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April 18, 2013

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

Dear Mr Potvin:

Enclosed is a copy of the "Georgia Public School Employees Retirement System Report of the Actuary on the Valuation Prepared as of June 30, 2012".

Based on a monthly benefit accrual rate of $14.75, the valuation indicates that employer contributions for the fiscal year ending June 30, 2015 of $28,461,000 or $736.31 per active member are sufficient to support the benefits of the System.

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

Sincerely yours,

Edward A. Macdonald, ASA, FCA, MAAA
President

Cathy Turcot
Principal and Managing Director

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

EAM:mjn

Enclosure

S:\Georgia Public Schools\Valuations\6-30-2012\PSERS 06-30-2012 Valuation Report DRAFT 03-18-2013.docx

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EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA

GEORGIA PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM

REPORT OF THE ACTUARY ON THE VALUATION PREPARED AS OF JUNE 30, 2012

Cavanaugh Macdonald
CONSULTING, LLC
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April 18, 2013

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

Attention: James A. Potvin, Executive Director

Members of the Board:

Section 47-4-60 of the law governing the operation of the Georgia Public School Employees Retirement System provides that the employer contribution shall be actuarially determined and approved by the Board of Trustees. We have submitted the report giving the results of the actuarial valuation of the System prepared as of June 30, 2012. Based on a monthly benefit accrual rate of $14.75, the valuation indicates that annual employer contributions of $28,461,000 or $736.31 per active member for the fiscal year ending June 30, 2015 are sufficient to support the benefits of the System.

Since the previous valuation, the one-time 1.75% increase on members' allowances made at retirement has been discontinued for all members who retire on or after July 1, 2013 and legislation has been enacted by the General Assembly to increase the employee contribution rate from $4 to $10 per month for members joining the System on or after July 1, 2012. In addition, the results of the valuation reflect that the Board did not grant the anticipated cost-of-living increases (COLAs) to retired members July 1, 2012 and January 1, 2013.

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 2012 session of the General Assembly.

The System is funded on an actuarial reserve basis. The actuarial assumptions recommended by the actuary and adopted by the Board are in the aggregate reasonably related to the experience under the System and to reasonable expectations of anticipated experience under the System. The assumptions and methods used for funding purposes meet the parameters set for the disclosures presented in the financial section by Governmental Accounting Standards Board (GASB) Statement Nos. 25 and 27. The funding objective of the plan is that contribution rates over time will remain level as a dollar per active member. The valuation method used is the entry age normal cost method. The normal contribution rate to cover current cost has been determined as a dollar per active member. Gains and losses are reflected in the unfunded accrued liability which is being amortized as a level dollar per active member within a 30-year period.

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The System is currently being funded in conformity with the minimum funding standard set forth in Code Section 47-20-10 of the Public Retirement Systems Standards Law. In our opinion the System is currently operating on an actuarially sound basis. Assuming that contributions to the System are made by the employer from year to year in the future at the rates recommended on the basis of the successive actuarial valuations, the continued sufficiency of the retirement fund to provide the benefits called for under the System may be safely anticipated.

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

EAM:mjn

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GEORGIA PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM
REPORT OF THE ACTUARY
ON THE VALUATION
PREPARED AS OF JUNE 30, 2012

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, 2012	June 30, 2011
Number of active members	38,654	39,249
Retired members and beneficiaries:		
Number	15,049	14,600
Annual allowances	$ 54,117,254	$ 53,758,977
Deferred Vested Members:		
Number	3,614	3,565
Annual allowances	$ 9,434,965	$ 9,234,438
Assets:		
Market Value	$ 670,388,000	$ 696,096,000
Actuarial Value	710,915,000	719,601,000
Unfunded actuarial accrued liability	$ 184,409,218	$ 166,325,823
Amortization period (years)	30	30
Funded Ratio	79.4%	81.2%
For Fiscal Year Ending	**June 30, 2015**	**June 30, 2014**
Employer contribution rate per active member:		
Normal[1]	$ 332.36	$ 333.19
Accrued liability	403.95	358.81
Total	$ 736.31	$ 692.00
Annual Required Employer Contribution (ARC):		
Normal[1]	$ 12,847,000	$ 13,077,000
Accrued liability	15,614,000	14,083,000
Total	$ 28,461,000	$ 27,160,000

[1] The normal contribution includes administrative expenses.

