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April 16, 2015

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

Dear Mr. Potvin:

Enclosed is the "Georgia Legislative Retirement System Report of the Actuary on the Valuation Prepared as of June 30, 2014".

The valuation indicates that no employer contribution for the fiscal year ending June 30, 2017 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

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

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, 2014

www.CavMacConsulting.com

April 16, 2015

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

Attention: Mr. James Potvin, Executive Director

Members of the Board:

Section 47-6-22 of the law governing the operation of the Georgia Legislative Retirement System provides that the actuary shall make periodic valuations of the contingent assets and liabilities of the Retirement System on the basis of regular interest and the tables last adopted by the Board of Trustees. We have submitted the report giving the results of the actuarial valuation of the System prepared as of June 30, 2014. The report indicates that no annual employer contributions for the fiscal year ending June 30, 2017 are required to support the benefits of the System.

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, 2014 and on January 1, 2015.

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 2014 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 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 level dollar per active member. Gains and losses are reflected in the total unfunded accrued liability which is negative and 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.

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 and the funding policy adopted by the Board. In our opinion the System is operating on an actuarially sound basis. Assuming that contributions to the System are made by the employer from year to year in the future at the rates recommended on the basis of the successive actuarial valuations, the continued sufficiency of the retirement fund to provide the benefits called for under the System may be safely anticipated.

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

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

Sincerely yours,

Edward A. Macdonald, ASA, FCA, MAAA
President

Cathy Turcot
Principal and Managing Director

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

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GEORGIA LEGISLATIVE RETIREMENT SYSTEM
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 valuation and a comparison with the preceding year's results are summarized below:

Valuation Date	June 30, 2014	June 30, 2013
Number of active members:	222	223
Retired members and beneficiaries:		
Number	259	260
Annual allowances	$ 1,803,348	$ 1,833,513
Deferred Vested Members:		
Number	74	73
Annual allowances	$ 364,244	$ 363,416
Assets:		
Market Value	$ 32,794,000	$ 29,481,000
Actuarial Value	30,538,000	29,481,000
Unfunded actuarial accrued liability	$ (5,624,763)	$ (4,577,499)
Amortization period (years)	N/A*	N/A*
Funded Ratio	122.6%	118.4%
For Fiscal Year Ending	**June 30, 2017**	**June 30, 2016**
Total Normal Cost**	$ 571,256	$ 536,341
Less Member Contributions	327,238	328,712
Employer Paid Normal Cost**	$ 244,018	$ 207,629
Actuarially Determined Employer Contribution Rates (ADEC):		
Normal**	$ 244,018	$ 207,629
Accrued liability	(244,018)	(207,629)
Total	$ 0	$ 0
Employer contribution rate per active member:		
Normal**	$ 1,099.18	$ 931.07
Accrued liability	(1,099.18)	(931.07)
Total	$ 0.00	$ 0.00

* If the unfunded actuarial accrued liability is amortized in accordance with the Board's funding policy, the ADEC is less than $0, which is not allowed under the funding policy. Therefore, the accrued liability contribution has been set to such that the total ADEC equals $0.

** Estimated budgeted administrative expenses are included in the normal contribution.

2. The valuation takes into account the effect of amendments of the System enacted through the 2014 session of the General Assembly. The major benefit and contribution provisions of the System as reflected in the valuation are summarized in Schedule H. The valuation reflects that the Board did not grant the anticipated cost-of-living increases July 1, 2014 and January 1, 2015.

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 the Rolls for the System's Comprehensive Annual Financial Report. These tables are shown in Schedule J.

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 222 active members.

2. Data was provided by the Retirement System for inactive members who are eligible for deferred vested benefits. The valuation included 74 deferred vested members with annual allowances totaling $364,244. In addition, there are 73 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, 2014, 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, 2014

GROUP	NUMBER	ANNUAL RETIREMENT ALLOWANCES
Service Retirements	195	$ 1,343,914
Disability Retirements	0	0
Beneficiaries of Deceased Members	64	459,434
Total	259	$ 1,803,348

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, 2014 the value of assets credited to the Annuity Savings Fund amounted to $4,810,000.

(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, 2014 the market value of assets credited to the Pension Accumulation Fund amounted to $27,984,000.

