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April 16, 2015

Mr. James A. Potvin
Executive Director
Georgia Military Pension Fund
Two Northside 75, Suite 300
Atlanta, GA 30318-7701

Dear Mr. Potvin:

Enclosed is the "Georgia Military Pension Fund Report of the Actuary on the Valuation Prepared as of June 30, 2014".

The valuation indicates that employer contributions for the fiscal year ending June 30, 2017 of $2,017,875 or $149.82 per active member are sufficient to support the benefits of the Fund.

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

Enclosure

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EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA

GEORGIA MILITARY PENSION FUND

REPORT OF THE ACTUARY ON THE VALUATION PREPARED AS OF JUNE 30, 2014

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April 16, 2015

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

Attention: Mr. James A. 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, 2014. The report indicates that annual employer contributions of $2,017,875 or $149.82 per active member for the fiscal year ending June 30, 2017 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 2014 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 No. 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.

Effective this fiscal year, the Plan will be required to comply with the financial reporting requirements of GASB Statement No. 67. The necessary disclosure information has been provided in a separate supplemental report.

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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 and the funding policy adopted by the Board. 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 is 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

Cathy Turcot
Principal and Managing Director

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

EAM:mjn

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GEORGIA MILITARY PENSON FUND
REPORT OF THE ACTUARY
ON THE VALUATION
PREPARED AS OF JUNE 30, 2014

SECTION I - SUMMARY OF PRINCIPAL RESULTS

1. For convenience of reference, the principal results of the current and preceding valuations are summarized below.

Valuation Date	**June 30, 2014**	**June 30, 2013**
Number of active members	13,469	13,573
Retired members:		
Number	795	738
Annual pensions	$ 864,180	$ 801,960
Former members entitled to deferred vested pensions:		
Number	2,313	2,114
Annual deferred pensions	$ 2,094,324	$ 1,900,080
Assets:		
Market Value	$ 15,251,000	$ 12,131,000
Actuarial Value	14,264,000	12,131,000
Unfunded actuarial accrued liability	$ 17,551,154	$ 17,924,570
Funded Ratio	44.8%	40.4%
Blended Amortization period (years)	19.0	20.0
For Fiscal Year Ending	**June 30, 2017**	**June 30, 2016**
Actuarially Determined Employer Contribution (ADEC)		
Per active member:		
Normal*	$ 18.98	$ 17.04
Unfunded Actuarial Accrued Liability	130.84	129.54
Total	$ 149.82	$ 146.58
Annual Amount:		
Normal*	$ 255,642	$ 231,284
Unfunded Actuarial Accrued Liability	1,762,233	1,758,246
Total	$ 2,017,875	$ 1,989,530

*The normal contribution includes administrative expenses.

2. The major benefit and contribution provisions of the Fund as reflected in the valuation are summarized in Schedule H. The valuation takes into account the effect of amendments to the Fund enacted through the 2014 session of the General Assembly. 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. The Board Funding Policy is shown in Schedule F.

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, 2014 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 Fund's Comprehensive Annual Report. These tables are shown in Schedule J.

SECTION II – MEMBERSHIP DATA

1. Data for retired members of the Fund were furnished by the Retirement System. Data for active and deferred vested members of the Fund were furnished by the Defense Department. On this basis, the valuation includes 13,469 active National Guard members.

2. The following table shows the number of retired members and deferred vested members included in the valuation as of June 30, 2014, together with the amount of their annual retirement allowances payable under the Fund as of that date.

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF RETIRED MEMBERS AND DEFERRED VESTED MEMBERS AS OF JUNE 30, 2014

GROUP	NUMBER	ANNUAL RETIREMENT ALLOWANCES
Retired Members, currently payable	795	$ 864,180
Former Members, deferred allowances	2,313	2,094,324

SECTION III - ASSETS

1. As of June 30, 2014 the total market value of assets amounted to $15,251,000 as reported by the independent Auditor of the Fund. The actuarial value of assets as of June 30, 2014 was determined to be $14,264,000 based on a five year smoothing of investment gains and losses. Schedule B shows the development of the actuarial value of assets as of June 30, 2014.

2. Schedule C shows the receipts and disbursements of the Fund for the two years preceding the valuation date and a reconciliation of the fund balances.