2. The valuation takes into account the effect of amendments of the System enacted through the 2012 session of the General Assembly. Since the previous valuation, the one-time 1.75% increase on members' allowances made at retirement has been discontinued for all members who retire on or after July 1, 2013 and legislation has been enacted by the General Assembly to increase the employee contribution rate from $4 to $10 per month for members joining the System on or after July 1, 2012. In addition, the valuation reflects that the Board did not grant the anticipated cost-of-living increases to retired members July 1, 2012 and January 1, 2013. The major benefit and contribution provisions of the System as reflected in the valuation are summarized in Schedule F.

3. Schedule D of this report outlines the full set of actuarial assumptions 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, 2012 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 38,654 active members.

2. For the June 30, 2012 valuation, data was provided by the Retirement System for inactive members who are eligible for deferred vested benefits. The valuation included 3,614 deferred vested members with annual allowances totaling $9,434,965. In addition, there are 71,176 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, 2012, 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, 2012

GROUP	NUMBER	ANNUAL RETIREMENT ALLOWANCES
Service Retirements	13,132	$ 46,970,157
Disability Retirements	1,093	5,292,365
Beneficiaries of Deceased Members	824	1,854,732
Total	15,049	$ 54,117,254

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, 2012 the value of assets credited to the Annuity Savings Fund amounted to $25,285,000.

   (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, 2012 the market value of assets credited to the Pension Accumulation Fund amounted to $645,103,000.

2. As of June 30, 2012 the total market value of assets amounted to $670,388,000 as reported by the Auditor of the System. The actuarial value of assets used for the current valuation was $710,915,000. Schedule B shows the development of the actuarial value of assets as of June 30, 2012.

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, 2012. 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 $954,204,653, of which $537,284,383 is for the prospective benefits payable on account of present retired members, beneficiaries of deceased members, and members entitled to deferred vested benefits, and $416,920,270 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 $710,915,000 as of June 30, 2012. The difference of $243,289,653 between the total liabilities and the total present assets represents the present value of contributions to be made in the future. Of this amount, $7,244,028 is the present value of future contributions expected to be made by or on behalf of members, and the balance of $236,045,625 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 $271.11 per active member are required to provide the currently accruing benefits of the System. An additional $61.25 per active member is required to fund the administrative expenses of the System.

4. Prospective normal contributions (net of expenses) have a present value of $51,636,407. When this amount is subtracted from $236,045,625, 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 $184,409,218.

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 $271.11 per active member, or $10,479,000 based on 38,654 active members as of June 30, 2012. An additional $2,368,000, or $61.25 per active member, is required to fund the administrative expenses of the System

3. The accrued liability contribution is the level annual amount which will be sufficient to amortize the unfunded actuarial accrued liability within 30 years following the valuation date. The annual accrued liability contribution determined on this basis by the June 30, 2012 valuation is $15,614,000, or $403.95 per active member.

4. The following table summarizes the employer contribution rates which were determined by the June 30, 2012 valuation and are recommended for use.

ANNUAL REQUIRED EMPLOYER CONTRIBUTION (ARC)
FOR FISCAL YEAR ENDING JUNE 30, 2015

CONTRIBUTION	PER ACTIVE MEMBER	ANNUAL AMOUNT
Normal	$ 332.36	$ 12,847,000
Accrued Liability	403.95	15,614,000
Total	$ 736.31	$ 28,461,000

5. Schedule H shows the allocation of the annual required contribution for fiscal year ending June 30, 2015 by school system.