2. As of June 30, 2014, the total market value of assets amounted to $32,794,000 as reported by the Auditor of the System. The actuarial value of assets used for the current valuation was determined to be $30,538,000 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.

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, 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 System has total prospective liabilities of $26,478,964, of which $19,005,918 is for the prospective benefits payable on account of present retired members, beneficiaries of deceased members, and members entitled to deferred vested benefits, and $7,473,046 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 $30,538,000 as of June 30, 2014. The difference of ($4,059,036) between the total liabilities and the total present assets represents the present value of contributions to be made in the future. Of this amount, $1,664,982 is the present value of future contributions expected to be made by or on behalf of members, and the balance of ($5,724,018) 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 $(60.45) per active member are required to provide the currently accruing benefits of the System.

4. Prospective normal contributions at the rate of $(60.45) have a present value of $(99,255). When this amount is subtracted from ($5,724,018), 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 ($5,624,763).

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.

6. The total UAAL contribution is $(562,114), determined in accordance with the Board's funding policy. However, since this payment would cause the total employer contribution to be less than $0, the final UAAL contribution is determined to be $(244,018).

7. The Transitional UAAL as of June 30, 2013 was $(4,577,499). The remaining balance of the Transitional UAAL as of June 30, 2014 of $(4,471,795) was determined by adding interest at and subtracting the expected annual amortization payment of $(449,017). The new Incremental UAAL of $(1,152,968) as of June 30, 2014 is determined by subtracting the remaining balance of the Transitional UAAL from the total UAAL of $($5,624,763) as of June 30, 2014. Schedule H of this report shows the amortization schedules for the Transitional UAAL and the New Incremental UAAL as of June 30, 2014.

8. The following table shows the components of the total 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	$(4,471,795)	19	$(449,017)
New Incremental 6/30/2014	(1,152,968)	20	(113,097)
Total UAAL	$(5,624,763)		$(562,114)
Final Amortization Payment			$(244,018)
Blended Amortization Period			N/A*

* If the unfunded actuarial accrued liability is amortized in accordance with the Board's funding policy, the ADEC is less than $0, which is not allowed under the funding policy. Therefore, the accrued liability contribution has been set to such that the total ADEC equals $0.

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 to each 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 $(60.45) per active member, or $(13,420) based on 222 active members as of June 30, 2014.

3. An additional contribution of $257,438, or $1,159.63 per active member, is required for administrative expenses for the fiscal year ending June 30, 2017.

4. The total normal contribution including administrative expenses is, therefore, $244,018, or $1,099.18 per active member.

5. If the unfunded accrued liability is amortized in accordance with the funding policy, the employer contribution would be less than $0. Since the funding policy also states that the employer contribution cannot be less than $0, the accrued liability contribution has been adjusted accordingly.

   The annual accrued liability contribution determined by the June 30, 2014 valuation is, therefore, ($244,018), or ($1,099.18) 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 RATES (ADEC)
FOR FISCAL YEAR ENDING JUNE 30, 2017

CONTRIBUTION	PER ACTIVE MEMBER	ANNUAL AMOUNT
Normal	$ 1,099.18	$ 244,018
Accrued Liability	(1,099.18)	(244,018)
Total	$ 0.00	$ 0

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	259
Terminated employees entitled to benefits but not yet receiving benefits	147
Active plan members	222
Total	628

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)
6/30/2009	$ 30,303,000	$ 23,522,533	$(6,780,468)	128.8%	$ 3,780,487	(179.4)%
6/30/2010	29,581,000	25,002,906	(4,578,094)	118.3	3,745,803	(122.2)
6/30/2011	29,278,000	25,244,775	(4,033,225)	116.0	3,780,486	(106.7)
6/30/2012	28,990,000	24,965,602	(4,024,398)	116.1	3,815,170	(105.5)
6/30/2013	29,481,000	24,903,501	(4,577,499)	118.4	3,867,195	(118.4)
6/30/2014	30,538,000	24,913,237	(5,624,763)	122.6	3,849,853	(146.1)

3. The following shows the schedule of employer contributions.

Year Ending	Annual Required Contribution	Amount Contributed	Percentage Contributed
6/30/2009	$ 0	$ 71,000	N/A
6/30/2010	0	75,000	N/A
6/30/2011	0	75,000	N/A
6/30/2012	0	76,000	N/A
6/30/2013	0	128,000	N/A
6/30/2014	0	45,000	N/A

4. Following is the calculation of the annual pension cost and net pension obligation for the fiscal year ending June 30, 2014.