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 Fund as of June 30, 2014. 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 Fund has total prospective liabilities of $32,130,404, of which $21,389,222 is for the prospective benefits payable on account of present retired members, and members entitled to deferred vested benefits, and $10,741,182 is for the prospective benefits payable on account of present active members. Against these liabilities, the Fund has total present assets of $14,264,000 as of June 30, 2014. The difference of $17,866,404 between the total liabilities and the total present assets represents the present value of contributions to be made in the future.

3. The employer's contributions to the Fund consist of normal contributions and unfunded actuarial accrued liability (UAAL) contributions. The valuation indicates that annual employer normal contributions at the rate of $5.03 per active member are required to provide the currently accruing benefits of the Fund. An additional $13.95 per active member is required to fund the administrative expenses of the Fund.

4. Prospective normal contributions (net of expenses) at the rate of $5.03 have a present value of $315,250. When this amount is subtracted from $17,866,404, 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 $17,551,154.

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 20-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 20-year period from the date it is established. The total accrued liability contribution rate is $130.84 per active member, determined in accordance with the Board's funding policy.

6. The Transitional UAAL as of June 30, 2013 was $17,924,570. The remaining balance of the Transitional UAAL as of June 30, 2014 of $17,510,653 was determined by adding interest at 7.50% and subtracting the expected annual amortization payment of $1,758,260. The new Incremental UAAL of $40,501 as of June 30, 2014 is determined by subtracting the remaining balance of the Transitional UAAL from the total UAAL of $17,551,154 as of June 30, 2014. Schedule G of this report shows the amortization schedules for the Transitional UAAL and the New Incremental UAAL as of June 30, 2014.

7. The following table shows the components of the total unfunded actuarial accrued liability (UAAL) and the derivation of the UAAL contribution rate in accordance with the funding policy.

TOTAL UAAL AND UAAL CONTRIBUTION RATE

	UAAL	Amortization Period (years)	Amortization Payment
Transitional	$17,510,653	19	$1,758,260
New Incremental June 30, 2014	40,501	20	3,973
Total UAAL	$17,551,154		$1,762,233
Blended Amortization Period (years)			19.0
UAAL Contribution Rate per active member			$130.84

SECTION V – CONTRIBUTIONS PAYABLE BY THE STATE

1. The employer's contributions to the Fund consist of a normal contribution and an unfunded actuarial accrued liability contribution (UAAL) 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 $5.03 per active member, or $67,749 based on 13,469 active members as of June 30, 2014.

3. An additional $187,893, or $13.95 per active member, is required to fund the administrative expenses of the Fund.

4. The total normal contribution including administrative expenses is, therefore, $255,642, or $18.98 per active member.

5. The UAAL 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 UAAL contribution determined on this basis by the June 30, 2014 valuation is $1,762,233, or $130.84 per active member.

6. The following table summarizes the employer contribution rates which were determined by the June 30, 2014 valuation and are recommended for use.

ACTUARIALLY DETERMINED EMPLOYER CONTRIBUTION (ADEC)
FOR FISCAL YEAR ENDING JUNE 30, 2017

CONTRIBUTION	PER ACTIVE MEMBER	ANNUAL AMOUNT
Normal	$ 18.98	$ 255,642
Unfunded Actuarial Accrued Liability	130.84	1,762,233
Total	$ 149.82	$ 2,017,875

SECTION VI – ACCOUNTING INFORMATION

Governmental Accounting Standards Board (GASB) has issued Statement No. 67 which replaces Statement 25 for plan years beginning after June 15, 2013. The information required under GASB 67 was issued in a separate report. The following information is provided for informational purposes and for disclosure in the financial statements of the employer under GASB 27.

1. The following is a distribution of the number of employees by type of membership:

NUMBER OF ACTIVE AND RETIRED MEMBERS
AS OF JUNE 30, 2014

GROUP	NUMBER
Retirees and beneficiaries currently receiving benefits	795
Terminated plan members entitled to benefits but not yet receiving benefits	2,313
Active plan members	13,469
Total	16,577

2. The schedule of funding progress is 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)
6/30/2009	$ 6,413,000	$ 21,021,277	$ 14,608,277	30.51%	N/A	N/A
6/30/2010	7,558,000	23,772,737	16,214,737	31.79	N/A	N/A
6/30/2011	8,702,000	26,766,858	18,064,858	32.51	N/A	N/A
6/30/2012	10,087,000	28,231,012	18,144,012	35.73	N/A	N/A
6/30/2013	12,131,000	30,055,570	17,924,570	40.36	N/A	N/A
6/30/2014	14,264,000	31,815,154	17,551,154	44.83	N/A	N/A