SECTION VI – ACCOUNTING INFORMATION

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

NUMBER OF ACTIVE AND RETIRED MEMBERS
AS OF JUNE 30, 2012

GROUP	NUMBER
Retirees and beneficiaries currently receiving benefits	15,049
Terminated employees entitled to benefits but not yet receiving benefits	74,790
Active plan members	38,654
Total	128,493

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

SCHEDULE OF FUNDING PROGRESS
(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b – a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b – a) / c)
6/30/2007*	$ 785,460	$ 746,078	$ (39,382)	105.3%	N/A	N/A
6/30/2008	791,855	770,950	(20,905)	102.7	N/A	N/A
6/30/2009	769,618	823,232	53,614	93.5	N/A	N/A
6/30/2010	737,406	875,396	137,990	84.2	N/A	N/A
6/30/2011	719,601	885,927	166,326	81.2	N/A	N/A
6/30/2012	710,915	895,324	184,409	79.4	N/A	N/A

*Reflects increase in benefit accrual rate to $14.75.

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

Year Ending	Annual Required Contribution	Percentage Contributed
6/30/2007	$ 6,484	100%
6/30/2008	2,866	100
6/30/2009	5,529	100
6/30/2010	5,529	100
6/30/2011	7,509	100
6/30/2012	15,884	100

4. Following is the calculation of the annual pension cost and net pension obligation for the fiscal year ending June 30, 2012. Since PSERS is a cost sharing multiple employer pension plan, GASB Statement 27 does not require the participating employers to disclose this information.

Annual Pension Cost and Net Pension Obligation for Fiscal Year Ending June 30, 2012

(a)	Employer annual required contribution	$ 15,884,000
(b)	Interest on net pension obligation	(1,025,000)
(c)	Adjustment to annual required contribution	(1,157,000)
(d)	Annual pension cost (a) + (b) – (c)	$ 16,016,000
(e)	Employer contributions made for fiscal year ending 06/30/12	15,884,000
(f)	Increase (decrease) in net pension obligation (d) – (e)	$ 132,000
(g)	Net pension obligation beginning of fiscal year	(13,662,000)
(h)	Net pension obligation end of fiscal year (f) + (g)	$ (13,530,000)

TREND INFORMATION
(Dollar amounts in thousands)

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2010	$ 6,115	90%	$ (14,701)
June 30, 2011	8,548	88	(13,662)
June 30, 2012	16,016	99	(13,530)

5. The annual required contribution (ARC) of the employer in dollars, determined in accordance with the parameters of GASB 25/27 is shown below. The accrued liability rate is based on amortization of the unfunded accrued liability of $184,409,218 within a 30-year period from the valuation date.

2014/2015 FISCAL YEAR
ANNUAL REQUIRED CONTRIBUTION (ARC)
BASED ON THE VALUATION AS OF JUNE 30, 2012

ANNUAL REQUIRED CONTRIBUTION (ARC)	AMOUNT
Normal	$ 12,847,000
Accrued Liability	15,614,000
Total	$ 28,461,000

6. The information presented in the required supplementary schedules was determined as part of the actuarial valuation at June 30, 2012. Additional information as of the latest actuarial valuation follows.

Valuation date	6/30/2012
Actuarial cost method	Entry age
Amortization method	Level dollar, open
Remaining amortization period	30 years
Asset valuation method	7-year smoothed market
Actuarial assumptions:	
Investment rate of return*	7.50%
Projected salary increases*	N/A
Cost-of-living adjustments	1.50% semi-annually
*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 increase of $18,083,395 in the unfunded accrued liability from $166,325,823 to $184,409,218 during the fiscal year ending June 30, 2012.

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	$ 12,474.4
Accrued liability contribution	(4,843.8)
Experience:	
Valuation asset growth	21,922.0
Pensioners' mortality	(1,149.5)
Turnover and retirements	4,974.5
New entrants	2,783.8
Method changes	0.0
Assumption changes	0.0
Amendments	(6,537.3)
No 7/1/2012, 1/1/2013 COLAs	(14,127.6)
Miscellaneous	2,586.9
Total	$ 18,083.4

SCHEDULE A

VALUATION BALANCE SHEET
SHOWING THE PRESENT AND PROSPECTIVE ASSETS AND LIABILITIES OF
THE GEORGIA PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM
AS OF JUNE 30, 2012