Annual Pension Cost and Net Pension Obligation for Fiscal Year Ending June 30, 2014

(a)	Employer annual required contribution	$ 0
(b)	Interest on net pension obligation	(75,000)
(c)	Adjustment to annual required contribution	(85,000)
(d)	Annual pension cost (a) + (b) – (c)	$ 10,000
(e)	Employer contributions made for fiscal year ending 6/30/2014	45,000
(f)	Increase (decrease) in net pension obligation (d) – (e)	$ (35,000)
(g)	Net pension obligation beginning of fiscal year	(1,004,000)
(h)	Net pension obligation end of fiscal year (f) + (g)	$ (1,039,000)

TREND INFORMATION

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2012	$ 8,000	950%	$ (885,000)
June 30, 2013	9,000	1,422	(1,004,000)
June 30, 2014	10,000	450	(1,039,000)

5. 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.

Valuation date	6/30/2014
Actuarial cost method	Entry age
Amortization method	Level dollar, open
Remaining amortization period	N/A*
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return**	7.50%
Projected salary increases**	N/A
Cost-of-living adjustments	3.00% Annually

*The remaining amortization period is infinite.
**Includes inflation at 3.00%

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 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 $1,047,264 in the unfunded accrued liability from ($4,577,499) to ($5,624,763) during the fiscal year ending June 30, 2014.

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	$ (343.3)
Accrued liability contribution	161.9
Experience:	
Valuation asset growth	(576.5)
Pensioners' mortality	323.8
Turnover and retirements	(347.5)
New entrants	135.2
Method changes	0.0
Amendments	0.0
No 7/1/14, 1/1/15 COLAs	(470.8)
Assumption changes	0.0
Miscellaneous changes	69.9
Total	$ (1,047.3)

SCHEDULE A

VALUATION BALANCE SHEET
SHOWING THE PRESENT AND PROSPECTIVE ASSETS AND LIABILITIES OF
THE GEORGIA LEGISLATIVE RETIREMENT SYSTEM
AS OF JUNE 30, 2014

	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	$ 12,218,315	
	- Death and survivor benefits	3,355,227	
	- Deferred vested benefits	3,432,376	
	Total		$ 19,005,918
(2)	Present value of prospective benefits payable on account of present active members		7,473,046
(3)	TOTAL ACTUARIAL LIABILITIES		$ 26,478,964
	PRESENT AND PROSPECTIVE ASSETS		
(4)	Actuarial value of assets		$ 30,538,000
(5)	Present value of total future contributions = (3)-(4)	$ (4,059,036)	
(6)	Present value of future member contributions		1,664,982
(7)	Present value of future employer contributions = (5)-(6)	$ (5,724,018)	
(8)	Prospective normal contributions		(99,255)
(9)	Prospective unfunded actuarial accrued liability contributions = (7)-(8)		(5,624,763)
(10)	TOTAL PRESENT AND PROSPECTIVE ASSETS		$ 26,478,964

SCHEDULE B

DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS

(1)	Actuarial Value Beginning of Year		$	29,481,000
(2)	Market Value End of Year		$	32,794,000
(3)	Market Value Beginning of Year		$	29,481,000
(4)	Cash Flow			
	(a)	Contributions	$	327,000
	(b)	Benefit Payments		(1,831,000)
	(c)	Administrative Expenses		(152,000)
	(d)	Investment Expenses		(12,000)
	(e)	Net: (4)(a) + (4)(b) + (4)(c) + (4)(d)	$	(1,668,000)
(5)	Investment Income			
	(a)	Market Total: (2) – (3) – (4)(e)	$	4,981,000
	(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)	$	2,161,000
	(d)	Amount for Phased-In Recognition: (5)(a) – (5)(c)		2,820,000
(6)	Phased-In Recognition of Investment Income			
	(a)	Current Year: (5)(d) / 7	$	564,000
	(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	$	564,000
(7)	Actuarial Value End of Year: (1) + (4)(e) + (5)(c) + (6)(f)		$	30,538,000
(8)	Difference Between Market & Actuarial Values: (2) – (8)		$	2,256,000
(9)	Rate of Return on Actuarial Value			9.47%