3. The following shows the schedule of employer contributions:

Year Ending	Actuarially Determined Employer Contribution (ADEC)	Percentage Contributed
6/30/2009	$1,323,000	100%
6/30/2010	1,434,000	100
6/30/2011	1,282,000	100
6/30/2012	1,521,000	100
6/30/2013	1,703,000	100
6/30/2014	1,892,000	100

4. The information presented in the required supplementary schedules was determined as part of the actuarial valuation at June 30, 2014. Additional information as of the latest actuarial valuation follows.

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Valuation date	6/30/2014
Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	19.0 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	None

* 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 an a decrease of $373,416 in the unfunded actuarial accrued liability from $17,924,570 to $17,551,154 during the fiscal year ending June 30, 2014.

ANALYSIS OF THE INCREASE IN UNFUNDED ACTUARIAL ACCRUED LIABILITY

(in thousands of dollars)

ITEM	AMOUNT OF INCREASE/ (DECREASE)
Interest (7.50%) added to previous unfunded actuarial accrued liability	$ 1,344.3
Accrued liability contribution	(1,775.3)
Experience:	
Valuation asset growth	(247.0)
Pensioners' mortality	88.8
Turnover and retirements	(87.9)
New entrants	142.6
Method changes	0.0
Assumption changes	0.0
Miscellaneous	161.1
Total	$ (373.4)

SCHEDULE A

VALUATION BALANCE SHEET

PRESENT AND PROSPECTIVE ASSETS AND LIABILITIES
AS OF JUNE 30, 2014

ACTUARIAL LIABILITIES			
Present value of prospective benefits payable on account of:			
(1)	Present retired members		$ 7,930,801
(2)	Former members entitled to deferred benefits		13,458,421
(3)	Present active members		10,741,182
(4)	Total Actuarial Liabilities		$ 32,130,404
PRESENT AND PROSPECTIVE ASSETS			
(5)	Actuarial Value of Assets:		$ 14,264,000
(6)	Present value of total future contributions = (4) – (5)	$ 17,866,404	
(7)	Prospective normal contributions		315,250
(8)	Prospective unfunded actuarial accrued liability contributions = (6) – (7)		17,551,154
(9)	Total Present and Prospective Assets		$ 32,130,404

SCHEDULE B

DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS
($ in thousands)

(1)	Actuarial Value Beginning of Year		$	12,131
(2)	Market Value End of Year		$	15,251
(3)	Market Value Beginning of Year		$	12,131
(4)	Cash Flow			
	(a)	Contributions	$	1,892
	(b)	Benefit Payments		(841)
	(c)	Administrative Expenses		(110)
	(d)	Investment Expenses		(5)
	(e)	Net: (4)(a) + (4)(b) + 4(c) + 4(d)	$	936
(5)	Investment Income			
	(a)	Market Total: (2) – (3) – (4)(e)	$	2,184
	(b)	Assumed Rate		7.50%
	(c)	Amount for Immediate Recognition: [(3) x (5)(b)] + {[(4)(a) +4(b) + 4(c)]x (5)(b) x 0.5} - 4(d)	$	950
	(d)	Amount for Phased-In Recognition: (5)(a) - (5)(c)		1,234
(6)	Phased-In Recognition of Investment Income			
	(a)	Current Year: (5)(d) / 5	$	247
	(b)	First Prior Year		0
	(c)	Second Prior Year		0
	(d)	Third Prior Year		0
	(e)	Fourth Prior Year		0
	(f)	Total Recognized Investment Gain	$	247
(7)	Actuarial Value End of Year: (1) + (4)(e) + (5)(c) + (6)(f)		$	14,264
(8)	Difference Between Market & Actuarial Values: (2) – (7)		$	987
(9)	Rate of Return on Actuarial Value			9.46%

SCHEDULE C

SUMMARY OF RECEIPTS AND DISBURSEMENTS
(Market Value)