	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	$ 453,237,770	
	- Death and survivor benefits	18,171,711	
	- Deferred vested benefits	65,874,902	
	Total		$ 537,284,383
(2)	Present value of prospective benefits payable on account of present active members		416,920,270
(3)	TOTAL ACTUARIAL LIABILITIES		$ 954,204,653
	PRESENT AND PROSPECTIVE ASSETS		
(4)	Actuarial value of assets		$ 710,915,000
(5)	Present value of total future contributions = (3)-(4)	$ 243,289,653	
(6)	Present value of future member contributions		7,244,028
(7)	Present value of future employer contributions = (5)-(6)	$ 236,045,625	
(8)	Prospective normal contributions		51,636,407
(9)	Prospective unfunded actuarial accrued liability contributions = (7)-(8)		184,409,218
(10)	TOTAL PRESENT AND PROSPECTIVE ASSETS		$ 954,204,653

SCHEDULE B

DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS

(1)	Actuarial Value Beginning of Year	$ 719,601,000
(2)	Market Value End of Year	$ 670,388,000
(3)	Market Value Beginning of Year	$ 696,096,000
(4)	Cash Flow	
	(a) Contributions	$ 17,310,000
	(b) Benefit Payments and Expenses	(56,572,000)
	(c) Net: (4)(a) + (4)(b)	$ (39,262,000)
(5)	Investment Income	
	(a) Market Total: (2) – (3) – (4)(c)	$ 13,554,000
	(b) Assumed Rate	7.50%
	(c) Amount for Immediate Recognition: [(3) x (5)(b)] + [(4)(c) x (5)(b) x 0.5]	$ 50,735,000
	(d) Amount for Phased-In Recognition: (5)(a) - (5)(c)	(37,181,000)
(6)	Phased-In Recognition of Investment Income	
	(a) Current Year: (5)(d) / 7	$ (5,312,000)
	(b) First Prior Year	11,960,000
	(c) Second Prior Year	3,346,000
	(d) Third Prior Year	(21,566,000)
	(e) Fourth Prior Year	(12,324,000)
	(f) Fifth Prior Year	7,502,000
	(g) Sixth Prior Year	(3,765,000)
	(h) Total Recognized Investment Gain	$ (20,159,000)
(7)	Actuarial Value End of Year: (1) + (4)(c) + (5)(c) + (6)(h)	$ 710,915,000
(8)	Difference Between Market & Actuarial Values: (2) – (7)	$ (40,527,000)
(9)	Rate of Return on Actuarial Value	4.37%

SCHEDULE C

SUMMARY OF RECEIPTS AND DISBURSEMENTS
(Market Value)

	YEAR ENDING	
Receipts for the Year	June 30, 2012 ($1,000's)	June 30, 2011 ($1,000's)
Contributions:		
Members	$ 1,426	$ 1,451
Employer	15,884	7,509
Subtotal	$ 17,310	$ 8,960
Investment Earnings	13,554	128,096
Administrative Expense Allotment	0	0
TOTAL	$ 30,864	$ 137,056
Disbursements for the Year		
Benefit Payments	$ 54,183	$ 53,980
Refunds to Members	349	267
Administrative Expenses	2,040	2,046
TOTAL	$ 56,572	$ 56,293
Excess of Receipts over Disbursements	$ (25,708)	$ 80,763
Reconciliation of Asset Balances		
Asset Balance as of the Beginning of Year	$ 696,096	$ 615,333
Excess of Receipts over Disbursements	(25,708)	80,763
Asset Balance as of the End of Year	$ 670,388	$ 696,096
Rate of Return	2.00%	21.65%

SCHEDULE D

OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS

Adopted by the Board December 16, 2010.

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

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

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

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

RETIREMENT:

Age	Annual Rate	Age	Annual Rate
60	15%	68	25%
61	15	69	25
62	22	70	25
63	18	71	25
64	18	72	25
65	28	73	25
66	25	74	25
67	25	75 & Over	100

DEATHS AFTER RETIREMENT: The RP-2000 Combined Table set forward one year for males is used for the period after service retirement and for beneficiaries of deceased members. The RP-2000 Disabled Mortality Table set back 2 years for males and set forward one year for females is used for the period after disability retirement. Representative values of the assumed annual rates of mortality for service retirements and beneficiaries are as follows:

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

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

AMORTIZATION METHOD: Level dollar amortization.