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	$ 282	$ 373
Nonemployer	0	0
Employer	45	128
Subtotal	$ 327	$ 501
Investment Earnings	4,969	3,573
TOTAL	$ 5,296	$ 4,074
Disbursements for the Year		
Benefit Payments	$ 1,801	$ 1,824
Refunds to Members	30	88
Administrative Expenses	152	119
TOTAL	$ 1,983	$ 2,031
Excess of Receipts over Disbursements	$ 3,313	$ 2,043
Reconciliation of Asset Balances		
Asset Balance as of the Beginning of Year	$ 29,481	$ 27,438
Excess of Receipts over Disbursements	3,313	2,043
Asset Balance as of the End of Year	$ 32,794	$ 29,481
Rate of Return	17.34%	13.40%

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.

SALARY INCREASES: None.

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

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

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: Since the System has minimal post-retirement mortality experience, the System uses the same mortality tables used for the Employees' Retirement System of Georgia. The RP-2000 Combined Mortality Table is used for the period after retirement and for dependent beneficiaries. For the period after disability retirement, the RP-2000 Disabled Mortality Table set back 11 years for males is used. 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 7-9% less than the actual number of deaths that occurred during the study period for healthy retirees and 8-12% less than expected under the selected table for disabled retirees.

Representative values of the assumed annual rates of mortality after service retirement 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: 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 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

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

PERCENT MARRIED: 90% of active members are assumed to be married with the male three years older than his spouse.

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 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 LRS BOARD OF TRUSTEES

The purpose of this Funding Policy is to state the overall objectives for the Georgia Legislative 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 LRS 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 a stable funded ratio (ratio of actuarial value of assets to actuarial accrued liabilities) that reflects a trend of strong actuarial condition. The long-term objective is to maintain a 100% funded ratio; in the event that the funded ratio falls below 100%, the objective will be 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. In the event that the funded ratio falls below 100%, the targeted funded ratio will be 100% within 20 years of the date the funded ratio first falls below 100%.
- **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.
- In no event will the employer contribution as determined above be less than $0.

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 contribution rates 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	Expected UAAL Contribution
6/30/2013	20	$ (4,577,499)	$ (449,017)
6/30/2014	19	(4,471,795)	(449,017)
6/30/2015	18	(4,358,162)	(449,017)
6/30/2016	17	(4,236,007)	(449,017)
6/30/2017	16	(4,104,691)	(449,017)
6/30/2018	15	(3,963,526)	(449,017)
6/30/2019	14	(3,811,774)	(449,017)
6/30/2020	13	(3,648,640)	(449,017)
6/30/2021	12	(3,473,271)	(449,017)
6/30/2022	11	(3,284,749)	(449,017)
6/30/2023	10	(3,082,088)	(449,017)
6/30/2024	9	(2,864,228)	(449,017)
6/30/2025	8	(2,630,028)	(449,017)
6/30/2026	7	(2,378,264)	(449,017)
6/30/2027	6	(2,107,616)	(449,017)
6/30/2028	5	(1,816,671)	(449,017)
6/30/2029	4	(1,503,904)	(449,017)
6/30/2030	3	(1,167,680)	(449,017)
6/30/2031	2	(806,239)	(449,017)
6/30/2032	1	(417,690)	(449,017)
6/30/2033	0	0	0

SCHEDULE G
(Continued)

AMORTIZATION OF UAAL (continued)

Valuation Date	Amortization Period	Balance of New Incremental UAAL 6/30/2014	Expected UAAL Contribution
6/30/2014	20	$ (1,152,968)	$ (113,097)
6/30/2015	19	(1,126,343)	(113,097)
6/30/2016	18	(1,097,722)	(113,097)
6/30/2017	17	(1,066,954)	(113,097)
6/30/2018	16	(1,033,878)	(113,097)
6/30/2019	15	(998,322)	(113,097)
6/30/2020	14	(960,099)	(113,097)
6/30/2021	13	(919,009)	(113,097)
6/30/2022	12	(874,838)	(113,097)
6/30/2023	11	(827,354)	(113,097)
6/30/2024	10	(776,308)	(113,097)
6/30/2025	9	(721,434)	(113,097)
6/30/2026	8	(662,444)	(113,097)
6/30/2027	7	(599,031)	(113,097)
6/30/2028	6	(530,861)	(113,097)
6/30/2029	5	(457,578)	(113,097)
6/30/2030	4	(378,799)	(113,097)
6/30/2031	3	(294,112)	(113,097)
6/30/2032	2	(203,073)	(113,097)
6/30/2033	1	(105,207)	(113,097)
6/30/2034	0	0	0