	YEAR ENDING	
Receipts for the Year	June 30, 2014 ($1,000's)	June 30, 2013 ($1,000's)
Contributions:		
Members	$ 0	$ 0
Employer	1,892	1,703
Subtotal	$ 1,892	$ 1,703
Investment Earnings (Net of Investment Expenses)	2,179	1,374
TOTAL	$ 4,071	$ 3,077
Disbursements for the Year		
Benefit Payments	$ 841	$ 772
Refunds to Members	0	0
Administrative Expenses	110	31
TOTAL	$ 951	$ 803
Excess of Receipts over Disbursements	$ 3,120	$ 2,274
Reconciliation of Asset Balances		
Asset Balance as of the Beginning of Year	$ 12,131	$ 9,857
Excess of Receipts over Disbursements	3,120	2,274
Asset Balance as of the End of Year	$ 15,251	$ 12,131
Rate of Return	17.29%	13.33%

SCHEDULE D

OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS

Adopted by the Board December 16, 2010

INTEREST RATE: 7.50% per annum, compounded annually.

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed annual rates of separation from active service are as follows:

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 RETIREMENT
60	65.0%
61	65.0
62	65.0
63	65.0
64	65.0
65 and over	100.0

AGE	RATES OF DEATH	
	Male	Female
25	.038%	.021%
30	.044	.026
35	.077	.048
40	.108	.071
45	.151	.112
50	.214	.168
55	.362	.272
60	.675	.506

DEATHS AFTER RETIREMENT: Since the Fund has minimal post-retirement mortality experience, the Fund uses the same mortality tables used for the Employees' Retirement System of Georgia, which is the RP-2000 Combined Mortality Table. There is a margin for future mortality improvement in the tables used by the Fund. 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 7-9% less than the actual number of deaths that occurred during the study period.

Representative values of the assumed annual rates of mortality are as follows:

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

ADMINISTRATIVE EXPENSES: Budgeted administrative expenses for the fiscal year are added to the normal cost.

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 is 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.

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 Fund on account of the present group of members and beneficiaries.
2. The employer contributions required to support the benefits of the Fund 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 Fund.

SCHEDULE F

FUNDING POLICY OF THE GMPF BOARD OF TRUSTEES

The purpose of this Funding Policy is to state the overall objectives for the Georgia Military Pension Fund (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 GMPF 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 both as 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 20 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 20 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 20 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 20 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

AMORTIZATION OF UAAL

Valuation Date	Amortization Period	Balance of Transitional UAAL	Annual Amortization Payment
6/30/2013	20	$17,924,570	$1,758,260
6/30/2014	19	17,510,653	1,758,260
6/30/2015	18	17,065,691	1,758,260
6/30/2016	17	16,587,358	1,758,260
6/30/2017	16	16,073,149	1,758,260
6/30/2018	15	15,520,375	1,758,260
6/30/2019	14	14,926,143	1,758,260
6/30/2020	13	14,287,343	1,758,260
6/30/2021	12	13,600,633	1,758,260
6/30/2022	11	12,862,420	1,758,260
6/30/2023	10	12,068,841	1,758,260
6/30/2024	9	11,215,744	1,758,260
6/30/2025	8	10,298,665	1,758,260
6/30/2026	7	9,312,804	1,758,260
6/30/2027	6	8,253,004	1,758,260
6/30/2028	5	7,113,719	1,758,260
6/30/2029	4	5,888,988	1,758,260
6/30/2030	3	4,572,401	1,758,260
6/30/2031	2	3,157,071	1,758,260
6/30/2032	1	1,635,591	1,758,260
6/30/2033	0	0	0

AMORTIZATION OF UAAL (continued)

Valuation Date	Amortization Period	Balance of New Incremental UAAL 6/30/2014	Annual Amortization Payment
6/30/2014	20	$40,501	$3,973
6/30/2015	19	39,566	3,973
6/30/2016	18	38,560	3,973
6/30/2017	17	37,480	3,973
6/30/2018	16	36,318	3,973
6/30/2019	15	35,069	3,973
6/30/2020	14	33,726	3,973
6/30/2021	13	32,283	3,973
6/30/2022	12	30,731	3,973
6/30/2023	11	29,063	3,973
6/30/2024	10	27,270	3,973
6/30/2025	9	25,342	3,973
6/30/2026	8	23,270	3,973
6/30/2027	7	21,043	3,973
6/30/2028	6	18,648	3,973
6/30/2029	5	16,074	3,973
6/30/2030	4	13,306	3,973
6/30/2031	3	10,331	3,973
6/30/2032	2	7,133	3,973
6/30/2033	1	3,696	3,973
6/30/2034	0	0	0

SCHEDULE H

SUMMARY OF MAIN FUND PROVISIONS AS INTERPRETED FOR VALUATION PURPOSES

MEMBERSHIP

All persons who are members of the Georgia National Guard on and after July 1, 2002 are Members of the Fund.