ASSET METHOD: Actuarial value, as developed in Schedule B. The actuarial value of assets recognizes a portion of the difference between the market value of assets and the expected value of assets, based on the assumed valuation rate of return. The 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 ADJUSTMENT (COLA): 1.5% semi-annually.

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

SCHEDULE E

ACTUARIAL COST METHOD

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

SCHEDULE F

SUMMARY OF MAIN SYSTEM PROVISIONS AS INTERPRETED FOR VALUATION PURPOSES

The Public School Employees' Retirement System (PSERS) is a cost-sharing multiple employer defined benefit pension plan established by the Georgia General Assembly in 1969 for the purpose of providing retirement allowances and other benefits for public school employees who are not eligible for membership in the Teachers Retirement System of Georgia.

Normal Retirement Benefit	
Eligibility	Age 65 and 10 years of creditable service.
Benefit	Monthly benefit is $14.75 multiplied by years of creditable service. For members with retirement dates prior to July 1, 2013, a one-time 1.75% increase is made at time of retirement.
Early Retirement Benefit	
Eligibility	Age 60 and 10 years of creditable service.
Benefit	Accrued benefit reduced by 6% for each year member is under age 65.
Disability Retirement Benefit	
Eligibility	15 years of creditable service.
Benefit	Accrued benefit payable immediately.
Deferred Vested Retirement Benefit	
Eligibility	10 years of creditable service. Member contributions not withdrawn.
Benefit	Accrued benefit deferred to age 65 or reduced benefit payable at age 60.
Death Benefit	
Eligibility	Death in service and the member is at least age 60 and has at least 10 years of creditable service.
Benefit	Benefit payable to beneficiary under the joint and survivor annuity payment option.
	If the member dies in service under age 60 or with less than 10 years of creditable service his beneficiary receives a refund of the member's accumulated contributions.

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

SCHEDULE G

NUMBER OF ACTIVE MEMBERS
BY AGE AND SERVICE AS OF JUNE 30, 2012

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	157	295	15	0	0	0	0	0	0	467
25 to 29	133	564	198	6	0	0	0	0	0	901
30 to 34	211	847	453	115	3	0	0	0	0	1,629
35 to 39	238	1,201	893	309	71	1	0	0	0	2,713
40 to 44	272	1,508	1,456	745	212	71	2	0	0	4,266
45 to 49	315	1,768	1,850	1,216	542	228	91	17	0	6,027
50 to 54	313	1,788	1,860	1,304	760	396	158	76	9	6,664
55 to 59	266	1,519	1,683	1,028	715	528	295	170	51	6,255
60 to 64	162	1,221	1,454	858	464	366	264	173	89	5,051
65 to 69	74	702	988	529	235	161	107	76	71	2,943
70 & Up	18	274	694	399	149	85	43	33	43	1,738
Total	2,159	11,687	11,544	6,509	3,151	1,836	960	545	263	38,654

Average Age: 52.0
Average Service: 8.9

SCHEDULE G
(Continued)

NUMBER OF RETIRED MEMBERS AND THEIR BENEFITS BY AGE

Age	Number of Members	Total Annual Benefits	Average Annual Benefits
Under 50	0	$ 0	$ 0
50 – 54	0	0	0
55 – 59	0	0	0
60 – 64	1,050	2,597,075	2,473
65 – 69	2,756	8,175,779	2,967
70 – 74	3,101	10,468,678	3,376
75 – 79	2,690	10,069,213	3,743
80 – 84	1,919	8,098,467	4,220
85 – 89	1,055	4,830,445	4,579
90 – 94	447	2,168,341	4,851
95 & Over	114	562,159	4,931
Total	13,132	$ 46,970,157	$ 3,577

