic and demographic assumptions utilized by the Plan. Primary among the changes were the updates to rates of mortality, retirement, disability, withdrawal and salary increases. The expectation of retired life mortality was changed from the RP-2000 Mortality Tables to the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB (set forward 2 years for both males and females).

A new funding policy was initially adopted by the Board on March 15, 2018. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for the June 30, 2017 actuarial valuation and further reduced from 7.40% to 7.30% for the June 30, 2018 actuarial valuation.

On December 17, 2020, the Board adopted recommended changes to the economic and demographic assumptions utilized by the Systems based on the experience study prepared for the five-year period ending June 30, 2019. Primary among the changes were the updates to rates of mortality, retirement, withdrawal, and salary increases. This also included a change to the long-term assumed investment rate of return to 7.00%. These assumption changes were first reflected in the calculation of the June 30, 2021 Total OPEB Liability.