BENEFITS

Retirement Allowance

Condition for Allowance	A member who has attained age 60 and has completed 20 or more years of creditable service, including at least 15 years, 10 of which immediately precede discharge, of Georgia National Guard duty, and who has received an honorable discharge, is entitled to a monthly allowance.
Amount of Allowance	The amount of the allowance is equal to \$50 per month for 20 years' creditable service with an additional \$5 per month for each additional year of creditable service, provided that the total allowance shall not exceed \$100 per month. The allowance is payable for the life of the member.

Deferred Retirement Allowance

Condition for Allowance	A member whose service is terminated after he has 20 years of creditable service, including at least 15 years, 10 of which immediately precede discharge, of Georgia National Guard duty, and who has received an honorable discharge, is eligible to receive a deferred retirement allowance commencing at age 60.
Amount of Allowance	The amount is the same as that for a service retirement.

CONTRIBUTIONS

The State makes annual contributions sufficient to meet the cost of the benefits under the Fund.

SCHEDULE I

NUMBER OF ACTIVE MEMBERS
BY AGE AND SERVICE AS OF JUNE 30, 2014

	Years of Service									
Age	**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 20	490	357	0	0	0	0	0	0	0	847
20 to 24	396	2,687	544	0	0	0	0	0	0	3,627
25 to 29	115	786	1,544	186	0	0	0	0	0	2,631
30 to 34	46	255	473	918	134	0	0	0	0	1,826
35 to 39	21	98	206	371	564	61	0	0	0	1,321
40 to 44	2	22	121	194	363	425	88	0	0	1,215
45 to 49	1	9	47	147	214	298	349	41	0	1,106
50 to 54	0	3	7	59	111	114	133	220	7	654
55 to 59	0	1	0	9	36	53	32	62	38	231
60 & Over	0	0	1	3	2	1	1	1	2	11
Total	1,071	4,218	2,943	1,887	1,424	952	603	324	47	13,469

Average Age: 31.5
Average Service: 9.3

SCHEDULE I
(Continued)

NUMBER OF RETIRED MEMBERS AND THEIR BENEFITS BY AGE

Age	Number of Members	Total Annual Benefits	Average Annual Benefits
Under 60	0	$ 0	$ 0
60 – 64	326	354,060	1,086
65 – 69	376	411,600	1,095
70 – 74	93	98,520	1,059
75 & Over	0	0	0
Total	795	$ 864,180	$ 1,087

SCHEDULE J

CAFR SCHEDULES

GA Military: Solvency Test

Actuarial Valuation as of 6/30	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)
2014	$0	$21,389	$10,426	$14,264	N/A	66.7%	0.0%
2013	0	19,396	10,660	12,131	N/A	62.5%	0.0%
2012	0	17,518	10,713	10,087	N/A	57.6%	0.0%
2011	0	15,379	11,388	8,702	N/A	56.6%	0.0%
2010	0	14,015	9,758	7,558	N/A	53.9%	0.0%
2009	0	12,742	8,279	6,413	N/A	50.3%	0.0%
2008	0	9,449	9,675	5,269	N/A	55.8%	0.0%
2007	0	7,655	12,232	4,165	N/A	54.4%	0.0%
2006	0	6,392	11,233	3,100	N/A	48.5%	0.0%

All dollar amounts are in thousands.

GA Military: 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
June 30, 2014	62	$68	5	$6	795	$864	7.7%	$1,087
June 30, 2013	83	87	5	5	738	802	11.4%	1,087
June 30, 2012	95	106	3	3	660	720	16.7%	1,091
June 30, 2011	94	101	3	4	568	617	18.7%	1,086
June 30, 2010	92	100	1	1	477	520	23.5%	1,090
June 30, 2009	85	91	3	4	386	421	26.0%	1,091
June 30, 2008	71	76	2	2	304	334	28.5%	1,099
June 30, 2007	73	83	1	1	235	260	46.1%	1,106
June 30, 2006	61	69	1	1	163	178	61.8%	1,092