NUMBER OF BENEFICIARIES AND THEIR BENEFITS BY AGE

Age	Number of Members	Total Annual Benefits	Average Annual Benefits
Under 50	124	$ 174,814	$ 1,410
50 – 54	51	83,502	1,637
55 – 59	63	140,253	2,226
60 – 64	70	130,006	1,857
65 – 69	96	199,530	2,078
70 – 74	123	296,379	2,410
75 – 79	100	268,694	2,687
80 – 84	101	282,057	2,793
85 – 89	62	186,427	3,007
90 – 94	20	64,521	3,226
95 & Over	14	28,549	2,039
Total	824	$ 1,854,732	$ 2,251

SCHEDULE G
(Continued)

NUMBER OF DISABLED RETIREES AND THEIR BENEFITS BY AGE

Age	Number of Members	Total Annual Benefits	Average Annual Benefits
Under 50	13	$ 45,255	$ 3,481
50 – 54	56	222,530	3,974
55 – 59	141	568,344	4,031
60 – 64	232	1,009,495	4,351
65 – 69	237	1,169,637	4,935
70 – 74	222	1,196,226	5,388
75 – 79	121	657,030	5,430
80 – 84	50	297,531	5,951
85 – 89	13	77,362	5,951
90 – 94	8	48,955	6,119
95 & Over	0	0	0
Total	1,093	$ 5,292,365	$ 4,842

NUMBER OF DEFERRED VESTED MEMBERS AND THEIR BENEFITS BY AGE

Age	Number of Members	Total Annual Benefits	Average Annual Benefits
Under 35	12	$ 24,168	$ 2,014
35 – 39	48	100,299	2,090
40 – 44	187	423,522	2,265
45 – 64	513	1,250,968	2,439
50 – 54	852	2,139,579	2,511
55 – 59	1,014	2,683,716	2,647
60 – 64	702	1,999,409	2,848
65 – 69	197	558,186	2,833
70 – 74	56	165,067	2,948
75 & Over	33	90,051	2,729
Total	3,614	$ 9,434,965	$ 2,611

SCHEDULE H

ALLOCATION OF 2014-2015
ANNUAL REQUIRED CONTRIBUTION BY SCHOOL SYSTEM

System Number	System Name	Contribution
1	Appling	$ 50,069
2	Atkinson	25,771
3	Bacon	30,188
4	Baker	8,099
5	Baldwin	103,082
6	Banks	65,531
7	Barrow	198,801
8	Bartow	267,277
9	Ben Hill	56,695
10	Berrien	40,497
11	Bibb	471,233
12	Bleckley	70,685
13	Brantley	79,521
14	Brooks	53,014
15	Bryan	117,808
16	Bulloch	228,990
17	Burke	120,017
18	Butts	93,510
19	Calhoun	16,199
20	Camden	161,986
21	Candler	41,969
22	Carroll	302,620
23	Catoosa	237,825
24	Charlton	38,288
25	Chatham	346,798
26	Chattahoochee	23,562
27	Chattooga	40,497
28	Cherokee	670,771
29	Clarke	331,336
30	Clay	8,836
31	Clayton	798,887
32	Clinch	21,353
33	Cobb	1,846,644
34	Coffee	121,490
35	Colquitt	193,647
36	Columbia	443,990
37	Cook	70,685
38	Coweta	497,740
39	Crawford	36,815

SCHEDULE H
(continued)

ALLOCATION OF 2014-2015
ANNUAL REQUIRED CONTRIBUTION BY SCHOOL SYSTEM

System Number	System Name	Contribution
40	Crisp	$ 94,247
41	Dade	41,969
42	Dawson	72,158
43	Decatur	124,435
44	Dekalb	1,726,627
45	Dodge	75,839
46	Dooly	40,497
47	Dougherty	360,788
48	Douglas	502,158
49	Early	43,442
50	Echols	15,462
51	Effingham	201,010
52	Elbert	71,421
53	Emanuel	87,620
54	Evans	36,079
55	Fannin	69,949
56	Fayette	326,918
57	Floyd	169,349
58	Forsyth	633,219
59	Franklin	69,949
61	Gilmer	66,267
62	Glascock	13,990
63	Glynn	264,332
64	Gordon	104,555
65	Grady	86,884
66	Greene	47,123
67	Gwinnett	2,888,510
68	Habersham	155,360
69	Hall	497,004
70	Hancock	45,651
71	Haralson	64,795
72	Harris	97,928
73	Hart	75,839
74	Heard	41,233
75	Henry	637,637
76	Houston	556,644
77	Irwin	28,716
78	Jackson	161,250