SCHEDULE H

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. 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 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 I

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

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										0
25 to 29		3								3
30 to 34	1	7								8
35 to 39		15	4	2						21
40 to 44		13	5	3						21
45 to 49	1	12	7	2	1					23
50 to 54	1	12	2	4	2					21
55 to 59		11	12	8	7	2				40
60 to 64	2	9	9	4	4	3		1	1	33
65 to 69		7	4	5	4	3		2	1	26
70 & Up		2	8	5	4	5	2			26
Total	5	91	51	33	22	13	2	3	2	222

Average Age: 54.7
Average Service: 9.2

SCHEDULE I
(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	12	57,669	4,806
65 - 69	44	258,731	5,880
70 - 74	48	287,729	5,994
75 - 79	36	239,608	6,656
80 - 84	24	188,437	7,852
85 - 89	23	229,183	9,964
90 - 94	8	82,557	10,320
95 & Over	0	0	0
Total	195	$ 1,343,914	$ 6,892

NUMBER OF BENEFICIARIES AND THEIR BENEFITS BY AGE

Age	Number of Members	Total Annual Benefits	Average Annual Benefits
Under 50	2	$ 6,323	$ 3,161
50 - 54	2	9,826	4,913
55 - 59	0	0	0
60 - 64	5	21,858	4,372
65 - 69	6	24,353	4,059
70 - 74	11	74,747	6,795
75 - 79	7	37,441	5,349
80 - 84	16	120,587	7,537
85 - 89	9	106,359	11,818
90 - 94	4	34,371	8,593
95 & Over	2	23,569	11,784
Total	64	$ 459,434	$ 7,179

SCHEDULE I
(Continued)

NUMBER OF DEFERRED VESTED MEMBERS
AND THEIR BENEFITS BY AGE

Age	Number of Members	Total Annual Benefits	Average Annual Benefits
Under 45	4	$ 13,824	$ 3,456
45-49	8	39,564	4,946
50-54	16	77,867	4,867
55-59	22	102,743	4,670
60-64	22	119,266	5,421
65-69	2	10,980	5,490
70 & Over	0	0	0
Total	74	$ 364,244	$ 4,922

SCHEDULE J

CAFR SCHEDULES

GA LRS: 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	$3,430	$19,006	$2,477	$30,378	100%	100.0%	100.0%
2013	2,951	19,623	2,330	29,481	100%	100.0%	100.0%
2012	3,185	19,200	2,581	28,990	100%	100.0%	100.0%
2011	2,921	19,759	2,564	29,278	100%	100.0%	100.0%
2010	3,166	19,208	2,629	29,581	100%	100.0%	100.0%
2009	2,908	18,465	2,150	30,303	100%	100.0%	100.0%
2008	2,853	19,366	2,235	30,706	100%	100.0%	100.0%
2007	2,484	19,847	2,026	30,049	100%	100.0%	100.0%
2006	2,507	18,734	2,166	29,172	100%	100.0%	100.0%

All dollar amounts are in thousands.

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

Year Ended	Added to Rolls: Number	Annual Allowances (in thousands)	Removed from Rolls: Number	Annual Allowances (in thousands)	Roll End of Year: Number	Annual Allowances (in thousands)	% Increase in Annual Allowances	Average Annual Allowances
June 30, 2014	6	$ 30	7	$ 61	259	$ 1,803	-1.7%	$6,961
June 30, 2013	32	200	15	140	260	1,834	3.4%	7,054
June 30, 2012	10	66	11	82	243	1,774	-0.9%	7,300
June 30, 2011	18	104	10	86	244	1,790	1.0%	7,336
June 30, 2010	10	106	3	36	236	1,772	4.1%	7,508
June 30, 2009	10	117	7	54	229	1,702	3.8%	7,432
June 30, 2008	13	130	11	100	226	1,639	1.9%	7,252
June 30, 2007	17	151	9	74	224	1,609	5.0%	7,183
June 30, 2006	13	103	21	165	216	1,532	-3.9%	7,093