SCHEDULE H
(continued)

ALLOCATION OF 2014-2015
ANNUAL REQUIRED CONTRIBUTION BY SCHOOL SYSTEM

System Number	System Name	Contribution
79	Jasper	$ 50,805
80	Jeff Davis	61,113
81	Jefferson	69,949
82	Jenkins	29,452
83	Johnson	22,825
84	Jones	115,599
85	Lamar	59,640
86	Lanier	21,353
87	Laurens	131,062
88	Lee	135,479
89	Liberty	230,462
90	Lincoln	34,606
91	Long	58,168
92	Lowndes	217,945
93	Lumpkin	92,038
94	Macon	51,541
95	Madison	117,808
96	Marion	19,880
97	McDuffie	88,356
98	McIntosh	43,442
99	Meriwether	81,729
100	Miller	25,771
101	Mitchell	36,079
102	Monroe	115,599
103	Montgomery	21,353
104	Morgan	63,322
105	Murray	149,469
106	Muscogee	677,397
107	Newton	339,435
108	Oconee	136,216
109	Oglethorpe	50,805
110	Paulding	516,147
111	Peach	100,873
112	Pickens	103,082
113	Pierce	55,223
114	Pike	59,640
115	Polk	127,380
116	Pulaski	31,661
117	Putnam	80,993

SCHEDULE H
(continued)

ALLOCATION OF 2014-2015
ANNUAL REQUIRED CONTRIBUTION BY SCHOOL SYSTEM

System Number	System Name	Contribution
118	Quitman	$ 8,836
119	Rabun	58,904
120	Randolph	29,452
121	Richmond	610,394
122	Rockdale	357,843
123	Schley	16,935
124	Screven	55,223
125	Seminole	33,870
126	Spalding	234,880
127	Stephens	115,599
128	Stewart	20,616
129	Sumter	111,918
130	Talbot	16,199
131	Taliaferro	7,363
132	Tattnall	78,784
133	Taylor	40,497
134	Telfair	32,397
135	Terrell	34,606
136	Thomas	87,620
137	Tift	105,291
138	Toombs	56,695
139	Towns	27,243
140	Treutlen	19,144
141	Troup	278,322
142	Turner	28,716
143	Twiggs	30,188
144	Union	66,267
145	Upson	111,182
146	Walker	214,264
147	Walton	243,716
148	Ware	120,017
149	Warren	21,353
150	Washington	55,223
151	Wayne	121,490
152	Webster	8,099
153	Wheeler	13,990
154	White	87,620
155	Whitfield	213,527
156	Wilcox	25,034

SCHEDULE H
(continued)

ALLOCATION OF 2014-2015
ANNUAL REQUIRED CONTRIBUTION BY SCHOOL SYSTEM

System Number	System Name	Contribution
157	Wilkes	$ 47,123
158	Wilkinson	38,288
159	Worth	67,003
205	Bremen	24,298
206	Buford	44,914
207	Calhoun	33,870
209	Carrollton	71,421
210	Cartersville	50,069
212	Chickamauga	16,199
214	Commerce	27,979
216	Dalton	83,202
217	Decatur	44,178
219	Dublin	50,805
221	Gainesville	83,202
224	Jefferson	44,914
226	Marietta	109,709
230	Pelham	20,616
232	Rome	69,212
247	Social Circle	22,089
236	Thomasville	26,507
239	Trion	18,408
240	Valdosta	164,195
241	Vidalia	33,134
	Atlanta Metropolitan College	58,168
	Brighten Academy	736
	Charter Conservatory for L and T	736
	DeKalb Technical College	736
	Fulton Educational Services Inc	736
	Fulton Science Academy CS	736
	Georgia Military College	36,815
	International Community School	1,473
	Kipp Metro Atlanta Collaborative Inc	9,572
	Kipp South Fulton Academy	4,418
	University Community Academy	2,945